



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Thursday, 1st October 2026

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Present:

Ms J. E. Roland, Bailiff and Presiding Officer

Law Officers

H. Pullum (H.M. Comptroller)

People's Deputies

C. P. A Blin	A. Kazantseva-Miller
Y. Burford	M. S. Laine
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. Curgenvin	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	L. C. Van Katwyk
N. R. Inder	S. P. J. Vermeulen
B. R. Kay-Mouat	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

Deputy M. P. Leadbeater (*relevé à 10h 36*) ; Deputy J. D. Strachan (*relevé à 9h 59*)

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCATION

Billet d'État XIII

POLICY & RESOURCES COMMITTEE

9. Tax Reform – Debate Continued

5 **The States' Greffier:** Article 4. Policy & Resources Committee, Tax Reform 2026, continuation of the debate.

The Bailiff: Good morning, everybody. If you wish to take your jackets off, please do. It is warm in here.
10 Deputy Vermeulen.

Deputy Vermeulen: Thank you, Madame le Bailli.
It has been an interesting session so far. We heard yesterday from Deputy Sloan about his favourite politician; I think it was Keynes. Now I knew a bit about Keynesianism when I did a
15 management course. He was the fellow that said it is better to – rather than have people unemployed, better to employ somebody to dig a hole and have somebody else employed to fill it back in. Which brings me nicely onto this amendment, talking of holes and digging them.

 You know my feelings on GST, that it is a regressive tax, and I think even at 3%, and this one is at 5%, I have got serious concerns. I have got concerns with amendments like this being tabled
20 without having done the proper due diligence on them all. I noted that P&R had Dorey Consulting do a very good report, on firmly set quite narrow parameters, what we could expect to get in from GST. I attended a conference with that, and there were many challenges answered very eloquently, and it was explained very plainly how Mr Dorey had come at this figure; he had modelled it on the Isle of Man, Jersey, and other things. So he had done a very thorough job.

25 I do not know if he looked at 5% and what that would do to Guernsey, perhaps Deputy St. Pier in his summing up – if he is going to be summing up – will be able to tell me what checks he has done on that.

 I am really a fan of growth, I think. That should be first and foremost what we go for before we even look at taxation and be serious about it and actually generate some growth. But what effect
30 will 5% have on growth? I know Dorey Consulting did not look at what effect GST would have on

growth, which is a bit of a shame. But I do not think it is going to be a positive effect. I know in Jersey it caused 2% inflation, and that was at 3%. So what is introducing GST at 5%, what is that going to do to the man in the street? His rent, his annual, his monthly rent; what effect is that going to have? What is it going to do to economic growth of the Island, which we should be pushing? I think it is going to damage – it is regressive. It is going to cause inflation, it is going to negatively affect growth.

The reality of our situation is, when you consider everything, where we are now, and this is the tough rod for me. Of course, I sit at home, I talk to businessmen, and it goes in my mind if we cannot collect £106,000 from the Income Tax, and it is going to take us two years to sort out, what on earth are we doing considering imposing another new tax when we cannot collect the existing ones at the moment? Worse than that, and I am sorry, Deputy St Pier, it is beyond – it is not your fault. This is not your fault. But it is quite inconvenient that we have got £253 million we have just found for the three years, 2025, 2026, 2027, in Pillar Two taxation.

So I detect haste in this debate. There have been lots of guillotines, and speeches have been limited to five minutes, but I do not think we should approach this with carelessness. I do not think we should be rushing so fast that we miss details, like I am highlighting here now. I do not think we should be making mistakes, and I certainly do not think we should be acting recklessly.

I do detect urgent pressure, but the cheese has moved.

The Bailiff: Ten seconds, Deputy Vermeulen.

Deputy Vermeulen: The situation has changed. We are in a far better place financially now, here today, than when this was originally looked at. I will not be supporting it.

The Bailiff: Deputy Dorrity.

Deputy Dorrity: Thank you, Madam Bailli.

I support this amendment, particularly the principle of establishing a clear pathway from 3% to 5% GST, if it is proven necessary for us to do so. I have supported the 3% rate in P&R's package, and I continue to believe that that is the right rate for the current fiscal environment. We are introducing a significant programme of tax reform, and 3% allows businesses and households to adjust while avoiding unnecessary additional inflationary pressure. But starting at 3% should not mean us being tied to that rate if circumstances show it to be insufficient for the Island's needs.

If the structural deficit remains, we will need to confront that reality, and I would prefer that we did so openly and transparently now, rather than come back in two years' time and start the argument all over again. That is what I like about this amendment. It gives us a clear pathway: 3% initially, 4% after two years, and 5% after four years. But – and this is an important but – those increases are not automatic. Before either increase takes effect, the Independent Fiscal Policy Panel must provide an assurance that it is consistent with the Fiscal Policy Framework and appropriate, having regard to the Island's fiscal, economic and inflationary circumstances, with a focus on lower and middle income households.

We are not simply locking ourselves into a consumption tax increase regardless of what happens in the future. We are saying this is the direction in which we may need to travel, but before each step we will stop and check that the conditions are right for us to do so. I believe that is a sensible way of dealing with future uncertainty.

I particularly welcome the 5% cap. If we are going to broaden the tax base through consumption taxation, we should also be clear that there is a limit. Five per cent is that limit.

There is another important feature of this amendment. If it is found to be necessary for the GST rate to rise, the protections for lower and middle income households will rise alongside it. The social security allowance, Income Tax thresholds, benefits and essential cost relief payments are built into the pathway. There is provision for those protections to be uprated so that inflation does not simply

erode them over time. This is not simply a proposal for a higher GST. It is a proposal for a planned, conditional and protective transition if a future Assembly deems it necessary.

85 Madam, none of us knows exactly what Guernsey's fiscal position will look like in 2030. Pillar Two is already forecast to produce more revenue than expected. Economic growth may be stronger. Offshore wind or other initiatives may begin to contribute. Equally, the structural pressures may prove greater than we hope. This amendment recognises both possibilities: introduce a 3% consumption tax rate, set out honestly that we may need to move to 4% and ultimately 5%, but before each increase, look at the evidence and let the Independent Fiscal Policy Panel advise us
90 whether the conditions justify taking the next step.

That, to me, is much better than pretending that 3% will solve all our fiscal woes indefinitely or simply imposing 5% from the outset. It gives households and businesses certainty about the direction of travel while giving the States the flexibility to respond to the circumstances we actually face at each point. Importantly, it gives us a ceiling: 3% to start, 5% at most, and independent
95 assurance before we take each step in between.

For those reasons, madam, I support this amendment.

The Bailiff: Thank you.

Deputy Burford.

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Deputy Burford: Thank you, madam.

It is my firm view that we need to do everything we can to get through this debate in this sitting for many reasons. For the certainty that many are seeking and also because we have a significant backlog building up and Committees will be bringing policy letters. It really is concerning if this runs
105 over three debates.

For that reason, I am going to be supporting this amendment as it amalgamates a number of amendments that the proposer has made clear would be laid as separate amendments if this were to fail. At that point I will take, when we come to the final Propositions, I will make a decision on each of the Propositions wrapped in it separately.

110

Thank you.

Deputy Ozzanne: Point of order.

The Bailiff: Deputy Burford has sat down. So it is her that you asked for a point of order, rather
115 than me.

Deputy Ozzanne: Right. I need to ask a question about the debate, ma'am,.

The Bailiff: Yes, Deputy Ozzanne, what would you like to know?

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Deputy Ozzanne: Sorry, ma'am. I just would like to understand – I think it is you I need to ask. If this does not pass, does that mean that the 4% proposal or 5% can never come back during this term?

The Bailiff: As I understand it, this is an amalgamated version of the amendments that Deputy St Pier identified yesterday, which were Amendments 10, 11 and 12. It will be for Deputy St Pier or the people who were laying those amendments to decide whether or not they lay them as individual ones if this amendment fails. But I think any other questions you need to ask Deputy St Pier because it is very much up to him how he decides to deal with his amendment.

130

Deputy Goy.

Deputy Goy: Thank you, ma'am.

Ma'am, I have a £1 note here and I would like to make an offer to the Assembly. I will give this £1 note to anyone who gives me £10. Any takers? It is a good deal. No? You think it is not a good deal? All right. Ma'am, I have a better deal. I have got another £1; £2. I will give any Member of this Assembly £2 if they will give me £20. (*Interjection and Laughter*) Thank you very much, Lee.

Here is the thing about this GST and its mitigation packages. We were told that this will actually make people better off. But here is the thing, we cannot come to that conclusion logically because we do not actually know how much people spent every month. Here is the thing, those people who protest out there, they know exactly how much they spend every month and they know that it is not going to be better for them.

So, before we say that this package is going to be beneficial for the people, think again. We actually do not know the real expense of each family. Here is the thing, and here is the brutal truth, some Members may not realise this, but there are a lot of people on this Island living pay cheque to pay cheque and they already know that if GST were to come in, it is not going to be a free – here is the joke. There was a joke on Facebook saying that before GST has even come in, they are already talking about raising it to 5%.

People know deep inside and with experience, looking at other jurisdictions, that the inflation for 3% is not going to be 1.9% and the inflation for 5% is not going to be anything close to what P&R has projected in the past. I will give way.

The Bailiff: Deputy Sloan.

Deputy Sloan: Thank you, ma'am.

On the inflationary point, the point about introducing a GST is the comments will tell you it is a step change in the price level. So, you introduce it once and the price level goes up and the hope is that does not change people's expectations. They just got a higher price level. It will feed into next year's prices and charges or whatever. Once you start doing it year in, year out, what you are doing is effectively embedding inflationary expectations. You inflate at 3% one year, then it is a 1% another year, then a few years down it is another 1%. So, everyone's expectations rise to a higher level of inflation. So, the path proposed in this amendment is almost as sure as the eggs are, a guarantee of higher inflation, 3%, 1%, 1%. You have got a general uplifting of three times. You have got a triple whammy. It is only an opinion because I am an economist. Economists only give you an opinion. They are like lawyers in that respect. But that is what I would say is the consensus view. This is an inflationary path to introduce higher taxation.

The Bailiff: Deputy Goy.

Deputy Goy: Thank you.

Ma'am, I just want to continue my point in that when it comes to GST I think there is an underestimation how much inflation is going to cost. I have spoken in this Assembly before that the inflation is not going to be limited to the textbook number of 1.9% for 3%. It has not taken into account the cascading cost of implementation and the cascading cost of living. So, I am going to leave it right there.

I think people are very smart. People out there, I think we need to give them more credit when they say that they do not want GST because they believe that it will actually make the cost of living higher. I think we need to respect that rather than trying to guess like them and say, "You know what, you are actually going to be better off" because they know they will not. And we cannot – let me repeat this point again – we cannot actually say that they will be better off when we actually do not know exactly how much each family spends every month.

Thank you very much.

The Bailiff: Deputy Rylatt.

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

There have been some incredibly well-reasoned and well-articulated arguments for and against tax reform made so far. None more sophisticated, of course, than Deputy Sloan's observation yesterday that our amendment was garbage. Well, madam, I think it is fair to say that if our amendment is garbage, Deputy Sloan's critique of it was somewhat close to landfill. But I will leave it there.

190 Madam, the substance –

Deputy Sloan: Madam, I think I was held up for being impolite with my comments.

195 **The Bailiff:** Sorry, Deputy Sloan, I have not said you could speak. So you need to have a point of correction or a point of order, but just not step up and have a chat.

Deputy Sloan: Point of order.

200 **The Bailiff:** What is your point of order, Deputy Sloan?

Deputy Sloan: I think I was held up for the language of – inappropriate language and inappropriate debate.

205 **The Bailiff:** You were. I did chastise Deputy Sloan for using unparliamentary language yesterday.

Deputy Rylatt: Thank you, madam.

I would be grateful if Members would grant me the delusion of still counting myself as one of the youth, because throughout the Tax Reform debate, whether it has been online, on the high street, or even in this Assembly, younger Islanders have largely been spoken for in a way that has often made me feel quite uncomfortable.

210 We have heard it said with certainty that approving P&R's package or measures such as those in this amendment will drive the next generation away from the Island. I really do feel as though that narrative needs to be challenged. I can only speak personally, madam, but as someone who hopes to one day raise a family here, I can say very clearly what would not drive me away. That is being able to keep more of my earned income while contributing to a fairer tax system.

215 But I can tell Members what is much more likely to make me question whether my future is here, and that is an Island that cannot invest in itself, an Island that cannot plan for the long term, and an Island where I cannot have confidence that the homes, schools, healthcare and infrastructure that my future family may depend on will be there when they need them.

220 That is where both the wider reforms in this amendment and specifically the additional earnings allowance become relevant. This Proposition within our amendment asks P&R to bring back options in the next Budget – the 2028 Budget rather – for an additional lifetime tax allowance on earned income designed to provide an incentive for younger earners to stay in Guernsey or to return here.

225 We are not asking Members today to approve the final policy or signing a blank cheque. We are simply asking for that work to be done because we should not be talking about our demographic challenges year after year as though there is nothing Government could do about it. We should be willing to examine practical ways in which the tax system can help us respond to it. Nor should an improved position on Pillar Two tempt us into thinking that that challenge has somehow disappeared.

230 We have been advised by the Tax Review Sub-Committee members that Pillar Two cannot be relied upon as a long-term part of our tax base. But whatever happens to that revenue stream over the next few years, Guernsey still needs young people to stay, to return, to work, to build businesses and raise families here. We should not be afraid of using our tax system to help make that possible.

235 Ultimately, madam, retaining young people is not only about what Government can offer them in the short term. It is about whether they can look to 10, 20 or 30 years ahead and realistically see

a life for themselves here. That requires sustainable public finances, the capacity to invest in this Island and address historic underinvestment. But it also requires policies that actively make Guernsey a more attractive place for younger people to stay and to return to. Because this Island should be a place where work is rewarded, where having a secure home is not the privilege of one generation and not another, where coming back is an opportunity and not a sacrifice, and where building a family and a life remains a realistic prospect.

Madam, I really do believe our task is not simply to persuade the next generation to stay, it is to build an Island worth staying for. That is why I wholeheartedly support this amendment. I really do hope other Members will too.

Thank you.

The Bailiff: Thank you.

Deputy Humphreys.

Deputy Humphreys: Madam, unsurprisingly, I also rise to support this amendment. I am actually really sad that the narrative of this debate has seismically shifted from total tax reform to GST, at least in the public arena. That is not what we are or should be debating.

Anyway, my party colleagues have already spoken about the elements of this amendment, and I do not intend to repeat the points they have made. Instead, I want to focus on the proposals for the Guernsey Property Savings Account and support for families through the consideration of tax allowances or social security measures. We believe that these proposals complement the wider tax reform package well. Tax reform cannot simply be about how much money we raise. It also has to be about what sort of economy and society we are trying to create.

These proposals are about growing the economic capacity of the Island. They are about encouraging people to stay, encouraging people to return, helping people to put down roots and making sure families have the support they need to build a future here. We propose to investigate the introduction of the Guernsey Property Savings Account to incentivise and better enable first-time buyers to save for a deposit to buy a home in Guernsey or Alderney.

The GPSA builds on work already being undertaken by the Housing Committee, who are looking at proposals around savings accounts and other measures to help people into home ownership. I do not need to tell Members that housing affordability is one of the biggest challenges facing people in Guernsey. I can assure you that the Housing Committee is working hard to increase supply across different tenures and that that work is absolutely critical, but I also do not need to tell you that building houses takes time. Therefore, this proposal is intended to help people get themselves into a position to buy and send them a clear message that we want them to stay.

This gives people some hope and some vision of the future in which they have a realistic chance of owning their home. The beauty of it, however, is that even if the Guernsey Property Savings Account and the additional earnings allowance were introduced tomorrow, the realistic timeframe for the increase in demand in the housing market matches the time to increase supply. Neither separately or both together would therefore have the effect of overheating an already tight housing market. It would encourage a culture of regular saving and help people to prepare for the time when more housing supply becomes available or alternatively just to make their futures easier.

The majority of developed countries provide opportunities for their citizens to save for their futures tax free. Shouldn't we?

While the Housing Committee continues the much bigger task of increasing supply, I like to think this is providing our citizens with a virtual hug. The same principles apply to the proposed additional earnings allowance that Deputy Rylatt has explained to you. There will be a small cost to the proposal, we are not denying that, but we believe that there will also be a wider economic benefit. Additionally, if we want people to stay and build their lives here, then we need to recognise the cost of raising children.

The Proposition asks P&R, working with Employment & Social Security, to consider the reintroduction of child tax allowances or credits, alternative tax or social security measures, including family allowance and the existing provisions relating to child and dependent relatives.

290 What is important here is that we look across the range of options and identify what most effectively supports families with the cost of raising children, and that work should come back to the States with recommendations and costed targeted measures, because we should be looking at the greatest impact for the money we spend and making sure the support reaches the families who need it most.

295 When you put these proposals together, we hope to give our population some hope, some help and some support, which can only be good for Guernsey's economy, our community and our Island future.

Thank you, madam.

300 **The Bailiff:** Deputy Strachan, do you wish to be relevéed?

Deputy Strachan: Yes, madam.

The Bailiff: Who else wishes to speak on this amendment?

305 Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Thank you, madam.

May I take this opportunity to use some of my precious five minutes to congratulate you on becoming our Presiding Officer. I do like the term used in the New Zealand Parliament, which is the Guardian of Order and Good Parliamentary Business.

310 Members, for all the apparent complexity of this amendment, when you look at the Proposition, actually what it does is relatively straightforward; it adds Propositions. I agree with Deputy Burford's assessment, and I am in a very similar place. I think the test I want to apply to this amendment, in fact to all of these amendments, is quite simple: does it move us forward? Is it constructive? Does it help us towards a solution? And are there unintended consequences? Does it pull one part of this package out of alignment with another?

315 On that basis, I do not see a particular problem with this amendment. We have heard an awful lot of illogical argument or of ideological argument in this debate, red lines, academic descriptions of how fiscal policy should or should not work, things that Government should never do or must do. But ultimately, the question I keep coming back to is: will this make things better? Will it take us any further towards solving the very real problems people in this Island are experiencing right now? Because continually talking about how things should be, instead of actually going to – is not actually going to solve anything. At some point we have to turn that discussion into action.

320 I particularly like Proposition 4 and the focus on what we can do to encourage young people to stay in Guernsey or come back after studying elsewhere. This is not some abstract problem; it is something we already know we have to address. Our work on the Children and Families Political Oversight Group is looking directly at the outward migration of young people and families and the retention of talent, housing and employment opportunities, and whether Guernsey remains somewhere where young people can actually see a future for themselves.

325 So this is not creating some strange new strand of government policy. It fits with work that we are already doing, and the Government Work Plan priority around children and families. Deputy Inder yesterday talked about resolutions, and they are just that; resolutions. They can sit on a shelf and eventually make their way to the bonfire. And yes, they can.

330 Perhaps some of those can even be characterised as virtue signalling resolutions. But I find that criticism slightly odd when the alternative seems to be endlessly identifying everything that is wrong, everything previous Assemblies have not done, and everything this package does not solve, without actually resolving to do something about it.

We will never get off the starting blocks on some of these enormous issues if we are so cynical about making a resolution that we refuse to make one in the first place. The important bit comes afterwards, making the resolution, sticking to it, and turning it into action. I am not entirely convinced by the arguments for the 4% or 5% GST, and to be honest I am not entirely convinced by 3%, but I have yet to find a viable alternative. I would like, in the summing up, if possible, some reply to Deputy Sloan's point. That was my concern with the 4% and 5%, the inflationary impact that Deputy Sloan suggested. Whether the Fiscal Panel would be looking at the inflationary impact that introducing the 3% had, and whether that would help in the subsequent years.

What agreeing to this amendment does is put these Propositions in play, and to my mind they improve the Propositions already before us. So by the end of this debate, if no better viable alternative is in play, then I think these Propositions leave us with a better plan than the one we started with. Ultimately, that is the test I am applying. Does this move us forward? I think it does.

The Bailiff: Deputy Bury.

Deputy Bury: Thank you, ma'am.

Similar to Deputy Burford, I think I will support this amendment. It bears no reflection on how I may or may not vote in the substantive votes or my feelings towards GST Plus packages, etc. That will be lost to the sands of time by those looking at green or red on the website, but it is on *Hansard*, so I will be able to refer to that.

Essentially, this wraps up quite a few amendments that I do wish to support, and once we get to the substantive vote we will be able to vote on each independently. We talk a lot about efficiency. This is efficient.

Thank you.

The Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

I feel again in a quandary over this amendment, and I understand the principle behind it is, as my colleague Deputy Bury has just said, efficiency. But I cannot, on principle, vote for something at the moment that looks at a GST rate up to 5%. (**A Member:** Hear, hear.) At the same time, I hear my colleague Deputy Rylatt, and I totally agree with him, that we need urgent action to look at how we address an issue that is particularly facing our younger Islanders. That is, I hope, a topic that we will debate at length, perhaps with a different paper.

I do not want to be seen to be voting against that, and that is why I asked my question, ma'am, of you. I am afraid at the moment I am going to have to vote against this amendment, but I very much hope that elements of it will be brought so that we can potentially look at voting them individually.

Sorry, my colleague was standing, and I have not quite sat down yet, so I give way to Deputy Goy.

The Bailiff: Deputy Goy; because you had not quite sat down.

Deputy Goy: Thank you, Deputy Ozanne.

I am very confused, ma'am. The people are crying out when we proposed 3% GST, and now Forward Guernsey has come with 5%. Where I am more confused is with Deputy Rylatt's talk about wanting young people to stay and wanting houses to be affordable. Everything that Forward Guernsey has put through is going to make that dream even harder. It is going to cause inflation to rise. It is going to cause –

The Bailiff: Sorry, what is your point of order, Deputy Inder?

390 **Deputy Inder:** Give way normally, and I do forget because I very rarely read the Rules, but this sounds more like a speech rather than a giving way to Deputy Ozanne's points.

The Bailiff: Well, I am waiting to find out what Deputy Goy is going to in relation to Deputy Ozanne's speech. It is Deputy Ozanne's speech that you need to be focusing on?

395 **Deputy Goy:** Yes. Basically, what I am saying is what Deputy Ozanne said is right. There is such thing as inflation, and that inflation is going to take a lot more than what Forward Guernsey's package is going to give.

400 **The Bailiff:** I do not think –

Deputy Goy: Thank you.

405 **The Bailiff:** Thank you very much, Deputy Goy.
Yes, Deputy Ozanne.

Deputy Ozanne: I thank Deputy Goy for his additional comments endorsing what I have said, but I therefore have come to the conclusion that I cannot support this amendment, but I would be very keen to support elements if they were brought separately.

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

Deputy de Sausmarez: Thank you, madam.

I rise very briefly. I am in the same position as Deputies Burford and Bury, but I think actually the conversation that has just taken place is an opportunity to explain, in case there is any lack of clarity over this, the effect of this amendment. This amendment is additive, so it does not change – well, mostly it adds in Propositions, certainly on the substantive 1(1)(a), which deals with the phasing and potential rate increases. That would be inserted after the original Proposition 1. So when it comes to the substantive vote, my understanding, although I stand to be corrected by the Presiding Officer if I am not correct in this, is that if this amendment is successful, it would insert that Proposition into the substantive Propositions.

The Bailiff: Yes.

425 **Deputy de Sausmarez:** So when it comes to the vote, we, as an Assembly, would be able to vote on Proposition 1, and then irrespective of the result of that vote, we would be able to vote on the second one, I think.

430 **The Bailiff:** If the will of the House is that they are, and I think Deputy St Pier has already raised this, and I have indicated if that is what the House wishes to do I will allow it, is those Propositions 1 and 1A can be voted on separately, as can 2, 3, 4, etc. So I am willing to divide up those Propositions, but 1 and 1A can be voted on separately.

Deputy de Sausmarez: Thank you.

435 That is a helpful clarification, and it just means that if anyone has qualms about Proposition 1A, for example, but they are very supportive of some of the others, the quickest way – the quickest and most efficient way to get those Propositions that Members might like into the set of Propositions that we will be voting on is to support this amendment, and then Members can choose which of those Propositions to support or not support when it comes to the substantive vote. I give way to Deputy Ozanne.

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The Bailiff: Deputy Ozanne.

Deputy Ozanne: I thank Deputy de Sausmarez for clarifying. I was quite aware – I believe she was addressing my points, so I am quite aware of that. The problem is I do not want on record the fact that I have voted for something in which it proposes a GST rate of 5%. So I and other colleagues, although we understand the protocol and understand the way this is being proposed, it still means that on record our votes are showing that we are voting for something that we do not believe in.

A Member: Hear, hear.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you.

Actually, in parliamentary terms, this is debate on an amendment. The decision is the substantive Propositions. And as Deputy Bury and Deputy Burford have just articulated, *Hansard* is what goes on the record. So we are very well able to put on record, as we are doing at the moment, our reasons for supporting or not supporting an amendment, but that is a different thing to the vote on the substantive Propositions. As Deputy Burford says and Deputy Bury says, this is a very efficient way of introducing Propositions into the substantive Propositions that Members can then vote on as they see fit.

Thank you.

The Bailiff: Deputy Montague.

Deputy Montague: Thank you, madam.

Just to move back away from the technicalities to the amendment itself. I will be supporting this because I think it does, in fact, have merit. Before I continue, we mentioned yesterday about trust. I think at the heart of this, one of the accusations we got from members of the public is, "Well, you are saying 3%, we know it will be 5%". I think this is quite good. It is quite honest. It is quite open. And it gets to that immediately. On the point of trust, we have all received an email this morning that, as a result of some of our voting yesterday about the length of speeches, we have been accused of stooping to the level of Nazis.

Can I just please ask that when we encounter that kind of speech, all of us – all of us – call it out, madam. I think that is very important. Looking around this room, and I am very grateful to Deputy Matthews for getting straight onto that email; I think that was an entirely appropriate response.

But this cuts to the heart of trust. This, I think, is an open and honest suggestion. We know what happened in Jersey when they went from 3%, they subsequently went up to 5%. I think Deputy Vermeulen was talking about inflation in Jersey. Of course, around about that time, there was a massive global financial crisis as well. So it is hard to work out what was entirely going on there.

Sorry, I will not interrupt my flow, if that is okay.

The reasons I support this amendment is because I believe it is cautious. I think it has built-in caution in it, which I think makes sense. I also think it is quite fair. Yesterday, as we walked in, I talked to many members of the public who were saying, "This GST will hit the poorest hardest". And I said, "Yes, but look at the whole tax policy. What will that do?" I think the protections in here and the fairness are very important.

I have had conversations with fairness with Deputy Sloan and Deputy Helyar before; we have slightly different views. I am more on team rules. I think they are more on team Nozick, the famous American philosophers from the early 1970s who argued very clearly about what justice should look like. Unlike them, and we heard yesterday, I am not a director of any company. I struggle to direct my own mind, which is why I did not allow Deputy Vermeulen to interrupt me just then.

But I do believe this is fair. I also think it is our obligation when we talk to members of the public to say actually this amendment boosts those elements of fairness and those elements of protection that are really important. But with regard to the caution we mentioned a moment ago, I hope Deputy St Pier in his summing up is able to address something that I think Deputy Hansmann Rouxel and Deputy Sloan has referred to. I am genuinely worried, and Deputy Collins and I were discussing this just this morning, I am genuinely worried about that inflationary impact.

On section two in the third page of the document, it says:

The Fiscal Policy Framework is necessarily appropriate having regard to the Island's fiscal, economic, and inflationary environment.

I wonder if he can articulate exactly what protections are there so that if inflation is running high is there a cut-off in terms of ratcheting up that GST? I think this is fiscally sensible, and I will be supporting it.

Finally, I would like to refer to something that my good friend Deputy Camp said, I think in the last speech of yesterday's debate, that she described as almost like a Christmas tree amendment; it has got loads of stuff thrown at it. But I think that is a good thing in the name of efficiency. It hangs together a number of amendments, and I will just refer briefly to those. If I had a pound for every time someone has said, "The trouble with you people is you are not doing enough to grow the economy". If I had a pound for that, I would single-handedly be able to grow the economy, but I am so used to people saying you need to do it. And when I say, "Well, what should we do to grow the economy?" stony silence.

I think we also need to say: what is it? I think in here there are some very long-term drivers to actually keep young people on the Island, keep them investing in our community, because if we do need to grow the economy, we do need young people staying here and going into the workplace. That is why I support this amalgamated amendment. I think we all should. I think it is fiscally sensible. I think it is cautious. I think it is fair and it has adequate protections.

Thank you, madam.

The Bailiff: Thank you.
Deputy Curgenvén.

Deputy Curgenvén: Thank you, ma'am.

Spend five minutes on social media, read the letters to *The Guernsey Press* or the *Bailiwick Express*, which I know is some of our favourite, listen to the 9,000 people and the 272 businesses who have put their names to the campaign against GST, you will see a growing gaping chasm between this Assembly and the person on the street. They say some Members are out of touch, that we do not listen, that we do not know what it is like to run a small business or to stretch a family budget to the end of the month. They understand the impact of the mitigations and, as anyone living on a tight budget understands, these mitigations will not help.

So, ma'am, allow me to be the voice of the people who feel ignored and who are being ignored. The very demographic –

Deputy Humphreys: Point of correction, ma'am.

The Bailiff: Yes, Deputy Humphreys, what is your point of correction?

Deputy Humphreys: Apologies, I have been sitting on this for two days and probably three days before that. You are not speaking –

The Bailiff: Deputy Humphreys, address me.

Deputy Humphreys: Sorry. Deputy Curgenvén is not speaking for all of the people on the street. An increasing number of people are coming up to me in the bike park –

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The Bailiff: Deputy Humphreys, I do not think this is a fair point of correction, it is a matter of opinion. Yes, do carry on.

Deputy Curgenvén: Thank you, ma'am.

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I am just obviously referring to the people that have put their names to the petition. Sorry, just carry on.

The very demographic Forward Guernsey say they are listening to and trying to help by reading part of a letter written by one of the ignored. I have extracted bits from it, ma'am, just for anonymity:

I am 20 years old, born and educated locally and grew up in a low-income household. I am beyond lucky to be where I am through the generosity and support of everyone around me. In January 2026, we started up a company in order to help those who needed it and to give back to the community. I have put everything I have got into every hour of work I have done in order to change my future and get a better life and give back to the planet. So, what has this got to do with GST? Well, I worry about the people, the common person who will no longer be able to afford food or basic necessities. I worry I will no longer be able to help the community I love due to rising stock prices forcing me to higher my hourly rate alongside added tax rates for my clients. I worry about my family, those with health issues and the elderly. I worry for the elderly women who cannot claim pensions from prior marriages. Our voice, the common person's voice, is us that know what it is like to live here. We know what it feels like to choose between food and heating. We know the worry of feeding our children over yourself and staying awake at night, worrying if you can make your next rent payment.

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The Bailiff: Deputy Curgenvén, I am just conscious this is on this amendment, so if you can bring your point to why it is relevant to this amendment, I would be very grateful.

Deputy Curgenvén: Tell your story, say no to GST.

560

Thank you, ma'am.

The Bailiff: Deputy Parkinson.

Deputy Parkinson: Thank you, ma'am.

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This is an amendment on which P&R have a free vote because I do not agree with my colleagues. I hear the arguments about efficiency and I agree that bundling up a number of other amendments into one will help us to conduct the business that we need to get through. There are certainly many elements of the amendment which I enthusiastically support. But the problem is, in politics, perceptions matter. This amendment clearly creates a glide path to 5% GST, which I have never signed up to.

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There are plenty of cynical people out there who will say that P&R's tax reform package was always intended to just be the pathway to 5%, maybe 10% GST, whatever, in the end. That has never been my intention. I fear, even though I totally respect what Deputy de Sausmarez says about we can vote the other way on the final Propositions, and people will, if they are so minded, go and read *Hansard* and hear what I and others have had to say on this, I fear that supporting this amendment will be perceived as support for a glide path to 5% GST, and I just cannot sign up to that.

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The Bailiff: Deputy Van Katwyk.

Deputy Van Katwyk: Thank you, ma'am.

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I have heard – well, part of this amendment that deals with GST, described as open and honest and even a ceiling for GST. But let us be honest, there is no ceiling in place here. We go up to 5% and we are in line with our sister island, with Jersey, who is also struggling with a deficit at the moment. We look at the Isle of Man. We know that their GST, or their Value Added Tax, is up beyond 10% or up 10%. So what is going to happen realistically when we are still struggling for money

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because we have not sorted out our underlying issues? We are going to move in line with Jersey and we are going to put GST up to 10%. Who knows, 10 years down the line it might be 15%.

590 I have a great deal of respect for my colleague, Deputy Rylatt, but I just could not believe the words that I was hearing in his speech earlier. (**A Member:** Hear, hear.) I have spoken in this Assembly about my wife and I having honest, frank, and frankly scary conversations about having to leave the place that I have always said I want to raise my child up in. Now we are doing really well. My wife is an experienced teacher. She gets a good wage. I myself, as a Deputy, get a good wage as well. We are in the lucky category. We are not actually going to have to leave the Island. What might happen is we will have to take on another job, one of us. So we will be able to stay
595 here. I am very fortunate and lucky for that, but there are a lot of young people who will not be so lucky.

So I stand here and I speak hopefully for the youth a little bit, if I can still be in that class. I know that fear and I know that people will not be as lucky as me. So I will not be voting for this amendment.

600 Thank you.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, ma'am.

605 I am keeping mine quite short for the rest of the amendments, but I am going to actually refer back to the sentiments of Deputy Ozanne because I felt very much what she was saying. It has happened many times in the past, so I am going to use not a very good analogy, but I am just going to pretend that on X date we have decided that we are going to bring in the death penalty. The death penalty has been discussed and then there is an amendment coming in and the amendment
610 is going to say, "Do you know what, the death penalty is coming in, but I know there are some people like Deputy Blin who is not keen on that so what I will say, it will either be by firing squad or maybe by a gentle process of taking some medications will put you to sleep slowly." But I will be in the position still that I am not interested in the death penalty.

So therefore, and the feeling we get is when an amendment like this – the mitigations that
615 Deputy St Pier has put into this are very good; cannot challenge that. He is taking into account all the possible variations and changes that could occur. I get that. But as soon as Deputies like myself and Deputy Ozanne are feeling yes, but if we are saying this and we are saying to the people we want to look at the other alternatives and changes, then if we say this, are we not just accepting that we are on it?

620 So this is the kind of carte blanche for anyone supporting GST. Although to be fair, Deputy Parkinson made a very interesting point about his position on it. It is also for those ones who are in between who are not sure; well, this is such a nice way. So in other words, if we do have to accept GST, then at least we will have these things there to protect. So I get all that.

I think the best I can do is – I am really echoing the sentiment of Deputy Ozanne, the best I could
625 do is almost, I would look at abstaining. Why? Because I do not want this to come through, but I do appreciate the intellectual or intelligent thoughts applied to make it look right. I am sure this will be a sentiment to other people who are in my situation.

Thank you, ma'am.

630 **The Bailiff:** Thank you.
Deputy Collins.

Deputy Collins: Thank you, ma'am.

I will be very brief, but just to echo the wise words from Deputy Lee Van Katwyck in reply to
635 Deputy Rylatt. I wish him all the luck raising a family, ma'am. It was an eye-opener when my wife and I had a child as to how much it does cost. We both have to work to pay a mortgage. Oh, we have got to pay £1,000 childcare a month.

Now, putting that to one side, whilst babies are lovely and cute, the cost of doing so certainly adds up. So it is a real struggle. This package will not help people having children staying in this Island. And it is exactly the same conversation I had with my wife this morning, ma'am, because it is first of the month, so of course it is budget day. We sit down and have a look at finances. We looked at our bank account and go, "Gee whiz. How are we going to afford this? We are not too sure about 3%, 4%, 5%. Wow, that is really going to hurt us and we really have to debate". But we are lucky. We are lucky that we are supported with a Guernsey family. We are lucky we have people around us. But there are people in this Island who are on their own that renting is just out of the question.

It is back to what I have said before, ma'am. The easiest way to help them is to build the homes, and I just cannot see again this amendment helping with these ways of inflation, helping construction to keep house prices low and keep rents low. So I am dead against this, ma'am.

The Bailiff: Thank you.

Does anybody wish to speak on this amendment before I turn to Deputy Niles, who I believe is responding on behalf of P&R?

Deputy Niles.

Deputy Niles: Madam, this is a consolidation amendment and we appreciate that it has been brought. As a debating chamber, we do sometimes go to the full breadth of the debate, and I think that Deputy Blin has really taken us there with the death penalty, and it is interesting to explore that. But we do like to get into the weeds of things, and sometimes we have to get out of it and we have to look to the future. We have to understand what – and yes, when I look to Deputy Inder, of course, I am thinking of the future. *(Laughter)* If we have confidence in our decisions, if we have confidence in our actions, and if we have confidence in our future investment –

Deputy Sloan: Point of order.

The Bailiff: Yes, Deputy Sloan.

Deputy Sloan: My understanding from Deputy Parkinson was a free vote by P&R on this. So therefore there is no P&R position, so therefore to respond on behalf of P&R –

The Bailiff: They are still entitled to reply on behalf of P&R. *(Interjection)* As you know, Deputy Sloan, I do not make the Rules, I just apply them.

Yes, Deputy Niles.

Deputy Niles: Thank you for the point of correction. I have thought about this because it is something that P&R have not got a settled view on. So whilst I have discussed this with my colleagues, and Deputy Parkinson has very ably discussed his position on it as well, I think that I have to speak to also those constituents that speak to me and have spoken to Deputy Humphreys, who also want us to move forward.

If we spread doubt, people will doubt us. We must have confidence in the way that we move forward. Our forefathers did not build the new harbour because they doubted it. They did not build the Forest Road or Route Militaire because they doubted themselves, and they certainly did not fill in the Braye du Val because they were filled with doubt.

Our ability to vote for tax reform is a vote in the confidence of the future and those people that we are investing in. Whilst it might be comfortable to be in the weeds where we look at all of the various aspects, that is not where we should be going. We should vote with confidence and we should vote with credibility. I will be voting for these Propositions, and I encourage my colleagues to do so also. But as Deputy Burford and Deputy de Sausmarez very ably said, we will have the

substantive Proposition to look at probably tomorrow, and we can all do that then. But this is a vote that I will be voting for.

Thank you.

The Bailiff: Deputy St Pier.

Deputy St. Pier: Thank you, madam, and thank you to all Members who participated in the debate.

Thank you to Deputies Montague, Dorrity and Gollop for their support, and I think also to Burford, Hansmann Rouxel, Bury and Niles for the practical approach they have adopted to this amendment, recognising that they then will make decisions on the substantive Propositions if the amendment is approved.

With regard to Deputy Inder's question as to why 5% had not been inserted. It was a possible option that was considered. Indeed, we considered having a cascade that would include it. Ultimately, based on the soundings that we took from colleagues, Deputy Inder was the only one who came out strongly in favour of such an approach. The inflationary effect of 5% today in a high inflation environment was of particular concern, and I will return to inflation in a moment.

Deputy Matthews referred to the introductory rate of 3% and therefore the honesty and transparency of this amendment, and that is very much the view and perspective that we have taken in looking at this.

Deputy Vermeulen and Oswald – Deputy Oswald described this as an innovative amendment. With regard to the surpluses or, should I say, the windfall that potentially Pillar Two creates, I share Deputy Oswald's view that a windfall, particularly one where the quantum is unknown, should not be forming any part of our regular expenditure to the extent that we experience a windfall, we should be using that to rebuild reserves.

The reality is all taxes have an economic impact but some are more distorted than others. A consumption tax I think is widely recognised by tax economists as being less distortive than many of the options. The other point to make is that having more income does not of course of itself mean more expenditure. People have made that immediate – drawn that immediate line but of course in the past where the States has had more income than it has needed it has used those surpluses to build reserves, and we should not dismiss that. It remains one of our objectives through the Fiscal Policy Framework to rebuild reserves.

With regard to the question of inflation raised by Deputy Hansmann Rouxel, touched on by Deputy Sloan and raised again by Deputy Montague, and in particular the inflationary impact of moving to 4% and then 5%. Deputy Sloan is of course quite correct that any increase in consumption tax operates on inflation in two ways. There is a direct price level effect of that change and then there is the possibility of an expectations effect.

However, we have recognised that, and that is one of the reasons for the 24-month delay between the transitions so that it is not an annual expectation that is built in. The reality is of course that the main drivers of inflation in a small open economy such as ours are external to the Island.

To address particularly Deputy Montague's question about the role of the Fiscal Policy Panel, it is clear that they will take a view on inflation. Now we, again, consider whether there should be some kind of very explicit hurdle that was put in the amendment that if inflation is above X per cent there should be no change in the rate of GST. We dismissed that because the reality is that inflation again can be driven by a number of events. It could be inflationary shocks, which is created by the fuel crisis and the invasion of Iran, or there could be an ongoing inflationary pressure.

Both of those types of inflation are different and their effect on expectations is different. It would not be appropriate, we concluded, for us to try and determine that here today for what might be happening in 2034 or 2035. So that is the role of the Fiscal Policy Panel, to take all of that into account in judging the inflationary environment; the phrase that is used in the amendment.

But it is clear also that this amendment gives a very explicit role to the Independent Fiscal Policy Panel rather than leaving it to the Policy & Resources Committee, which is the current state of affairs

with the assurance review. A Policy & Resources Committee that will in 2030, as is currently provided for in the Propositions, will not be the same P&R as today by definition, and does not have that independence or that experience. So we do think that that measure alone is a significant strengthening of the whole package.

I absolutely respect the position adopted by Deputies Ozanne and Blin in relation to this amendment. Their position is absolutely clear in relation to GST, but they obviously do find other parts of the additional Propositions attractive but feel unable to vote for the amendment because they do not want to be seen in any way to be associated with 1A, which they would obviously vote against in a substantive way. And I am grateful for them indicating that they were likely to abstain as a result of that position. I do understand the logic for how they have got to that place.

I think the final point I wish to make is that 5% realistically is the upper limit of a broad-based consumption tax. So inserting that in the Fiscal Policy Framework certainly anchors it. The reality is that in a system which very few jurisdictions have, which is as broad-based – other than Jersey – as is proposed means that you will have to start introducing exemptions in order to make it socially viable. So I think it is very realistic to anchor that expectation again and, coming back to the inflationary expectations again, I think that is a very good signal to be sending to the marketplace that come hell or high water that is the upper limit and that is what is baked into the Fiscal Policy Framework.

So for all those reasons, madam, I do hope that Members will support the Proposition – the amendment at this stage and then they make their decisions in relation to the individual Propositions when they come to the substantive vote at the end of the debate.

Thank you, madam.

The Bailiff: Thank you.

Deputy Leadbeater do you wish to be relevé?

Deputy Leadbeater: Yes, please, madam.

The Bailiff: Thank you.

Members, on the screens before you is the amendment, Amendment 55. I will ask the States' Greffier to please open the voting.

There was a recorded vote.

Carried – Pour 21, Contre 16, Ne vote pas 3, 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	Matthews, Aidan		
Cameron, Andy	Curgenvin, Rob	Ozanne, Jayne		
de Sausmarez, Lindsay	Gabriel, Adrian			
Dorrity, David	Goy, David			
Falla, Steve	Hill, Edward			
Gollop, John	Inder, Neil			
Hansmann Rouxel, Sarah	Kay-Mouat, Bruno			
Helyar, Mark	Laine, Marc			
Humphreys, Rhona	Leadbeater, Marc			
Kazantseva-Miller, Sasha	McKenna, Liam			
Le Brun, Ross	Parkinson, Charles			
Malik, Munazza	Sloan, Andy			
Montague, Paul	Snowdon, Alexander			
Niles, Andrew	Van Katwyk, Lee			
Oswald, George	Vermeulen, Simon			
Rochester, Sally				
Rylatt, Tom				
St Pier, Gavin				

Strachan, Jennifer
Williams, Steve

The Bailiff: There voted in relation to Amendment 55: pour 21, contre 16 and there were 3 abstentions. I therefore declare that the amendment has been passed.

780 Before we go on to the next amendment then can I formally confirm with Deputy Rylatt that he is not going to lay Amendment 12?

Deputy Rylatt: That is correct, madam.

785 **The Bailiff:** And, Deputy St Pier, you are not going to lay amendments 10 or 11?

Deputy St Pier: That is correct, madam.

The Bailiff: Thank you.

790 Members, as you know, I re-ordered matters yesterday slightly and we will stick with that re-ordering. So I will turn now to Amendment 7.

Deputy Matthews.

[Amendment 7.](#)

In Proposition 1, immediately after the words "Appendix 7" insert the following words "subject to zero rating food and non-alcoholic drink for any goods and services tax".

795 **The Bailiff:** Deputy Matthews, do you wish the States' Greffier to read Amendment 7.

Deputy Matthews: Yes, ma'am. Yes, please.

The States' Greffier read out Amendment 7.

800 **The Bailiff:** Deputy Matthews.

Deputy Matthews: Thank you, madam.

Madam, I rise today to open the debate on Amendment 7, which seeks to introduce a 0% GST rate for food and non-alcoholic drinks. I know many Members will feel that we are just covering old
805 ground. The official *Hansard* from February this year details our past deliberations on this matter. However consistency in politics means changing your approach when the facts change, and standing still when the economic reality shifts is not a virtue.

Our fiscal landscape has changed significantly even since our last vote. The headline GST rate which was originally planned at 5% has been dropped to 3%, and meanwhile the Corporate Tax reform workstream ended with no major changes. So the corporate option is off the table and the
810 proposed tax package has changed from the original 5% that was envisaged. We have a responsibility to look at how these new measures will impact Islanders.

Our policy shifts are happening alongside really quite significant global supply chain pressures. Guernsey imports more than 90% of our food from the UK and recent conflicts affecting transport
815 routes, particularly around Iran and the Strait of Hormuz, have caused major shocks to global energy and freight sectors.

Back in February, the most recent report from the Food and Drink Federation in the UK was dated in September 2025 and forecast 3.2% inflation, which is high but not perhaps surprising. But now their most recent report dated April 2026 warns factors which directly shape our own prices
820 cause a sharp revision in their forecast, which now stands up between 9% and 10% by December 2026. That, Members, is before taking into account the recent drought that we had over the course

of the summer where we know that we have heard all sorts of stories about farmers using up their winter food stock to get through the summer.

825 So adding a consumption tax of 10% on top of that type of market inflation would risk putting basic groceries simply out of the reach of many people, and we are talking about essential household costs. For Islanders who are already in difficulty, those who struggle to support a family and the speed of inflation - of food inflation - is really frightening.

830 We can see the friction that this tax causes just across the water in Jersey. Jersey has a long history of applying GST to food and it has constantly been problematic with opposition from the start due to the regressive nature of food on GST.

Recently the leadership of our largest retail co-operative issued a strong public warning calling on Jersey politicians to remove GST from food. The message from retail is clear: taxing essential food acts as a direct penalty on the lowest income households who spend a much larger share of their earnings on basic groceries.

835 We often view Jersey as an economic indicator and a competitor. Let us learn from their policy issues and when we have major local food retailers warning us about the social impact of a policy, we should listen.

840 Madam, we heard arguments about the administrative complexity. The Assembly has been told that defining what counts as food is a huge operational burden to businesses and tax collectors but international examples just show that this can be managed. Japan has recently just reduced its food consumption rate to 1% in order to protect its citizens from inflation. The tax authorities and retailers have had to navigate complex rules to make that happen. It does involve administrative effort. However, operational difficulties should not override core policy principles. It is the role of administration and modern technology to solve implementation problems. Our role is to set the right policy.

850 Finally, I want to address the mechanics of this amendment. It is intentionally not balanced. It does not add another 1% on, and that is because P&R has the tools and the mandate to manage the wider balance. If I had tried to offset this by adding the GST rate up to 4%, it would overcompensate and take more money out of the economy than the unamended Propositions. So let us just establish the principles of zero-rating food and let P&R handle the necessary adjustments.

Madam Bailiff, the facts have moved on -

The Bailiff: Fine, Deputy Matthews. If you just want to sum up your last words.

855 **Deputy Matthews:** Thank you.

After the announcement of the Pillar Two income, we have the fiscal headroom and the time to implement these things properly. I urge Members to support.

Thank you, madam.

860 **The Bailiff:** Do you second this amendment, Deputy Sloan?

Deputy Sloan: I do, madam. Can I speak now? Is that okay?

865 **The Bailiff:** I am just checking nobody is bringing any procedural motions. Yes, you may.

Deputy Sloan: Just on the off chance the debate gets curtailed - and we seem to have a selective choice of which amendments get debated so I will speak now but I will be very brief in actual fact - I would just like to use the opportunity to correct my colleague, Deputy Montague, that my view is not *ad nauseum*. I just am happy to accept a greater degree of heterogeneity of society before the veil is pulled back.

870 I will say one thing, or two things actually, on the exemption of food. The first is I think technology today is pretty marvellous and I think it might be able to handle the complexities of exempting food. We have already decided to exempt various other items during this debate. And

the one contribution I will make to his debate – bearing in mind I do believe I had some reputation of being right of centre generally in my economic and political views and I want to resonate with you all – those with long enough memories will appreciate the thing I am going to say but even ‘Thatcher, Thatcher, Milk Snatcher’ did not tax food.

The Bailiff: Deputy Falla.

Deputy Falla: Thank you, madam.

We have been here before with this question of food and the difference now is that we understand the protections available on the other side of the equation. It is more efficient and effective to have a broad-based tax at a lower rate coupled with protections for lower and middle income households, and that is how we tackle the food question in our package.

Thank you.

The Bailiff: Deputy Gollop.

Deputy Gollop: I am always interested in what Deputy Sloan says, and I would not necessarily call Baroness Thatcher the lady who took the milk away, but I get his point. Although I am probably not as right of centre as Deputy Sloan, I certainly would acknowledge that we have had four Conservative administrations in the UK from Mr Heath through to David Cameron via John Major who increased VAT, so it is not in of itself a left-wing view, but they have kept food exemptions.

I am aware, as a senior member really of Home Affairs, that they would probably, on an official level, prefer this amendment not to make it because we will have a huge challenge in implementing GST, should that be with the States, and if food is exempted, I do not want to get into the Jacob’s Jaffa Cakes and all the rest of it. But there would be a lot of case law, there would need to be extra training, extra support and extra resources which would cost and, indeed, I think initially this last term, Policy & Resources underestimated the cost of implementation because they looked at it from their perspective but not necessarily Home Affairs. I think that has been overcome more recently.

I am ambivalent on this, so if it does not make it part of me would be pleased, but I have always stated that I think it should not be on food. Deputy Matthews has made a convincing case by bringing in current affairs like the curious Trump/Iranian issue which has caused further inflation, and I think we are seeing, on the one hand, inflation in food well above other areas. So if you need a lot of food, particularly younger families or the pensioner who has to choose between heating and eating, I accept Deputy Falla’s arguments about the mitigations but I still think the food is a problem.

I think too there is another point. I think one of the reasons why this debate at times has been bad tempered, and not just here so much but in the community, is because all sides have not compromised as much as they could, and of course I accept the logic of putting it on everything. It is much easier, it is more efficient, it is a broad-based tax but there are many members of the public, even if economists might disagree, who regard it being put on food as unacceptable. We have that message from the Co-Op in Jersey. We have heard that message from Jersey politicians.

I do not think the UK Government, even a radical one, would have the courage to take it off food even though that might be what economists and statisticians advise. I think if we are to have a higher rate of GST, which I think is actually logical to tackle people who spend a lot on big consumer goods like boats and cars, then putting it on food really does hit the cost of living. Also looking across the States, I see my esteemed colleagues from Alderney who would suffer disproportionately as well.

We have a message from the community. We should have more food grown locally, we need to support those traders as well, and we may have other amendments on this, so I have to stay clear I think to my manifesto principles and support the Matthews’ amendment.

The Bailiff: Deputy Dorrity.

Deputy Dorrity: Thank you, Madam Bailiff.

930 I will be very brief. I am unable to support this amendment. As my colleague Deputy Falla pointed out, this is a subject on which the Assembly has already deliberated and which they rejected. The GST element in the tax reform package already includes a comprehensive set of measures which will ensure that those who may be most affected by the higher living costs as a result of the GST element are appropriately compensated.

935 Those measures have been designed to offset the impact on household budgets and GST including any additional costs associated with food. Introducing a zero rate for food would also undermine the consistency and simplicity of the tax. Once exemptions of this nature are made, it becomes increasingly difficult to resist calls for further categories and services to be excluded, creating complexity, increasing administrative costs and eroding the revenue base that the tax is intended to provide, so I will not be supporting this amendment.

940 Thank you.

The Bailiff: Deputy Inder.

945 **Deputy Inder:** Just briefly, ma'am, I have often heard from other people that Deputy Sloan is an economist. In fact, we have heard it a lot from himself, but there are consequential effects in all of this. So this is just about the numbers. It is not about the morals. We started with a net revenue on this tax of around £36 million. Now including some of the members of P&R, I believe amendment 4 took out £10 million so the adoption of amendment 4, which Deputy Sloan supported – in fact, I think he led it or it was actually led by Deputy Helyar, I seem to remember, and this is the child responsibility tax – before implementation, the cost of that was £10 million so you are now down to £26 million, so this is all very easy.

955 Now your food is going to knock off, according to a response from Treasury via Deputy de Sausmarez, £8 million. If you support this, you are down to £18 million. This is the reality of the decisions that the States make. I actually think Deputy Matthews is actually correct at a higher rate of tax. I think it is entirely the moral position to be in, but I do not think you can do it at 3% because, for the reasons I have stated previously, I do not think that 3% is the right thing.

We have just chunked out £10 million. We are about to chunk out another £18 million. If you really do not want GST to work for all of you others, vote for this because this will bury it.

960 **The Bailiff:** Alderney Representative Hill.

Alderney Representative Hill: Thank you, ma'am.

965 As Deputy Gollop has pointed out, Alderney will be affected disproportionately (**A Member:** Hear, hear.) on this particular item. We have a very different economy and we rely on tourism and hospitality much more than you do in terms of the relationship we have with our incomes. Also, we have a very high cost of getting food to Alderney and, despite whatever checks and balances have been done, we have done our own surveys and it still works out to be about 34% to 40% more expensive already in Alderney to purchase food.

970 Thank you. I give way.

The Bailiff: Deputy Sloan.

Deputy Sloan: Thank you very much.

975 In terms of the uncertainty of the estimates – and it comes also to what Deputy Inder was saying – the report that we had from doing financial modelling, and we are saying they are asked to verify a model, also pointed out there were six different approaches you could take to the modelling. The modelling, if you took the range of the six different models, comes in between

£29 million and £51 million. That is an inherently large range. It is probably somewhere in the middle.

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The Bailiff: Deputy Sloan seems to be going to the point that Deputy Inder was making rather than the point that Alderney Representative Hill was making.

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Deputy Sloan: But in terms of the cost of 30% to 40%. It is in terms of the cost of 30% to 40%, ma'am. So in terms of that range of 30% to 40%, it could even be more and to the certainty of those costs, it is safer to actually just exempt food in the first place rather than have such a huge uncertainty about the future cost. Because, otherwise, we are going to have a huge amount of confidence in the accuracy of the degree of detail that is not warranted, so it is safer to negate that 30% to 40% increase in costs and exempt food in totality.

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The Bailiff: Thank you.
Alderney Representative Hill.

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Alderney Representative Hill: Thank you for that.
I appreciate that. Judging by the way the voting is going, it looks like there will be GST and it looks now, from the last amendment, it will go up to 5%. That is a huge blow to add that on to food in Alderney and I therefore cannot support this because I do represent the Island and I do represent people who are –

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The Bailiff: Sorry, Alderney Representative Hill, I understood you were supporting the amendment to exempt.

Alderney Representative Hill: Correct.

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The Bailiff: Yes, you just said you were not going to support it.

Alderney Representative Hill: No, I am going to support – not support it, the amendment, okay. Sorry, I am supporting the amendment. Sorry. *(Laughter)*

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The Bailiff: I thought you were.

Alderney Representative Hill: And, yes, it is a very emotive subject.

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The Bailiff: No, I recognise that.
Alderney Representative Hill: Feelings are running high and we are under a lot of pressure so, in this particular point, I am fully supporting this amendment because it will affect Alderney much more disproportionately to Guernsey.

Thank you.

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The Bailiff: Deputy St Pier.

Deputy St Pier: Madam, I would like to call 26(1), please.

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The Bailiff: Deputy St Pier is seeking a guillotine note and those who have not spoken yet but still wish to speak in debate, please stand in your seat. Do you wish me to put it to the Chamber?

Deputy St Pier: Yes, madam.

A Member: May I request for a recorded vote rather than –

The Bailiff: Yes, you may. States' Greffier, I do not know whether you caught that. We are going straight to an SEV vote on the motion to guillotine debate on this motion. You have before you, Members, the motion which is that we should guillotine debate on Amendment 7. Would you kindly open the voting, please?

There was a recorded vote.

Carried – Pour 21, Contre 17, Ne vote pas 0, Did not vote 2, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Burford, Yvonne	Blin, Chris		Hansmann Rouxel, Sarah	
Bury, Tina	Camp, Haley		Inder, Neil	
Cameron, Andy	Collins, Garry			
de Sausmarez, Lindsay	Curgenvin, Rob			
Dorrity, David	Gabriel, Adrian			
Falla, Steve	Gollop, John			
Helyar, Mark	Goy, David			
Humphreys, Rhona	Hill, Edward			
Kazantseva-Miller, Sasha	Kay-Mouat, Bruno			
Laine, Marc	Le Brun, Ross			
Leadbeater, Marc	Matthews, Aidan			
Malik, Munazza	McKenna, Liam			
Montague, Paul	Ozanne, Jayne			
Niles, Andrew	Sloan, Andy			
Oswald, George	Snowdon, Alexander			
Parkinson, Charles	Van Katwyk, Lee			
Rochester, Sally	Vermeulen, Simon			
Rylatt, Tom				
St Pier, Gavin				
Strachan, Jennifer				
Williams, Steve				

The Bailiff: There voted in relation to the motion to guillotine debate on Amendment 7: pour 21, contre 17 and 2 Members were not in the Chamber at the time of the vote. I therefore declare that the debate has been guillotined, and I also turn to Deputy Burford who is responding on behalf of P&R.

Deputy Burford: Thank you, ma'am.

This amendment returns us to a debate that was settled in February but there are, however, two important differences this time around, and both make the proposal even more problematic. The first is that the amendment goes further than what was debated in February. Previously, the discussion was around zero rating food and non-alcoholic drinks in retail settings.

This amendment extends that treatment across the hospitality sector bringing in restaurants, cafés, hotel, bars, kiosks and similar businesses within scope. That significantly increases both the complexity and the administrative burden both for the States and for businesses, and I think just telling Members to use AI and it will be straightforward is not realistic. Businesses would be expected to determine often transaction by transaction which items attract GST and which do not.

Members will recall why we held the food exemption debate separately in February. It was not out of any desire to have an additional policy letter, let alone one on tax. Rather, it was specifically to allow time for the implications of any exemption to be properly considered during detailed design and legislative drafting. Re-opening and broadening that decision at this late stage inevitably creates additional work. However, that is far from the main consideration.

This amendment also comes at a substantial financial cost and, as Deputy Inder has highlighted, if carried, this amendment would reduce GST revenues by £8 million, so a press of the voting button is costing £8 million. This is a quarter of the net revenue generated by the entire package.

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Deputy Vermeulen: A point of correction.

Deputy Burford: I will not be giving way.

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The Bailiff: No, it was a point of correction. Yes, Deputy Vermeulen, what is your point of correction?

Deputy Vermeulen: In dialogue with the collection authority in Jersey, they have highlighted to me a number of staff they use.

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The Bailiff: This is a point of correction, Deputy Vermeulen.

Deputy Vermeulen: It is just that we have underestimated the cost of VAT and GST.

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The Bailiff: These are all matters of opinion, Deputy Vermeulen. Nobody knows the exact amounts. It is not a point of correction. Please can you sit down.

Deputy Burford: So that is a quarter of the net revenue generated by the entire package while also making the system significantly more complicated to administer. I completely understand the motivation behind the amendment. We all want to protect lower income households. The question is not whether that objective is right – it unquestionably is – but the question is whether this is the best way of achieving it, and it is not.

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The package includes measures that are designed to protect lower income households so these measures will be felt more strongly and more beneficially indeed in Alderney, which tends to have a lower average income and, furthermore, in our combined amendment, we added in additional protections for Alderney. So we are not without thought for the cost of living in the northern island.

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The Guernsey Retail Group has made its position very clear. While it would prefer not to see GST introduced at all, it has also said that, if GST is introduced, it should remain as simple and broad-based as possible. Its feedback states:

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Overall, while the intent is understandable, the practical impact would be to add complexity, cost and inconsistency into a system that is designed to be simple and broad-based. The focus should remain on targeted support measures and maintaining alignment with Jersey rather than introducing exemptions that create more issues than they solve

I think that is evidence that Members should take seriously. A second major difference from February is just as significant. When the Assembly debated food exemptions previously, the Committee was explicit that any loss of revenue would need to be offset by increasing the headline rate of GST. Members therefore considered both sides of the equation before reaching a decision. This amendment does not do that. It contains no compensating measure. Approving this amendment will cost £8 million.

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There is an expectation that amendments proposing significant reductions in public revenue will indicate how those revenues would be replaced. Here, this is no such proposal. Instead, there is merely a sentence in the explanatory note suggesting P&R could, at some later date, bring forward proposals to increase GST to compensate for the effect of this amendment. Madam, I do not think it will surprise Members to hear that the Committee has no intention of so doing and leaving the Committee to try and sweep up after such a revenue-crushing proposal is not a reasonable approach by any measure.

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This is all the more so because the Assembly reached a considered decision on this issue earlier this year. We must get on. We cannot keep replaying the same debate. The arguments for simplicity,

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targeted support and fiscal sustainability remain every bit as compelling today as they were in February and, for those reasons, I urge Members to vote against this amendment.

Thank you.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, madam.

Madam, in the debate, Deputies Falla and Dorrity put forward I think what has been the primary argument against this, which is that it is just more efficient and effective to correct on the other side. I think Deputy Falla referred to it as through mitigations. I understand that argument. I just fundamentally do not agree with it. Yes, you can correct it through mitigation, and I think that is imperfect in terms of a way of doing it.

It also adds inflation into the economy which has all sorts of side effects like increasing people's rent. It is not very even the way it does it. We have heard GST on food impacts very differently in different cases. Alderney is a good example. It is just not a great way of doing that, which is why the vast majority of countries which have consumption taxes, GSTs and VATs have differential rates and they exempt products like food and other essential products. It is just that is the way that most populations want to do it. Some rare exceptions are Jersey and New Zealand. It is hard to find any other exceptions to these rules.

Madam, Deputy St Pier did not speak in this debate unfortunately – only to request a guillotine – but he did in the previous debate mention about how 5% is largely the limit for a broad-based consumption tax because once you get beyond that, if it gets beyond 5%, it really starts to bite in terms of the impact on food and essential services. At the same time, Deputy St Pier proposed an amendment to bring it or potentially bring the rate up to 5% and we have heard that the impact in Guernsey could be much higher because our rates of food and transport are much higher, and of course in Alderney even more so.

I thank Deputy Gollop for his support. Deputy Gollop, and also Alderney Representative Hill, also mentioned the very significant impact in Alderney and I think in this Assembly we should consider that, and we should also consider that Guernsey is similar. Alderney often comes out as an exaggerated version of Guernsey compared to the UK. In Guernsey, we have very high rates of cost on top of our food and essential services. If you ask people who live in the UK when they come to Guernsey to compare the cost of their shopping trolley compared to when it is Lidl and Aldi in the UK, it is a hugely different Proposition. I do give way to Deputy Ozanne.

The Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, Deputy Matthews.

Deputy Matthews, I am wondering if you are thinking of the Which report that tracks food inflation by type. This has come out in August so post our debate in February which showed that fish was 12% inflation and fresh vegetables of 3.5%, i.e. different types of food sees inflation in very different ways and the ones we need, fresh vegetables, fresh fruit and fish and meat are actually at the top end. Is that not correct?

The Bailiff: Deputy Matthews.

Deputy Matthews: I thank Deputy Ozanne, and I think that is a very good point to make. It is very difficult to look at just a single number and say, 'This will be our inflation'. We do have a different profile and we know that just buying a shopping trolley or a shopping basket full of food in Guernsey is very expensive and, to my mind, it would be very sensible to try and protect that.

Deputy Inder said he might support the principle of exempting food but not when the GST rate is at 3%. I think that is paraphrasing largely what Deputy Inder thought. I am thinking ahead. So I am thinking that the GST rate is not going to stay at 3% and why not simply introduce that principle

now of an exemption while GST is being introduced and that way you are covered. So you do not have to think, 'We are going to 5% or 6%. Maybe we should start thinking about an exemption now'. Do everything all upfront.

Deputy Burford mentioned the general complexity in terms of this being introduced and the impact. I really struggle to understand Deputy Burford's argument that if the Propositions say 3%, we would not raise, as P&R, the rate beyond 3%. I give way to Deputy Burford.

The Bailiff: Deputy Burford.

Deputy Burford: Thank you; I appreciate Deputy Matthews giving way.

P&R does not have the authority to raise the rate of GST. We would have to return to this Assembly, and that is not something that we would be doing to sweep up after an amendment. Thank you.

The Bailiff: Deputy Matthews.

Deputy Matthews: I thank Deputy Burford for pointing out the process by which P&R would go about raising a tax, which is not directly to raise it, but to propose it in some paper such as the Budget. In every Budget that we process here, we can reset tax rates and we do not often do it but we can. So in broadly summing up, voting for this amendment just protects every kitchen table in Guernsey from an unnecessary tax on essential goods.

We have heard about this much increased value of Pillar Two income and, to my mind, that is a clear indication that we have now got – we have also heard that the introduction of GST is already set to be pushed back by one year. So we have got additional time to do this properly. We have got the fiscal headroom to do this properly. I think that the sensible thing to do is for Members to set a clear precedent for what we are going to do in the future and say that we do not want to tax ordinary people going to buy their loaf of bread and we should support this amendment.

Thank you, ma'am.

The Bailiff: Thank you very much, Deputy Matthews.

Members, you have on the screens before you Amendment 7. I will ask the States' Greffier to open the voting.

There was a recorded vote.

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

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

Rochester, Sally
Rylatt, Tom
St Pier, Gavin
Strachan, Jennifer
Van Katwyk, Lee
Williams, Steve

The Bailiff: In relation to Amendment 7 there voted: pour 15, contre 24 and there was 1 abstention. I therefore declare that the Proposition has not been passed.

[Amendment 16.](#)

In Proposition 1, immediately after the words 'Appendix 7' insert the following words 'save that, in relation to GST, food produced or grown by small independent suppliers is to be taxed at a rate of 0% and not at 3%'.

The Bailiff: The next amendment is Amendment 16. Deputy Leadbeater, do you wish the States' Greffier to read out the amendment?

Deputy Leadbeater: Yes, please, madam.

The Bailiff: The States' Greffier.

The States' Greffier read put Amendment 16.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, Madam Bailiff.

This is a simple amendment and I can deal with it briefly. What it seeks to do is provide a targeted zero rate of GST for food produced or grown by small independent producers. It is aimed at on-Island food production, but because of the international treaties and our obligations, it cannot be framed exactly that way. These businesses contribute far more to our community than simply the value of what they sell. They contribute to our food security, they contribute to the resilience of our Island, they maintain skills and that have existed here for generations. They support our rural economy, help maintain our countryside and form part of the character and heritage of the Bailiwick.

(A Member: Hear, hear.) Many of these are not large businesses making substantial profits. They are relatively small operations working on tight margins and facing increasing costs. All of those overheads push them easily over the £300,000 threshold, meaning they will have to register for GST. A fisherman has not got Shopify or any similar system where introducing a GST is relatively simple, and a farmer will not have it either.

My concern is that we should not simply impose a new tax and the associated administrative burden upon them without recognising the wider value that they provide. This amendment has deliberately been drafted quite carefully. It does not attempt to define in this Proposition precisely what constitutes a small, independent supplier. I do not think it would be sensible for us to write detailed tax legislation on the floor of this Assembly. Instead, the detailed criteria will be developed as part of the GST legislation, where the proper legal, technical and policy work can be undertaken. Importantly, the criteria can be based upon things such as the scale of the business and the nature of its activity, rather than simply saying that a product qualifies because it happens to be produced in Guernsey. That distinction matters, as I mentioned, because the detailed scheme must be capable of operating within Guernsey's legal framework and our international obligations.

There is another point. This amendment does not prevent a qualifying small producer from voluntarily registering for GST where that may be advantageous for them. Some businesses may wish to register because it enables them to recover GST paid on their inputs. The intention is therefore to provide flexibility and not to impose another restriction. Nor are we talking about

something which should materially undermine the revenues expected from GST. The financial implications identified with the amendment are nominal.

1245 This is a very targeted measure. If the States ultimately decides that GST is to form part of our tax system, I think it is reasonable that the legislation recognise that these genuinely small food-producing businesses are different. Once these businesses disappear, they are extremely difficult or impossible to replace. We can import more food, hopefully, but we cannot easily recreate the skills, the infrastructure, land use and knowledge that disappear with these businesses. The purpose of this amendment is therefore simply to ensure that when the detailed GST legislation comes back before us, if it is passed, it contains a carefully designed and legally robust mechanism for supporting qualifying small, independent food producers.

1250 We have already lost our mushroom farm. We nearly lost our only egg producer. We have one vessel left in our fleet over 12 metres, which is the Amy Blue, and it is up for sale. Frank Hallam gave up scallop fishing with his son, Mark. It was a father and son outfit. They were catching 10 baskets of scallops a day every day. That went down to one. It could not even cover their fuel. Octopus have come and decimated our shellfish stocks, (**A Member:** Hear, hear.) decimated them. Our fishing industry is on its knees. Please, Members, let us support our rural economy, let us support our fishing fleet, and please support this amendment.

1260 Thank you, madam.

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

Deputy Cameron: Yes, I do, ma'am.

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The Bailiff: Thank you.
Deputy Kazantseva-Miller.

1270 **Deputy Kazantseva-Miller:** Madam, I wholeheartedly agree with the sentiment of what Deputy Leadbeater, my colleague on Economic Development as well, is trying to do, which is the importance of having a rural and sea fisheries policy that supports the industry. I think the issues he has highlighted go well beyond what might be achieved through a small reduction of consumption tax. They are much more broad. They encompass land management, input costs, how we support a small rural economy. Unfortunately, we have no economic policies right now. This is an area that I personally would really like to look into. Given the increasing threats to food security, etc., those issues are becoming more prominent. Deputy Inder has been leading a small piece of work around potentially doing something in the short term.

1280 I think really the way that we should be looking at supporting our small producers, local food producers, fisheries, is through coming up with a comprehensive rural economy strategy. This is a piece of work we would like to undertake, and this would link to the Economic Development strategy that we are developing. I do not think this is the way to do it, through effectively a broad rate consumption tax, especially when it is so low. As Deputy Leadbeater also indicated, it would not just be applicable to our Guernsey food producers. It will have to be applicable to any food producer internationally. That again creates complexities potentially of how someone importing into Guernsey will figure out if they are small producers, etc.

1285 We have a similar incentive in place for small-scale brewers but I think it is very different. It is very targeted. We are talking about a very small number, really, of companies that it affects, including importers. I would say I absolutely support the sentiment, but this is not the way to do it. I think we already had a similar discussion on this in our previous debate. I would say let us go ahead and continue with a broad-based approach of a small per cent GST and prioritise a rural economy strategy through the Economic Development mandate that Deputy Leadbeater can also help lead on.

1290 Thank you.

1295 **The Bailiff:** Deputy Gabriel.

Deputy Gabriel: Thank you, madam.

I will be brief and focus on one specific aspect, which Deputy Leadbeater has already highlighted, but to build further on that and to complement the work that Deputy Inder is doing with small producers already. E&I does have a part to play in that, and I thank Deputy Rochester for her work on Deputy Inder's sub-committee around land management use and developing an agricultural policy rather than expanding our dairy policy to help small producers, rural producers, on land. I also admit that, yes, sea fisheries are struggling as well.

I think this is exactly the way to do it rather than what Deputy Kazantseva-Miller has said, so I will be supporting this amendment because it shows that if in the eventuality that GST does come in, we are doing something else for the small producers who do play a very important part in our industry. Food security is becoming more prevalent with geopolitical activities. We have seen fuel costs rising and spiralling, which contributes to all sorts of produce and fertiliser costs rising as well. We really do need to concentrate and see what we can do with our limited finite land supply and encourage home-grown produce.

Thank you.

The Bailiff: Deputy Inder.

Deputy Inder: Members, a number of you have heard me say before we can only do what we can do in the time that we have. I have had a bit of thanks from Deputy Gabriel and Deputy Kazantseva-Miller but ultimately someone has to start somewhere. There is a group of 15 or 16 Deputies who wanted to get involved. Me being me, I have the patience of a panzer division. I only really wanted four people in the room because I do not like talking too much, as you have probably worked out. It has worked well, and I thank those Members who joined us – Deputy Rochester, Deputy Van Katwyk, Deputy Le Brun and Deputy Strachan – and the others who are continuing that support.

We speak frequently about resilience, sustainability, reducing food miles, strengthening our local economy, and those ambitions really mean little if we are unwilling to provide practical support to those who are actually growing food here in Guernsey or supplying food from the sea (**A Member:** Hear, hear.), as Deputy Leadbeater reminded me. I think this amendment is a modest, sensible measure and it proposes that food produced or grown by a small independent supplier should be zero-rated for GST rather than taxed at 3%. The intention is clear: to recognise and support local food production at a time when many small growers face significant challenges in establishing and expanding their businesses. Guess what? Economic development, nascent businesses trying to – back in 2016 we were in a very different place to where we are today; 2016, all was good in the hood. Money was free, food was cheap. There were no Russian tanks in Ukraine and there were no Americans in the Gulf. It has changed fundamentally, and I am grateful that Deputy Gabriel has recognised that the agricultural policy led by Deputy Rochester probably needs a bit of a rethink and probably quite quickly. So, that is all good.

The opposition is going to be simple. It is going to be everything is too difficult. We were told it is complex. Small growers already know what their produce is and I think, as Deputy Leadbeater pointed out either publicly or in my ear, we do something similar for the brewers. (**A Member:** We did.) I think we could try again. I think we could find a way around our obligations. I am always good for trying to find a way around my obligations. Larger businesses routinely separate and market local produce from imported produce because their customers want that information. We should be careful not to reject worthwhile policy simply because it requires some administration or effort. Our job is to do our job. We are here to do what we can do in the time that we have. If something has just emerged and it happens to be – and, Members, we stand on the shoulders of giants, really. If you look at the work done by the Sandwichs from 20 years ago, Sasha Marsh and Jock Pettitt, and the lads up at the Rowan Tree, we are behind the curve in setting policy. We are entirely behind the

curve and our Island Development Plan (IDP) is – a portion of it is probably 10 years – well, it needs a bit of a refresh.

1350 So I think this amendment would provide encouragement to small, independent suppliers, help strengthen local food security, demonstrate this Assembly is prepared to back local enterprise and practical measures rather than warm words alone. Someone in this world has to get their hands dirty. You cannot keep talking about farm to fork because there is a lot of work in between that – a lot of work – and not all of it is profitable. It is hard work to start these nascent businesses. Land is expensive, seed expensive, labour is expensive, fuel is expensive, and 3% on the now locally-grown
1355 beef and a bit of a kiss to those growers for nascent businesses. For those reasons, I will be supporting the amendment and I would encourage Members to do likewise.

Thank you.

The Bailiff: Deputy Rochester.

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Deputy Rochester: I would like to support this amendment if it were to provide the support for local growers and local smallholders. I would be grateful if Deputy Leadbeater, in his response, could clarify whether it is possible to specify local in this arrangement. I will give way.

1365 **The Bailiff:** Oh, you are giving way. Okay. Deputy Leadbeater.

Deputy Leadbeater: Thank you, Madam Bailiff.

I thank Deputy Rochester for giving way. I just thought I would clarify now. In the first draft that went in to His Majesty's Comptroller, it had the word 'local' written on it and then the advice came
1370 back that we had to remove that word 'local' because of our international trade obligations. It is exactly the same that happened with I think it was the Vermeulen and Inder amendment to reduce the duty by 50% on small local alcohol producers. They had to reword it. The wise counsel from His Majesty's Comptroller has drafted it in this way, but the intention is the same as the intention of the other one. It does exactly the same thing but it is the wording that we had to use because of our
1375 international trade obligations.

The Bailiff: Deputy Rochester.

Deputy Rochester: I do not think I am any further forwards actually because the wording is
1380 what I am going to have to take. I am hoping that P&R, if they respond, would be able to provide some clarity for me. I will listen to the rest of the debate. I will vote in favour of this if it is specifically targeted at local producers and supports them. If it does not pass and if it is not specifically targeted to local producers, then I redouble my efforts with other Committees to put in place the support that achieves these objectives, just not through the medium of GST. I thank him for bringing the
1385 amendment. I think it is a good topic to focus on.

The Bailiff: Deputy Camp.

Deputy Camp: Thank you.

1390 Yes, I like it but I find myself agreeing with Deputy Kazantseva-Miller, and they might not be words that always are spoken by me. The problem is we cannot, by intent, pretend this is a Guernsey-focused amendment. It cannot be. By law it cannot be. It would cause other issues and that is clearly the advice of the Law Officers.

I suppose my question then to Deputy Leadbeater when he gets there in responding is: what is
1395 the risk, I suppose, that sits on the other side? I completely agree with everything that Deputy Inder said, but that is not what this Proposition does. Clearly, there is a risk of a lot of administrative hassle. I just want to know what the size of that potential risk of that hassle actually becomes.

The Bailiff: Deputy Le Brun.

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Deputy Le Brun: The amendment sounds really good and I wanted to support it until I heard that we would have to apply the same rules to food coming in, so we could end up being in a perverse situation where we are trying to do something that is sincere for local growers – because we do need to do something for them – but then we are making it harder because we are giving the same exemption to off-Island growers. If I can have that clarified because I do not want to make anything harder for local growers than it already is.

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The Bailiff: Deputy de Sausmarez.

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Deputy de Sausmarez: Thank you, madam.

Yes, this is exactly the point. Deputy Kazantseva-Miller has articulated P&R's concerns over this, but I would just like to draw Members' attention to the specific wording, which is that save in relation – so this is what it would be applied to. Save in relation to GST, food produced or grown by small independent suppliers, so we are talking about growers. We are thinking about growers and we are thinking about people who make their livelihoods from the sea. My goodness me, I am in the same boat, if you will pardon the pun, as Deputy Leadbeater and Deputy Inder – I do not want to make his head any bigger, but he has been doing some good work on that – in wanting to support them.

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I would say I was at an event a couple of nights ago actually, and it was a packed-out event, really full auditorium. My goodness me, that same sentiment came through loud and clear. Deputy Kazantseva-Miller is right. We need to provide more targeted and more effective support.

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Just back to the problems in the wording of this amendment, it is not just food that is grown or, indeed, fished, it is food produced, so potentially cakes, breads, sandwiches. It is not just small independent suppliers in the Bailiwick; it is small independent suppliers from anywhere, as Deputy Leadbeater has explained. So I am so 100% behind the sentiment and the objective of what this is trying to do – I give way to Deputy Inder.

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The Bailiff: Deputy Inder.

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Deputy Inder: There is always a danger, Deputy de Sausmarez, that sentiment is lost in the words. None of these amendments are perfect but there is a period of time between the end of this vote and something called legislation (**A Member:** Yes.), so there is a heck of a period between there. It may be the case that you are right, but it also may be the case that Deputy Leadbeater is right, and he has some responsibility in his work in the World Trade Organization (WTO). So all this would require the States to do, might she agree, is to just adopt it, let it happen, let the Members do some work, and if it falls away at legislation or at some period between then, that is it, the job is done. At least the sentiment and the effort is here in the first place. Find ways to do it rather than not do it.

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Deputy de Sausmarez: Well, I would agree with that were it not for the complexity of the work that would be involved in actually getting it anywhere near that point. Taken at face value at the moment, this is the problem. The reason that people are referring to complexity is because if it goes in like this, and Deputy Leadbeater has already advised us that he has been advised by the Law Officers that we cannot focus this measure – we could focus our own measure on local growers and fishermen and other food suppliers. We could do that, but through this measure we would not be able to target it at local suppliers.

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So the complexity arises, ironically rather, in particular for Customs because they would need to be able to distinguish food coming into the Island and whether or not it was from a small, independent supplier. There would be a huge amount of work in defining what was meant by small, what was meant by independent, what food is included, etc. It is all that complexity which sat at the

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heart of the food zero-rating amendment generally, which is applied to this. So it still adds that complexity both for Customs and for retailers themselves for a relatively small benefit when actually the support that I would like to see – and I was instantly supportive of the work that is being progressed by the Deputies already mentioned – can be far better targeted and far more effective because it can be more substantial than a zero rating on a 3% GST.

Thank you.

The Bailiff: Deputy Gollop.

Deputy Gollop: I want those cakes and breads and biscuits and sandwiches that Deputy de Sausmarez referred to (*Laughter*) and I feel aggrieved that I have not been chosen yet to be on Deputy Inder's sub-committee because I might get some free samples to taste. (*Laughter*) In fact, I went to Edible Guernsey last week for an art exhibition but I ended up I think tasting blueberries or grapes, I am not sure.

The point is there is renewed activity of people of all ages, but I would say especially younger people, who, as Deputy de Sausmarez knows, are becoming more environmentally aware and, especially since COVID, more interested in local produce. I think the arguments for this go beyond conservation of the environment and quality of life and eating more nutritionally better food. They are also to do with conservation of the countryside and ensuring our food security. Indeed, I blame very much the President of the DPA, not Deputy Inder, that we allowed too much land to be lost for gardens and horticulture when we introduced the Island Development Plan, but I was indeed that person. So, one makes mistakes.

Deputy Kazantseva-Miller is right about the need for analysis. Deputy Camp concurred. I think that this hopefully will – it will not focus exclusively on local producers for the reasons that have been established, but Deputy Leadbeater, I am sure, will assure us that the policy, which I support, will be written in such a way that it will be less likely that very small amounts of food will come in from elsewhere. Therefore, there will be a de minimis factor.

Deputy Ozanne made a great point in relation to Deputy Matthews' amendment. I am not sure sugared drinks should have been excluded, but never mind. She made the point that different foods have got more expensive than others. Fish is a particular example of something where there has been spectacular inflation locally, partly due to ecological and climate changes. Again, this is the time to send the right signals, the right gestures. We were all invited to the conference and the film. I did not make the film; I made the conference. It is time to deliver on our pledges and promises and give them something to actually work on to feel we are listening to them and supporting the Island people.

The Bailiff: Deputy Sloan.

Deputy Sloan: I think it is very interesting that Deputy Gollop suggests it is time for gesture politics and signalling because this Chamber will be signalling to the outside world that they are introducing GST at 5% because that is the way the vote is going to go. We all know it is and we are just biding time until that one is taken. I do not think that that was the general population's desire for us to be voting this week.

I accept the need to help locally grown, etc., except once a problem is intractable because of the legal position and the way the definitions are – I would like to ask you what you mean by small exactly. Once they are already demonstrated to be intractable, find a different way to solve that problem.

The Bailiff: Deputy Bury.

Deputy Bury: Thank you, ma'am.

I do not think anyone is against the sentiment of the amendment. I cannot imagine that anyone in here thinks no, let us not support local growers. What we are really weighing up is the practicality of whether this is the way to achieve it. I accept, certainly from Deputy Kazantseva-Miller, we see it in other areas of our tax reform that the international obligations are a challenge. However, I am tempted by Deputy Inder's approach. Patience is not a virtue that I hold in spades, and after six years in here I am getting fairly impatient with how long everything takes and sometimes wonder if just having a crack at it and seeing where we get to might be a better approach. Whilst Deputy Kazantseva-Miller's input around the Economic Development Committee's approach with a rural economic strategy makes sense, it is going to take ages. That is not to her detriment, just things take ages here. I am going to give way in a minute, if you just hold on.

So what I would like to understand, because I am weighing up this practicality, is how that rural economic strategy will not run into the similar challenges that the amendment itself does. So whether Deputy Leadbeater could answer in his summing up or I give way to Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: I appreciate very much, and I am equally getting very impatient. I think that we should be reminded that if the GST does come into effect it would not be until 2029 at best, so I do hope that in the meantime we would come up with something more constructive and absolutely targeted to our local economy.

The Bailiff: It is still Deputy Bury speaking.

Deputy Bury: I am still speaking.

Okay, so there is a bit more time. I am not going to give way. That has answered my question, but thank you. There is a bit more time but we always need more. Everything always takes longer. Strategies take a couple of years to write. I am still listening carefully. I appreciate the input, thank you, but I am going to keep speaking just to – (*Laughter*). I am very tempted by let us just give things a go instead of always trying to – what is the phrase around let us not let perfection be the barrier to progress.

Thank you, ma'am.

The Bailiff: Deputy Helyar.

Deputy Helyar: Thank you, ma'am.

Leaping to my feet to agree. If we are exempting the whole of the financial services industry by paying a fee, I cannot see why we cannot do the same for food producers (**A Member:** Hear, hear.) or create an organisation which can accept food and sell it as an agent but that organisation has a set of rules that the food must be local. There are lots of legal ways around this. I am sure we can find a solution. I absolutely support it.

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, ma'am.

I have almost forgotten what I wanted to say now, it has taken so long to be called, but here we are.

I think this is a great amendment and unfortunately hospitality, restaurants, bars and clubs on the Island, have been dealt a major blow with the introduction of a GST. Their customers just will not have as much money in their pocket to spend. So I think when we look at Herm oysters and Rocquiane oysters, Mandy Girard's goat cheese, Alderney butter and Sark asparagus, I think those things are really great because it is in the locality. It is close to the Island and it is in season. So those things should be encouraged. Local producers should be supported. There is an amazing bakery I have become rather fond of and we have Rebecca's Chocolates. We have all sorts on the Island in

1555 tourist attractions that produce fudge and local chocolates, chocolatiers, so I think I am going to support this. It is just a shame that everything else is going to have the 3% and eventually 5% GST.

The Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

1560 Just briefly, I was a Tostevins girl. I do not know if that means much to people but I and many others of my age worked for John Tostevin at the vegetable store on a Saturday, which half the Island, it felt like, used to turn up and shop for their local veg. Sadly, Mr Tostevin died earlier this year, and with it, it seems, a lot of that ability to grow our own food. I know this is not just about local but I want to do anything that can support local, so I will be supporting this amendment.

1565 I think we need to do a package from ED plus everything else. If GST is to come in, I would want to try and ensure that we give them the best support we can. So I will be supporting this amendment.

The Bailiff: Does anybody else wish to – Deputy Cameron.

1570 **Deputy Cameron:** Thank you, ma'am.

I just thought I would address the advantage or disadvantage of comparable small UK producers. For a small UK producer to qualify does not give them a competitive advantage over a Guernsey producer. At most it gives them the same GST treatment. They would still face freight charges, customs and export administrations, shipping delays and for fresh produce the practical costs and risks of transporting perishable goods across the channel. Equal GST treatment does not mean an equal competitive position. Local producers retain the advantages of freshness, proximity and minimal transport costs. The detailed legislation can also ensure that this remains targeted relief rather than a loophole for major importers or supermarkets.

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Thank you, ma'am.

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The Bailiff: Thank you, Deputy Cameron.

Does anybody else wish to speak on this amendment before I turn to Deputy Niles?

Deputy Niles.

1585 **Deputy Niles:** Madam, we are very grateful for the work of Deputy Inder, who is not in the room to accept my gratitude, but I would like to also commend Deputies Van Katwyk, Le Brun, Strachan and others who are looking at this issue.

I think that we need to be honest that if our growers and producers need support, then let us fund it directly and openly but not let every person who works on a till in Guernsey decide where an exemption needs to be applied or not. GST works because it is a simple, one low rate on a broad base, and that is why we can afford to bring it in at 3%. Every exception has to be paid for either through a higher rate or through a complexity somebody else has to administer. This amendment asks us to tax the same products differently, depending upon who produced it. Madam, picture two bags of carrots on the same shelf, one from a small grower in the Cattal and one from a wholesaler.

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1595 Potentially, same carrots, same price, one at 0% and the other at 3%. Who decides? The person on the till cannot tell by looking at them. Every retailer in Guernsey would have to establish the provenance of every carrot, every lettuce, every box of eggs, with records that will stand up to audit. That is not a nominal burden.

The qualifying criteria also is not being fully considered. What about a loaf made with imported flour? What about our gâche? Does a grower still stay small once they supply a supermarket? We are being asked to approve a principle whose edges no one can really describe today, but perhaps, as Deputy Helyar said, it is not beyond us to think about this in a legal context. Well, perhaps it is but perhaps we should be applying it openly and honestly and directly. A genuinely small producer is already protected. The registration thresholds mean that roadside stalls and honesty boxes do

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not charge GST at all, so this amendment does little for them. It simply moves the administration from the grower to the retailer, multiplies it and all for sixpence on a £2 bag of carrots.

Madam, I urge all of my Members to reject this amendment for those reasons, not because it is not well thought and not because it is not a good amendment with good reasoning, but because it is administratively very difficult.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, Madam Bailiff.

I thank everybody for their input in this debate. Deputy Kazantseva-Miller likes the principle but she prefers to tackle it through the rural strategy. Why can we not do both? Why do we have to – and I think it was pointed out by Deputy Bury, you can have a strategy that takes years to develop and takes years to implement. So, it is a bit of paper, a strategy, really, is it not? (**A Member:** Hear, hear.)

Deputy Gabriel has got it right. We need them to feel they are supported. We need them to feel that the Government is there. We need them to see. The optics are very important.

Deputy Rochester, I hope through my summing up you are going to understand where we are coming from here because I tried to explain but I failed miserably obviously.

Deputy Camp, what is the risk? It is the same risk that we took with the small independent booze producers; exactly the same risk. We are not seeing problems at the borders. We are not seeing small independent producers of booze trying to target Guernsey because they are going to pay half the duty. That is a massive amount of saving compared to the saving on the GST. So the risk is not there. It is scaremongering. I did not support the GST taken off food because of the issues at the borders, exactly for that reason, but this would not cause any issues at the borders because it is aimed – it is framed differently but it is aimed at small local producers.

Deputy Le Brun, the details will follow. It is perfectly acceptable to support this without the proper detail because it is intended that way. The legislation will follow and it will be developed. All of the criteria, etc., will be developed. This here is voting on the principle.

Deputy de Sausmarez, I have put why not; the sky did not fall in when we did it with booze, which is true. I am not going to be giving way to anyone, I apologise, because I found it really difficult to try and sum up within seven and a half minutes yesterday. I can feel myself rushing through it now to cover all the points. I was really frustrated after yesterday's debate because I just could not say everything I wanted to say, and I was looking at the clock. Not that it would have changed anyone's minds, but it would have satisfied me.

Deputy Gollop is right, people are more aware of nutrition these days. People want to eat healthily. People want to support local producers. So this is the way to do it. This is the way to support all of that. It is to support the narrative out there in the public. It is the Government saying yes, we want to support you to do that. (**A Member:** Hear, hear.) Government is saying we will assist you in doing that. We support you as well. We support the Sasha Marshes and the Jock Pettitts of Guernsey and we want to continue to do so.

Deputy Sloan, at the next stage again. There is no detail in here about the criteria because that comes at the next stage.

Deputy Bury, I have touched on her points about the strategy.

Deputy Helyar was spot on, exactly spot on. We are going to exempt the finance industry through the International Services Entities (ISE) but we are not prepared to do this here. Listening to a lawyer stand up and say that the legal arguments that people are concerned about are not insurmountable and quite easily navigated – navigate is quite an operative word here – yes, that gives me comfort and it should give Members comfort as well. (**A Member:** Hear, hear.)

Deputy Vermeulen, I think him for his support in this.

Deputy Ozanne, Tostevins vegetable patch, that brings back memories of my childhood. I lived at Torteval, in Légère, and we got all our veg from there when I was a kid. It was great hanging around down in that neck of the woods.

Deputy Cameron is bang on about the likelihood of off-Island producers targeting Guernsey. It just would not be worth their while for the reasons that he said. There is the associated cost with getting the product here, etc. So the bag of carrots that Deputy Niles was talking about is not going to travel to Guernsey from a small independent producer. The bag of carrots will come from a local producer, like we used to see. As I pointed out, our mushrooms were all grown in Guernsey. The Billiens used to supply the co-ops. All of the mushrooms that you used to get off the shelves came from Guernsey. They do not any more. The fuel costs have gone right up. This might be encouragement for people that are thinking about ending their operations because they are so tight and the margins are so tight. This might help them reconsider because they will think, 'Well, actually Government is going to do something about it'. The Government has said it is going to support us.

It has started by showing it now by supporting that we do not have to pay GST, be backed up by the rural strategy that Economic Development are going to be putting together. This is the support that we need to show people out there to encourage them to continue in their business or to expand their business, to give them the confidence. Because not supporting this is not giving any confidence to the small food producers we know are out there. One of the pillars of our Government Plan is on-Island resilience, so let us actually not just talk the talk, let us walk the walk. Because if we need to provide on-Island resilience we have the triangulation with Cherbourg now, which is going to be great. That does not help our local producers. We really need to back up the work that Deputy Inder is doing, and not just Deputy Inder obviously but he is the one that likes to take all the credit. *(Laughter)* When he said before that he does not like talking, he does not like other people talking. *(Laughter)*

Deputy Niles is just making it sound complicated when it is not. You can make anything sound really complicated, but I keep going back to the booze. We have done it with booze. **(A Member: Hear, hear.)** Health in all policies last term was supposed to be fundamental to all our decisions but we decided to encourage more people to drink cheap gin. *(Laughter)* I know, it is absolutely crazy. So there is no way that any sensible Government can do that, like we did last term, and completely cut the duty in half. In half, Madam, we cut the duty, which meant these producers have far better advantage over the big boys. That was the intention of that amendment that was brought last term. This is the intention of this here as well. The sky did not fall in over booze. We have not got a load of people coming up and annoying Customs and Immigration because they have all this admin to do with a bit of stuff coming in. It is not going to happen. It did not happen with booze; it is not going to happen with carrots. *(Laughter)*

One of the arguments that came from Deputy de Sausmarez when she picked the phone up and spoke to me about it, she said what about if you have a beef roll and the beef came from Guernsey but the lettuce came from somewhere else? I was like no. **(Deputy de Sausmarez: Well, exactly.)**

Why do we have to create all these problems? It is creating problems. It is creating problems. I can understand the concerns, but the concerns are not really there. We have to demonstrate. We are inventing barriers and we are sticking them in front of ourselves here and we should not be doing that.

So, Madam, I hope that everybody understands the target of this amendment and I hope that Members can be minded to support it.

Thank you.

The Bailiff: Thank you, Deputy Leadbeater.

Members, you have before you Amendment 16. States' Greffier, would you open the voting on this, please.

There was a recorded vote.

Carried – Pour 28, Contre 11, Ne vote pas 1, Did not vote 0, Absent 0

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

The Bailiff: In relation to Amendment 16 there voted: pour 28, contre 11, and there was 1 abstention. I therefore declare that the amendment has passed.

Deputy Helyar, you are no longer laying Amendment 8, is that correct?

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Deputy Helyar: That is correct.

[Amendment 29.](#)

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, that the Essential Cost Relief Payment shall not form part of the Tax Reform 2026 package and, accordingly:

a) to rescind resolution 1(b)(ii) of Billet d'Etat III of 2026 made on 26th February 2026, insofar as it provides for the implementation, administration, uprating and review of an Essential Cost Relief Payment scheme;

b) to rescind that part of Resolution 1 2 of Billet d'Etat III of 2026 made on 26th February 2026 that requires proposals for any future increase in the standard rate of a goods and services tax to include a compensatory adjustment to the level of the Essential Cost Relief Payment; and

c) to direct the Policy & Resources Committee and the Committee for Employment & Social Security to make such consequential changes to the implementation of the Tax Reform 2026 package as are necessary to give effect to this resolution."

The Bailiff: We then turn to Amendment 29. Deputy Sloan, do you wish the States' Greffier to read your amendment?

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Deputy Sloan: Yes, please, madam.

The States' Greffier read out Amendment 29.

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The Bailiff: Deputy Sloan.

Deputy Sloan: Thank you, madam.

1730 Some Members might be wondering why I am continuing with this amendment, bearing in mind Deputy Helyar is not proposing our first amendment. There is a point of principle I do need to bring attention to the Chamber. Some of the arguments I had been making in the previous amendment I shall have to reserve and try and squeeze into five minutes for the main debate.

1735 Madam, Members who read my Voices column last week may recognise the argument I am about to make. Amongst other things, I wrote increasingly about how difficult it is to distinguish between some aspects of modern Government and episodes of 'Yes, Minister'. Sir Humphrey, for those who remember him, his world had a wonderful logic. Government identifies a problem. It introduces a policy to solve the problem. The policy creates another problem, so Government introduces another policy to mitigate that problem. This requires more administration, more staff, more money. Eventually, the increased expenditure becomes evidence that the Government needs
1740 to raise more revenue. It is very funny on television but I am less convinced it is a basis for sensible fiscal policy.

This whole package is about increasing expenditure, as I have said before, the mitigations that the expenditure is driving forward, so the tax needs to account for increased mitigations, which leads to a requirement for increased taxation because of more expenditure. I struggle to think of a
1745 better example of this than the essential cost relief payment. Think about what we are doing. We introduce GST, including on essential expenditure, including food, notwithstanding the small independents. We recognise this will increase the cost of living for low income households, so we create a new welfare payment specifically to compensate those households for the effects of the tax we have just introduced, those that are not already on benefits.

1750 So now we need a mechanism to identify who qualifies, administer the scheme, make the payments, uprate them and periodically review them. We have already resolved that if GST goes up in future the payment must go up as well to compensate for this, so you can almost hear Sir Humphrey. The Tax Minister creates the need for the benefit. The benefit creates the need for administration. The administration creates another reason why Government needs more revenue.
1755 Self-sustaining fiscal policy in action, Minister.

There is a serious point here. We have spent this entire debate – well, not the entire debate but a common theme through this entire debate – being told that the growth of public expenditure is unsustainable and that existing revenues are insufficient to meet it. Our response is to introduce a new tax and simultaneously create new expenditure. The essential cost payment is £1 million, purportedly, with the confidence of certain people's projections. It might not sound enormous in
1760 the context of States' expenditure, but that is how expenditure grows, a million here, a mitigation there, a new scheme, a new entitlement, a new administrative process. Each one individually entirely explicable, each one introduced for perfectly understandable reasons, but collectively expenditure keeps ratcheting upwards. Then a few years later we look at the total and wonder why Government costs so much. Do not believe me? We now spend around £60 million on income support. When
1765 we were estimating the cost ahead of its introduction in 2012 it was £20 million.

This amendment is deliberately narrow. It simply says we should not create an entirely new welfare payment whose specific purpose is to compensate people for a tax we are introducing at the same time. If we genuinely believe that controlling expenditure is part of restoring fiscal sustainability, then at some point this Assembly has to demonstrate that it is capable of not creating
1770 new spending programmes. We cannot simultaneously argue that expenditure is unsustainable and treat every adverse consequence of every policy as requiring another government payment to mitigate it. Otherwise it is a self-perpetuating cycle.

1775 P&R talked about competitors yesterday, madam. This package does exactly the opposite. Tax more, spend more, mitigate more, and then tax again. It is a route of academic folly. Madam, I propose the amendment and urge Members to support it.

The Bailiff: Deputy Helyar, do you formally second the amendment?

1780 **Deputy Helyar:** I do, madam.

Deputy Ozanne: Point of order, ma'am.

The Bailiff: Yes, Deputy Ozanne.

1785 **Deputy Ozanne:** 24(4).

The Bailiff: Deputy Ozanne is asking for a motion under 24(4). Any Member may request the Presiding Officer to invite Members who support the debate on the amendment to stand in their places. Those who wish to support the debate of the amendment stand in their places. If there are fewer than seven, then the amendment will not be debated. That is more than seven. Who wishes to speak in debate?

Deputy Gollop.

1795 **Deputy Gollop:** I am ambivalent about this one. What we hear is the Island does not spend enough on public services, infrastructure and everything else and that we have jogged along. I think the figure was 24%, 25% and we probably should be nearer 30%, if not 35%. So I am in a very different camp from probably Deputy Sloan and Deputy Helyar here.

1800 I do have sympathy towards this amendment for different reasons. Deputy Sloan wants to reduce the mandarins of Sir Humphrey maybe and the yes ministerial culture and the complexity of government. I think the focus of GST or any form of consumption tax, like we already have with motoring fuel, alcohol and others – because they are effectively consumption taxes; you could argue that buying a property is as well – is to bring in revenue to the States for the things that we do.

1805 I would have liked to have seen a GST package a bit more focused on increasing universal benefits, on looking at what other jurisdictions, whether they be Jersey or other places, do and actually saying this money will be used for that public good, that goal. It might even be subsidies for agriculture, I do not know. Instead, what we are doing is we are raising a lot of money and then giving it back in a quasi-welfare way. If we do have mitigations I will not be displeased by that, but that message has confused the public. It is why there has been so little buy-in I think for many members of the population.

1810 I think it would have been simpler if we had just had a more direct route. When normally we are changing social security we have done U-turns over that. If we had done what I think a Conservative-type Government would have done in the past and actually reduced other taxes, might be in business or Income Tax more directly – I know they are mitigations but we could have a much higher personal tax or a lower tax for those on – I know they are part of the mitigations, but this particular mixture, extra payments for people who do not fit in income support, is convoluted and complicated.

1820 Our goal should be to raise money for the public sector. I do not think the public realise. I learned this even more since being on Home Affairs than in the past. The very nature of our success in the global financial community means that we have to employ professionals who understand Moneyval, international regulation, forensic intelligence and crime, and they do not come cheap. We are not a town in England or France. We would be quite a small town, actually. We are a separate jurisdiction and a separate country and we have to pay premium people premium rates. I do not think that message is understood by the public either.

1825 The tax drive is more about sustaining our society than it is about welfare. If we want to improve the conditions of middle Guernsey, I think there are better ways of doing it. So I can understand the rationale for this because whatever we do we will lose money in the nature of making things more complicated.

Deputy Bury: Thank you, ma'am.

1830 I entirely accept and acknowledge the argument that Deputy Sloan is making with this amendment, and I do rather suspect that that is the point of the amendment. Whether or not he expects it to pass, I think it was a necessary vehicle for him to express his dislike of the overall package and its design.

1835 As I say, I accept it but what it does not do is address the reality. The reality of the impact of this amendment passing is that those on lower incomes will be worse off. Those on income support will likely be protected, but as ever, those people just above will still feel the impacts of the GST package and they will no longer have that relief payment to soften it. That is the real life impact, regardless of the valid argument that has been made about the design of the package.

1840 So I think Members need to consider that carefully, particularly those that are concerned about the impact of GST on lower earners. This amendment makes that worse.

Thank you, ma'am.

The Bailiff: Does anybody else wish to speak on this amendment?

Deputy Goy.

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Deputy Goy: Thank you, ma'am.

1850 Ma'am, I just want to say something very quickly, and that is two wrongs do not make a right. GST itself is a big mistake. It is going to hit ordinary people the hardest, regardless of their income, regardless of mitigation. To remove the mitigation is the other wrong. I think, if I have my way, GST should never come in, but to have removed mitigation as well, I think that is crossing the line. So yes, I just want to say two wrongs do not make a right.

Thank you.

The Bailiff: Deputy Helyar.

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Deputy Helyar: Thank you, ma'am.

1860 Just very briefly, clearly in the course of this morning, in accepting Deputy St Pier's amendment in relation to the rate, there has been a significant change in the way that this package would work in the longer term. My concern about the original proposals that were submitted by P&R is that – and I appreciate that yesterday Deputy Burford was quite upset by me using the word 'benefits'. Let us use the word 'mitigations'. For whatever reason, we are going to be removing a substantial amount of cash from the economy –

Deputy Burford: Point of correction.

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

1870 **Deputy Burford:** I do not disagree with Deputy Helyar that this is a benefit. I was trying to frame the fact that a lot of people were calling the cut in Income Tax and the social security allowance –

The Bailiff: Deputy Burford, I think as I said to Deputy Vermeulen, this is about different opinions on matters so I do not accept it is a proper point of correction.

Deputy Helyar.

1875 **Deputy Helyar:** Thank you, ma'am.

As I was saying, we are looking to take, in the process of the package that has been presented, a substantial amount of money out of the economy and redistribute it. We are taking it from people that spend a lot and giving it back by a process of benefits in terms of the amount of Income Tax and by realigning rates and social security allowances and this particular allowance. My particular concern about the entire package was that the margin on top of it is going to be eroded almost immediately by pay rises in the public sector.

I still strongly support this amendment. I accept that Members will feel that if you cannot have the mitigations you should not have the tax. That is a perfectly acceptable viewpoint to take on it. I am still very concerned. This is a tax, I accept, reform package but it does not raise sufficient amounts in its current form to enable it to properly support the expenditure that we are going to see. For that reason it is very likely that during the Budget I will seek to bring an amendment which restricts P&R from any pay rises to the public sector above RPI for a period of up to five years and post implementation of GST, if it is successful, will not take account of any inflation that is caused by GST. If we are to provide mitigations in the package, then the public sector should bear the benefit of those and it should not seek to obtain pay rises above the inflation that is caused by it.

So I do support this. It was brought specifically, as was the previous amendment which I have not laid, to make a point that I do not think the package works because there is too much benefit in it and not enough revenue raising. That will require the rate to go up significantly. I think it will end up at 8%. That is what the policy letter said in January 2020. I think that is where it will end up. I would like to see a combined rate across social security, Income Tax and GST so we have one rate across all three, and I think work should be done on that. We have already discussed that in previous debates.

I would ask Members to support it. I appreciate there will be reasons why you do not. Thank you.

The Bailiff: Deputy Camp.

Deputy Camp: Thank you.

Hopefully, I will be brief. One of my major concerns with this entire package has always been that in order to have this pipe dream that this will raise revenue – and I have heard some Members talk about this will provide new services, but there is nothing about new services in this policy letter. The policy letter is about slowing down the rate at which we are spending money on services that we already provide. This is not a new money grab. This is just about spending the same but we will run out at a slower rate.

So the difficulty with that is that then when you ask people to pay more and in order to do that you compensate them by bringing more and more people into the welfare system, that to me is not a fair or prudent society that we are creating. We are just making far more people reliant upon Government and that goes fundamentally against all of my principles.

Thank you.

The Bailiff: Does anybody else wish to speak on this amendment?
Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Madam, I wanted to make the point that I think when we talk about mitigation measures and benefits, I think we are at risk of mischaracterisation of what the total package is trying to do. It is absolutely true that GST itself is raising a substantial amount, and what is interesting is it is raising money from sources where we are currently not collecting direct tax, such as visitor economy, more direct contribution from the finance sector specifically. But it is not true to say that that money is then redistributed somewhere else because the largest part of the additional tax reform is the Income Tax package and social security, which affects everyone, effectively, if you are employed and paying social security. It is not that GST income is then given to a select number of people. Everyone benefits. So the combined package, what it does is change

the structure of where the Government generates income. The package is not saying we are collecting a massive amount of GST and we are giving a large portion of it to someone else. That is actually not correct. What is correct is that specifically through the essential cost relief that is a new benefit, but it is in the large scheme actually really marginal. It is £1 million.

So when we are talking about this is a tax reform package, I think it is not correct to classify it as a massive redistribution of GST being raised to different parts of the economy. That is not actually correct. This is a structural reform of where structurally Government gets the proportion of revenue.

The Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

The purist in me completely agrees with the sentiment behind Deputy Sloan's amendment but, as Deputy Bury has pointed out, the reality is that we have a tiny square rock of 25 square miles where we have some of the greatest inequality in Europe. We live alongside each other with some of the richest people in Europe and those who are really struggling, because of the cost of living and housing and many other issues, to make ends meet. If we remove those mitigations, as Deputy Kazantseva-Miller has just pointed out, we take a step backwards towards writing that fairness equation. We do not actually look at addressing what is a pretty unique set of economic circumstances in our Island.

So I really urge Members to think very carefully about whether we truly want to send a message to the Island today that we are going to remove what many will see as the Plus part of the package because I fear that will send a very negative response to the thousands of people who have written to us asking us to heed their situation today.

The Bailiff: Deputy Inder.

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

The Bailiff: Deputy Inder is seeking a motion under 26(1). Those who still wish to speak in debate on this amendment please stand in your places. Deputy Parkinson, you get to speak anyway. I think you are responding on behalf of P&R. *(Laughter)*

Do you wish me to put the motion to the Assembly? Right. Members, the motion that Deputy Inder seeks is that we guillotine debate on Amendment 29. Those who support the motion, please say pour; those against.

Members voted Pour.

The Bailiff: In that case we will turn then to Deputy Parkinson to respond on behalf of P&R.

Deputy Parkinson: Thank you, ma'am.

I think this debate goes to basically the heart of political philosophy in the Chamber and some Members are instinctively of one persuasion and others are of a different one. This point of view, the point of view articulated by Deputy Helyar and Deputy Sloan, is of course a traditional conservative point of view: we do not want to make more people dependent on the welfare state than we need to, etc. At the heart of the tax reform package which P&R is proposing is redistribution. We are quite consciously making an effort to redistribute money from certain parties, and I will go into who they are, to people on average and lower incomes. The package is designed to actually make people on average and lower incomes better off. We are trying to put money into the pockets of people who are struggling with the cost of living.

So those who do not like that will obviously support the amendment, but those who, like me, think that is the right thing to do will oppose it. The effect of the tax package is to make a significant transfer, not between the more traditional, the wealthier and the less well-off. Most of the money

will be paid in by companies, employers and tourists; 80% of the money that gets paid in comes from companies, employers and tourists. Only 20% comes from resident individuals in Guernsey. Because of the way the measures are constructed, that 20% falls on the higher earners, probably the top quartile.

This is what we are trying to do. Some Members will not like what we are trying to do and I fully respect their right to vote against it, but I do not make any apology at all for the fact that we are trying to give money to people on average and lower incomes. In doing so, of course, in some cases we will take people out of other social security benefits in the marginal cases. The net cost to the state is not quite the full amount that we are paying to people on average and lower incomes under our proposals.

I do not think I really can put the point more clearly than that. This is, as I say, a litmus test of where people's politics are. I am not going to persuade those who do not believe in a welfare state to vote against this amendment, but I do urge Members who are concerned about the cost of living – I am not giving way – to oppose the amendment and show that we do care about people who are struggling.

The Bailiff: Deputy Sloan.

Deputy Sloan: Thank you, madam.

Yes, it is always nice to hear those arguments that if you have an objection on a point of principle to the expansion of welfare you are suddenly cast as somebody that does not believe in the welfare state. Bearing in mind my position on universal benefits, I think that is a rather inconsistent point to make.

Talking about inconsistent points, because it has been rather like 'Alice in Wonderland' actually, obviously during the 2025 General Election campaign Deputy Charles Parkinson, who led the Fairer Tax Group, the mainstay of the anti-GST group, said that Pillar Two might transform the fiscal position. He reported in *The Guernsey Press* that it could raise enough income to avoid GST Plus, and lo and behold yesterday he delivered the news that the extra revenues from Pillar Two conveniently provided that same amount of money. So without changing anything, the funding gap would have disappeared and removed the need for the introduction of a tax on the original objectives.

Let us remind ourselves what the original objectives of this tax debate was. It was about the revenues being short. There was an imbalance. There was a funding gap, if you remember. My point is, to Deputy Goy, two wrongs do not make a right, I agree with him. The idea that trying to close a funding gap we actually increase expenditure, because that in the aggregate is what we are doing, it reminds me of Luke 23:4, is it? I cannot remember. Deputy Ozanne might remember. Father, forgive them for they do not know what they do. Because what the approach is, yes, I agree with Deputy Parkinson, we are increasing expenditure in the aggregate by tens of millions of pounds, with all of the mitigations. In that process, and Deputy Bury is absolutely correct, is a point of principle I have to make. This is why I am not going to vote for the package. I cannot vote for the package when it introduces a new welfare payment. If the question was we have a funding shortfall; the answer is I know how we can do it, we can put more people on benefits, how is that the answer to the original question? It is not.

We have a shortfall. In terms of Deputy Kazantseva-Miller's points, I think that actually Deputy Parkinson argued that more eloquently before me. It is a redistribution package. Increasing the revenue is almost a by-product. It is not really the whole point of it anymore. I do think that in terms of fiscal design, when you introduce a new tax, if you have to mitigate the effects of a new tax, why are you introducing the tax? We said this at the Scrutiny Panel. The idea that somehow consumption tax is going to be used as a redistributed measure, I said honestly P&R need to be applying for the Nobel Prize in Economics because it has never been done. It is not the route. This is not the tool that you use.

Unfortunately, I cannot when we are doing this. It is not about restricting the welfare that already exists, the mitigation measures in income support. There are already many more claimants than originally. It is a much more generous system than many other places in the western world. If we want to look at income distribution, we should go back to where I hail from as opposed to here, which has a higher proportion of per capita millionaires than Guernsey but the levels of poverty would make your eyes water compared to what we see on the street in Guernsey. It is not about being against welfare. It is about being against creating a new welfare payment. A new welfare payment. Not making the current payments more generous, a new welfare payment, a new administration, a new bureaucracy. It is absolutely appalling fiscal design to do this. I cannot believe that it is a serious Proposition on the table. We introduce a new tax to close a fiscal deficit. We spend more money and we put more people on welfare. That is just wrong.

The Bailiff: Thank you, Deputy Sloan.

Members, you should have before you Amendment 29. I will ask the States' Greffier to open the voting on this amendment.

There was a recorded vote.

Not carried – Pour 9, Contre 29, Ne vote pas 2, 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	Matthews, Aidan		
Gollop, John	Cameron, Andy			
Helyar, Mark	Curgenven, Rob			
Inder, Neil	de Sausmarez, Lindsay			
Kay-Mouat, Bruno	Dorrity, David			
McKenna, Liam	Falla, Steve			
Sloan, Andy	Gabriel, Adrian			
Vermeulen, Simon	Goy, David			
	Hansmann Rouxel, Sarah			
	Hill, Edward			
	Humphreys, Rhona			
	Kazantseva-Miller, Sasha			
	Laine, Marc			
	Le Brun, Ross			
	Leadbeater, Marc			
	Malik, Munazza			
	Montague, Paul			
	Niles, Andrew			
	Oswald, George			
	Ozanne, Jayne			
	Parkinson, Charles			
	Rochester, Sally			
	Rylatt, Tom			
	Snowdon, Alexander			
	St Pier, Gavin			
	Strachan, Jennifer			
	Van Katwyk, Lee			
	Williams, Steve			

The Bailiff: There voted in relation to Amendment 29: pour 9, contre 29, and there were 2 abstentions. I therefore declare that the amendment has not been passed.

Deputy Curgenven, the next matter is your Amendment 31. Given the Amendment 58, which incorporates the wording of your amendment, are you still wishing to lay this amendment? Only stand up if you are able to do so without pain.

Deputy Curgenven: Thank you, ma'am.

No, I will not be laying Amendment 31, 34, 44, 46 or 51 as I believe that P&R has very kindly adopted it, if that is the correct word.

The Bailiff: I think that is a fair way of describing it, yes. So, Members –

Deputy Curgenven: Thank you, ma'am.

The Bailiff: – if I can repeat what Deputy Curgenven has just confirmed, he will not be laying Amendments 31, 34, 44, 46 and 51.

So we then go to his next amendment, which is Amendment 53. I am sorry, Deputy Curgenven, to make you stand up again.

Deputy Curgenven, if you would rather sit down, because I do know you are in considerable pain if you stand up. Whatever is better for you.

Deputy Curgenven: Ma'am, may I ask a favour as you are in charge of the amendments. I have actually got the wrong speeches as I was planning on those ones. May I ask that Amendment 52 or another one of your choice goes before, just to let me get my bearings please, ma'am.

[Amendment 52.](#)

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

"Subject to the following:

a) the Policy & Resources Committee, working with the Committee for Employment & Social Security, shall not to 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 1(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 1(b) shall apply notwithstanding any commencement date previously appointed.

f) the legislation implementing GST shall give effect to these commencement conditions and shall not confer power to dispense with them by administrative decision.”.

The Bailiff: I will allow you that, Deputy Curgenvén, since you have got to swap it around. The next amendment then is Amendment 52, if you are ready to go, Deputy Camp?

2080

Deputy Camp: Yes, and I am going to lay but it was incorporated before, but I am going to lay it for one reason, and one reason alone.

2085

The Bailiff: Can I just confirm you do not wish the States’ Greffier to read out the amendment, or do you, given that you are going to be – it is up to you?

Deputy Camp: I am going to because it might just give me a chance to actually find it, thank you.

2090

The Bailiff: Okay. States’ Greffier, Amendment 52, please?

The States’ Greffier read out Amendment 52.

The Bailiff: Yes, Deputy Camp.

2095

Deputy Camp: I do very much apologise. I thought that there was another of Deputy Curgenvén’s amendments that had not been considered by the P&R amendment, so apologies. I got myself a bit discombobulated.

2100

The reason why I did want to lay this – and it is somewhat of an indulgence but, as I said in my speech when we were discussing curtailing debates, and then you will see I have also been fairly anti the impact of guillotining people from speaking, and so for this speech you only have Deputy Collins to blame on this occasion.

2105

Hansard is our only public record of why people bring amendments. I can put this all over social media, whatever I like, that counts for nothing and many people in here agree with that sentiment. So for the purpose of *Hansard* I want to just briefly explain why I put this amendment together. It is a matter of record, and any Member is welcome to bring a 26(1) once I am done and dusted here, and please have at it.

2110

The point is that this amendment had never even factored in my mind as something that was needed because all of the rhetoric coming from P&R was this was underpinning the entire plan. It was actually in response to a media report that sought to interpret the words of one member of P&R, but it started to talk about the fact that all of this sequencing could be taken out of sequence, and we could have seen a GST coming in before the mitigation methods, which I know are so important to P&R.

2115

I do thank P&R for recognising that, and this is not a dig at anybody, it is purely my opportunity on the record to state why I brought this amendment in the first place. That is the reason why, and now I will shut up, sit down, and allow someone to guillotine debate.

Thank you.

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

2120 **Deputy Collins:** I do, ma'am, and while on my feet, motion 26(1). *(Laughter)*

The Bailiff: I think that might be a first, Deputy Collins. So, Deputy Collins, who has seconded this amendment, is also seeking the guillotine motion. Those who wish to stand in debate on this amendment please stand in your places. Deputy Collins, do you wish me to still put this motion?

2125 **Deputy Collins:** Yes.

The Bailiff: Members, those who wish to guillotine debate on Amendment 52 please say pour; those against.

2130 *Members voted Pour.*

The Bailiff: Deputy de Sausmarez, do you have anything to say in response?

Deputy de Sausmarez: No, thank you, madam – no, I will actually.

2135 I am delighted Deputy Camp has had the opportunity to put her views on record as she did put the time and effort into drafting this amendment which, as everyone knows, P&R thought was helpful and we are supportive. So I am glad she has had the opportunity to do that and really, in closing, I am just going to remind everyone that it does not matter which way we vote because it is already there.

2140 **The Bailiff:** Deputy Camp, do you have anything to say in response?

Deputy Camp: Well, as there was only one part of a debate to respond to, thank you to Deputy de Sausmarez.

2145 **The Bailiff:** Members, you have before you Amendment 52. I will ask the States' Greffier to open the voting.

There was a recorded vote.

2150 *Carried – Pour 33, Contre 4, Ne vote pas 1, Did not vote 1, Absent 0*

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

Matthews, Aidan
McKenna, Liam
Montague, Paul
Niles, Andrew
Ozanne, Jayne
Rochester, Sally
Rylatt, Tom
Sloan, Andy
Snowdon, Alexander
Strachan, Jennifer
Van Katwyk, Lee
Vermeulen, Simon
Williams, Steve

2155 **The Bailiff:** There voted in relation to Amendment 52: pour 33, contre 4, and there were 2 abstentions, 1 Member was no longer in the Chamber at the time of voting. I therefore declare that the amendment has been passed.

Deputy Curgenven, Amendment 53?

2160 **Deputy Curgenven:** I would like to withdraw it, after a quick conversation with Deputy de Sausmarez, ma'am.

The Bailiff: Thank you very much.

So Amendment 53 is no longer being laid, which means we are now at Amendment 32, Deputy Bury.

2165

[Amendment 32.](#)

In the additional Proposition inserted by Amendment 23, immediately after the words "from that principle" insert the following wording:

"subject to excluding expenditure under:

a) The Social Insurance (Guernsey) Law, 1978;

b) The Long-term Care Insurance (Guernsey) Law, 2002; and

c) The Income Support (Guernsey) Law, 1971."

Deputy Bury: Thank you, ma'am.

2170 This amendment is a response to the previous approval of Amendment 23, which says that growth in total States' expenditure should not exceed inflation over the years 2027-29. At first glance the rule appears entirely reasonable. Fiscal discipline is important. The Committee for Employment & Social Security understands that as well as any Committee. We support responsible public finances and the need to ensure that public expenditure remains sustainable.

2175 However, this amendment is necessary because the proposed rule makes no distinction between discretionary spending and expenditure that arises from legal entitlement and unavoidable demand. The amendment, therefore, seeks to exclude expenditure under three specific laws: the Social Insurance Law, the Long-term Care Insurance Law, and the Income Support Law. These are not ordinary spending programmes; they are statutory schemes. They exist to provide financial protection when people grow old, become ill, lose employment, develop a disability, require care, or find themselves unable to meet their basic costs of living.

2180 Most importantly, expenditure under these laws is largely demand-led. It rises and falls according to the circumstances of our community, not according to targets set in a fiscal framework. When a person meets the eligibility criteria established in law the benefit must be paid. That is why applying a spending limit designed for general government expenditure creates a fundamental problem when applied to social security spending. The rule will not reduce demand, it will not reduce the number of pensioners, it will not reduce the number of people requiring care, it will not reduce family breakdown, illness, unemployment, or the cost of housing.

2185

Let me illustrate the point. Imagine a working family where one parent unexpectedly loses their job through redundancy. Their rent, household bills and children's needs have not fallen, but their income has. If that family qualifies for income support the States has a legal obligation to help. The same principle applies to disability and long-term illness. The only way to remain within an inflation-only spending envelope where demand is increasing is to reduce the value of the benefits in real terms.

I would also ask Members to consider the position of long-term care. Only last year the previous Assembly agreed a revised approach to the funding of long-term care. It was agreed that long-term care benefit rates should increase by RPIX plus 1% going forward. That decision reflected a recognition that care costs have historically increased faster than inflation, that providers need greater stability, and that we must support the capacity of the care sector to meet future demand.

It was adopted precisely because inflation alone does not reflect the cost pressures experienced by the care sector, yet the Proposition arising from Amendment 23 effectively pulls us in the opposite direction. The consequence could be greater costs falling on care home residents and families, and ultimately greater pressures on income support, which, unless explicitly exempted, would also be subject to this cap.

Finally, ma'am, we must consider expenditure from the Guernsey Insurance Fund under the Social Insurance Law. These benefits are not discretionary public spending, they are earned entitlements funded through compulsory contributions, paid by employees, employers, self-employed and non-employed people until they reach pension age. States' pension expenditure accounts for over 86% of the total benefit expenditure from the Guernsey Insurance Fund.

As our population ages the number of pensioners continues to grow. At 27th June this year there were 19,268 people in receipt of a pension from Guernsey. That is 126 more than at the same time one year ago, 541 more than five years ago, and 1,644 more than 10 years ago. The expenditure rises because more people have reached the age of entitlement to receive their pension. Applying an inflation-only spending constraint does not change that demographic reality, it simply creates pressure to reduce the value of the States' pension in real terms in order to offset the increasing number of claims.

Put very simply, if we have to pay more people with the same amount of money the only way to do that is to pay each person last. So I would ask Members to support this amendment to carve out those specific expenditures from social security spending.

Thank you, ma'am.

The Bailiff: Deputy Ozanne, do you second this amendment?

Deputy Ozanne: I do.

The Bailiff: Thank you. Who wishes to speak on this?
Deputy Sloan?

Deputy Sloan: Thank you, ma'am. I was not prepared because the order took me by surprise, but I think this goes back to the impact of the amendment that was proposed when I was otherwise engaged in the last day of the debate of the last session. The point was that the – I would suggest that if we are about to raise the tax burden on the workforce, for that is what we are about to do, then the quid pro quo was that Government would say, 'Look, we will restrain expenditure growth to adjust the inflation over the next three to four years'. That is not austerity. That is not cuts. That is just saying the total expenditure rises with inflation because the big issue is that public sector expenditure is driven, in real terms, by 25% over the last 15 years. It is that spending growth that is causing us the fiscal problem. It is not a revenue problem. We have closed the gap many times. We closed it in 2012, 2013, after Zero-10. We closed it in 2019 when Deputy St Pier extended the Corporate Tax base. It is not a revenue issue; it is always a spending issue.

Personally, for me, I pay social security, I pay tax. The instance on me is the same, *ist mir egal*, what it is. They are broadly the same. Since social security is used pretty much like a tax nowadays anyway, with the upper earnings limit sort of being 'boof', it was supposed to be a capped contributor in, contributor out, but it is now just a general taxation measure, as has been given away by previous debates.

The idea is that the total Government expenditure, the quid pro quo, has to control it and now if Government is unable to control expenditure in a particular area of its total expenditure for one legitimate reason or another, then it has to reduce expenditure in another, in the aggregate. In health, for example, there is no way in a million years we cannot spend 15% more money on health next year. We would have to therefore look at savings elsewhere to mitigate that, would we not, to get it all in balance. That is the philosophy. That is the approach. I do not think it is that unreasonable, quite frankly, not with the level of taxation.

As I mentioned yesterday, the burden of taxation on the average Guernsey worker is now 10% higher than the average worker in the UK on the average wage. In 2008, when I came here, it was the other way around and the average Guernsey worker was 20% better off. The incidence of tax has grown that much to fund spending, so not unreasonable. Now the thing is, we have a fiscal issue, supposedly, that came in as a result, or was a catalyst, for this whole debate. Our collective response is we all pay more, except it is no longer that. It is only the top 50% of earners pay more.

Now actually, if we have got a collective problem that requires a collective solution, the solution should be that everyone is in this together. You cannot exempt some areas of expenditure just because people that have gone up without wages for the last 10, 15 years would like to have their wages guaranteed by inflation year in, year out. What is your fairness, Deputy Bury, is my unfairness to somebody that is actually paying the tax to fund somebody else's benefits.

The thing is, in the aggregate, it is manageable without doing what you are claiming is going to happen. When we looked at controllable and uncontrollable expenditure of pensions in 2013, we found that 30% of the growth of expenditure was controllable. It was a choice variable. I agree once you set the contribution, once you set the benefit criteria, so someone can claim a benefit, the law says you have to give those benefits, but then it is within your gift to set what those benefits are after that. That is controllable.

The Bailiff: Deputy Sloan, I am just going to pick you up on one point. You are addressing Deputy Bury directly. You must address your comments through me.

Deputy Sloan: Sorry, my apologies, ma'am.

It is possible. It is difficult, but it is possible and it is only right and proper to suggest that everybody bears the burden of a bit of expenditure for three years if you are asking only 50% of the population to pay more. I do not think that is an unreasonable ask.

The Bailiff: Does anybody else wish to speak on this amendment? In that case, I believe it is Deputy de Sausmarez who is responding on behalf of P&R.

Deputy de Sausmarez: Thank you.

I am not going to be in any way long because I think Deputy Bury has set out the arguments very clearly and Deputy Sloan has presented the counter to that. The only thing I would draw to attention is the sums that we are dealing with here. I do not have all of the sums off the top of my head apart from I know pensions represent about 20% of public expenditure overall. From memory, I think long-term care is much smaller but obviously set to grow. I do not know where income support is, but I think it is reasonable to think that this represents at least probably 25% or 30% altogether. If they are going to stay the same but demand is growing and the squeeze is put on other disproportionate parts of the public expenditure, then that is going to be felt disproportionately, is really just the point, but I think Deputy Bury's arguments have said it all.

Thank you.

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The Bailiff: Deputy Bury.

Deputy Bury: Thank you, ma'am.

2295

I think we are back into a bit of theory or academic argument and reality. As Deputy Sloan said, yes, they are. They are controllable. Yes, they are through what I just explained, that we would have to pay people less. I am not arguing with that. I am just explaining how we would have to do it.

2300

There is an alternative obviously. Rather than trim each benefit a little bit, we could just hit one area really hard. I wonder which area that would be. We get accused of playing cards, 'ESS play the heartstrings card', but that is because all the people we support are in some sort of need, so which area would it be? Is it family allowance? Is it pensioners? Is it those who are unemployed? Is it those with disabilities, carers, etc.? Those are our choices. I do not know which would be most palatable to the Assembly or to the community. Answers on a postcard, please. Yes, they are controllable, but not in a particularly palatable way in the way that I have expressed.

2305

It has been a short debate, so I will not carry on for too much longer. Since I am not speaking as much as I was in the first place, just to explain, this amends what is now the Proposition from Amendment 23, so it adds wording in to essentially soften it, in our opinion, and carve out ESS. What I would actually like the Assembly to do is vote the whole Proposition down because while we are carving ourselves out, and it is a bit of an 'every man for themselves' approach, we felt irresponsible not to do so. It will not help out Deputy Oswald and HSC (**A Member:** Hear, hear.) who also have demand-led spending that they cannot really control other than through very unpalatable course.

2310

I recognise that this amendment might give some people an easier path and we weighed that up, but we felt it would be irresponsible, as the Committee we are, not to try and protect those most vulnerable members of the community the best way we can. I would ask Members to support this amendment, but when we get to the substantive, vote the entire Proposition down.

2315

Thank you, ma'am.

The Bailiff: States' Greffier, would you open the voting on Amendment 32, please?

2320

There was a recorded vote.

Carried – Pour 28, Contre 8, Ne vote pas 2, Did not vote 2, Absent 0

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

Rochester, Sally
Rylatt, Tom
Snowdon, Alexander
St Pier, Gavin
Strachan, Jennifer
Williams, Steve

2325 **The Bailiff:** There voted in relation to Amendment 32: pour 28, contre 8, there were 2 abstentions and 2 Members were not in the Chamber at the time of the vote. I therefore declare that the amendment has been passed.

Deputy Gabriel, I believe you are not laying Amendment 26, is that right?

2330 **Deputy Gabriel:** That is right.

[Amendment 30](#)

To insert an additional Proposition as follows:

"SHOULD PROPOSITION 1 NOT CARRY

To agree to implement the transport taxes as set out in sections 9.7 – 9.13 with the rates as described in Appendix 7. (A7.4 – A7.8)".

The Bailiff: Going then to Amendment 30, would you like the States' Greffier to read out the amendment?

2335

Deputy Gabriel: I think he has spoken enough for today, ma'am. I will give him a few words off.

The Bailiff: Thank you.

2340 **Deputy Gabriel:** Members, Amendment 30 is a fallback position, which is basically that should Proposition 1 not carry, which is the tax reform part, which includes the transport taxes as wrapped up in that, this extracts the transport taxes part of that and puts them on their own separate footing, and that is what this amendment does.

2345 I can go into the detail if Members like of the transport taxes, but I will probably save that for main debate, because I want to concentrate on this amendment, which is fairly procedural in its nature more than anything. I will quite happily take questions from Members as to why it is here, but I hope I have explained that in that it is mainly procedural should Proposition 1 not carry. There are no changes to the transport tax Propositions that are before us in the main body of the Tax Reform policy letter. This is just extracting them and putting them on their own footing.

2350 Thank you.

The Bailiff: Thank you.

Deputy Cameron, do you formally second this amendment?

2355 **Deputy Cameron:** Yes, I do, ma'am.
Thanks.

The Bailiff: Deputy Leadbeater.

2360 **Deputy Leadbeater:** Madam, I am going to ask for 26(1) because I think it is very straightforward. It is either a yes or no. I do not think we need any debate on it.

2365 **The Bailiff:** Members, Deputy Leadbeater has asked for a guillotine motion on Amendment 30. Those who wish to speak and debate, stand in their places please. Do you wish for me to still put it to the Chamber?

Deputy Leadbeater: Please, madam.

2370 **The Bailiff:** Members, those who wish to guillotine debate on Amendment 30, please say pour; those against?

Members voted Pour.

The Bailiff: Therefore, we will go straight to Deputy de Sausmarez's brief reply.

Deputy de Sausmarez: It will be very brief. P&R does not oppose this. We do not need it.

2375 **The Bailiff:** Deputy Gabriel.

2380 **Deputy Gabriel:** I just want to give some clarity to Members. We have not had debate on it but if this passes, then we are already working on transport taxes changes and any implementation date could well be 2028, which would fall in line, or maybe even before, the GST of 2029. I ask Members to support this procedural motion more than anything.

Thank you.

The Bailiff: Thank you.

2385 States' Greffier, would you kindly start the voting on Amendment 30?

There was a recorded vote.

Carried – Pour 31, Contre 3, Ne vote pas 4, Did not vote 2, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Blin, Chris	Goy, David	Burford, Yvonne	Helyar, Mark	None
Bury, Tina	McKenna, Liam	Curgenvin, Rob	Inder, Neil	
Cameron, Andy	Vermeulen, Simon	de Sausmarez, Lindsay		
Camp, Haley		Sloan, Andy		
Collins, Garry				
Dorrity, David				
Falla, Steve				
Gabriel, Adrian				
Gollop, John				
Hansmann Rouxel, Sarah				
Hill, Edward				
Humphreys, Rhona				
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				
Rochester, Sally				
Rylatt, Tom				
Snowdon, Alexander				
St Pier, Gavin				
Strachan, Jennifer				
Van Katwyk, Lee				

Williams, Steve

2390

The Bailiff: In relation to Amendment 30 there voted: pour 31, contre 3, there were 4 abstentions and 2 Members were not in the Chamber at the time of the vote. I therefore declare that the amendment has been passed.

2395

Deputy Collins, do you wish to lay Amendment 27? It is a bit like 56. Yes, I thought it had a similarity to 56, but are you re-laying 27?

Deputy Collins: No, ma'am.

2400

The Bailiff: No. Thank you. We will take that one out. Everybody, you can take out Amendment 27.

We now move to Amendment 56.

[Amendment 56.](#)

To insert the following additional Propositions:

'1 To agree that the States' response to the financial position described in the Policy Letter shall combine additional revenue with coordinated action on economic growth, expenditure control and the sustainable provision of public services.

2. SHOULD PROPOSITION 1 NOT CARRY

To direct the Policy & Resources Committee, insofar as this has not already been required by another resolution of the States:

i. to cease further development and implementation of GST, the GST-dependent ISE arrangements, and the personal income tax changes, social security contribution changes, payments and other mitigations proposed specifically in connection with the introduction of GST, except for the employer contribution measures expressly retained by 1(c) herein;

ii. to incur no further expenditure or commitments on those discontinued measures, other than that reasonably necessary to close the work in an orderly manner, preserve records and meet or lawfully terminate existing obligations;

iii. within three months, to report to the States on expenditure incurred, outstanding commitments, closure costs and funding no longer required; and

iv. that those measures shall not be resumed without a subsequent express resolution of the States.

3. SHOULD PROPOSITION 1 NOT CARRY

To agree that the following measures shall proceed independently of GST, subject to any modifications expressly approved by the States under this item:

i. the transport taxation measures described in the Policy Letter, including the proposed reduction in fuel duty;

ii. the proposed extensions of corporate income taxation and changes to company registration fees, subject to the removal of GST-dependent provisions and reconciliation with the International Services Levy described below; and

iii. the employer social security contribution measures specified in Appendix 7, including the phased increase to 7.6% by 2029, removal of the lower earnings limit for employers and the additional 2.5% contribution on earnings between the Upper Earnings Limit and £300,000.

4. To direct the Policy & Resources Committee and the Committee for Employment & Social Security to identify the annual yield and allocation between the relevant funds of the employer contribution measures, distinguishing additional receipts from increases already approved or included in the existing financial baseline.

5 To direct the Policy & Resources Committee, working with the Committee for Economic Development, taking advice from His Majesty's Procureur and consulting the Guernsey Financial Services Commission, representatives of the finance industry and domestic businesses, to develop and submit proposals to the States by 30 June 2027 for a legally deliverable scheme of annual

contributions to General Revenue, independent of GST, with the objective of implementation from 2028.

i. The proposals shall seek, insofar as legally and practically achievable, to establish a scheme similar in character to the proposed ISE arrangements, as an alternative to a uniform levy on all Guernsey-registered companies, securing a proportionate contribution from the international financial services sector while avoiding undue additional costs for local domestic businesses.

ii. In developing those proposals, the Committee shall:

a) examine differentiated charges according to the nature, category and scale of a business or entity, including an appropriate combination of provider-level and entity-related charges;

b) examine whether, and on what lawful basis, a charge payable by a person carrying on business in or from Guernsey could be calculated by reference to the number or categories of entities or arrangements administered, managed or otherwise serviced by that person including those established outside Guernsey, without presuming that those overseas entities or arrangements may themselves be made liable;

c) consider a combination of targeted financial services charges and differentiated corporate charges, with exemptions, thresholds or reliefs designed to protect small businesses and businesses predominantly serving the domestic economy;

d) assess the likely incidence of the charges, including their potential to be passed on to domestic customers, and their effects on competitiveness, employment and the retention of business in Guernsey;

e) identify the proposed persons liable, charging basis, rates, collection arrangements, safeguards against avoidance and unintended duplication, legislative requirements, implementation and administration costs, and estimated recurring net revenue;

f) explain how the proposed scheme would interact with existing corporate taxes, registration fees and other levies, and with any corresponding ISE or equivalent scheme subsequently introduced alongside GST, including arrangements to avoid duplicate charges; and

g) where an approach similar in character to the proposed ISE arrangements cannot lawfully or practicably be delivered, identify the relevant constraints and recommend the closest deliverable alternative consistent with the objectives above.

iii. The proposals shall be submitted for approval by the States before implementation. This paragraph does not itself approve a particular charging mechanism or impose liability on any person, entity or arrangement.

Transition to any future ISE scheme

iv. To direct that the legislation establishing the International Services Levy or differentiated corporate levy shall provide for its replacement, in respect of corresponding charges, by an ISE or equivalent scheme if such a scheme is subsequently approved and brought into operation alongside GST.

Transitional credits or apportionment shall prevent duplicate charges for the same entity or arrangement and period. Liability under the Levy shall continue until the corresponding replacement arrangements take effect.

6. To direct the Committee for Economic Development, working with the Policy & Resources Committee, to submit visitor levy proposals by 30 June 2027, with the objective of implementation from 2028, the proposals shall:

i. assess the basis and deliverability of the Committee's reported estimate of approximately £6 million annually;

ii. specify the charging basis, rates, exemptions, collection arrangements, implementation and administration costs, and expected effects on visitor demand and the visitor economy; and

iii. provide for receipts to be paid into General Revenue, with any allocation for additional tourism expenditure requiring separate approval through the ordinary budget process, unless otherwise expressly resolved by the States under this item.

7. To direct the Policy & Resources Committee to submit, by 30 June 2027, a consolidated implementation and financial assessment of the alternative measures, compared on a consistent

basis with the package proposed in the Policy Letter and identifying the effects of other relevant resolutions made under this item, which shall:

- i. show the annual effects for each year from commencement to 2030, together with the expected recurring position once the measures are fully implemented;*
- ii. distinguish General Revenue from each affected social insurance fund, identifying receipts, expenditure and transfers between them without double-counting;*
- iii. identify gross receipts, tax reductions, allowances, benefit changes, implementation expenditure, recurring administration costs and any additional expenditure intended to be funded from the measures;*
- iv. distinguish one-off implementation cash requirements from any separately presented annualised cost comparison;*
- v. assess the direct and subsequent economic effects of each package, including effects on prices, public sector pay, pensions, benefits, procurement and capital expenditure, together with associated effects on tax receipts, identifying assumptions, timing and any amounts already included in the financial forecasts;*
- vi. distinguish additional savings from savings already incorporated in the baseline, showing their expected delivery timetable, implementation costs and the consequences of partial or delayed delivery;*
- vii. reconcile overlapping revenue measures and assess uncertainty in chargeable populations, collection, behaviour and implementation, using appropriate ranges and sensitivity analysis;*
- viii. assess household and business effects, distinguishing compensation for additional taxation from real improvements in support, and identifying the distribution of benefits from allowances, reduced tax rates and targeted payments;*
- ix. how separately the fiscal and household effects of retaining existing fuel duty, including an option for adjusting the proposed vehicle charges, without changing the measures approved under 1(c) above unless the States subsequently so resolve; and*
- x. specify the implementation programme, staffing requirements and further funding approvals required;*

neither unverified savings nor speculative future receipts shall be presented as secured income.

8. To establish, in accordance with Rule 53 of the Rules of Procedure of the States of Deliberation and their Committees, a States' Investigation & Advisory Committee to be known as the Appropriations Committee, with its members elected or appointed within six weeks of this resolution.

Mandate of the Appropriations Committee

i. To agree that the Appropriations Committee's mandate shall be to investigate the sustainable provision and funding of public services across government, giving priority to the largest areas of expenditure, particularly health, education and social care, including relevant expenditure administered through social insurance funds, and the application of approved government strategies.

Its work shall include:

- a. identifying the principal causes of expenditure growth and opportunities for prevention, improved outcomes, productivity and more effective use of staff, procurement, technology and public assets;*
- b. examining which services should be delivered directly by the States, commissioned from others, delivered jointly, funded wholly or partly through user contributions, redesigned or discontinued;*
- c. assessing the consequences for service quality, accessibility, statutory obligations, households, the workforce, economic participation, wellbeing and long and healthy lives;*
- d. comparing priorities and resource requirements across Committees, including dependencies and opportunities for collaboration; and*
- e. recommending sustainable expenditure changes and identifying their implications for future revenue requirements.*

Nature of recommendations and existing mandates

ii. To direct the Appropriations Committee to distinguish between recurring cash savings, one-off savings, avoided future expenditure, redeployment of resources and transfers of cost to other bodies or households, identifying implementation costs, risks, responsibilities and delivery timetables.

iii. The Committee shall investigate and advise. Its establishment shall not transfer existing Committees' mandates, budgets or operational responsibilities, nor authorise changes to services, taxation or statutory entitlements without the approvals otherwise required.

Membership of the Appropriations Committee

iv. To agree that the Appropriations Committee shall comprise seven voting members:

a. a Chair and three other States Members elected by the States, none of whom shall be a member of the Policy & Resources Committee, the Committee for Health & Social Care, the Committee for Education, Sport & Culture or the Committee for Employment & Social Security; and

b. one member appointed by each of the Committee for Health & Social Care, the Committee for Education, Sport & Culture and the Committee for Employment & Social Security.

c. Committee Presidents shall be eligible subject to those membership requirements.

d. Members shall act in the interests of the States as a whole.

e. The Policy & Resources Committee shall nominate a liaison member, who may be its President, to attend without a vote when invited by the Chair. The Appropriations Committee may obtain independent specialist advice.

Cooperation and support

v. To direct all Committees to cooperate with the Appropriations Committee and provide information and reasonable officer assistance necessary for its work, subject to applicable legal duties. Where information cannot lawfully be supplied, the reason and any practicable alternative shall be explained.

vi. To direct the Policy & Resources Committee to arrange dedicated secretariat and financial analysis support, accountable to the Appropriations Committee for delivery of its approved work programme.

Funding

vii. To approve additional expenditure of up to £500,000 for the Appropriations Committee's work to 31 December 2028, excluding existing staff costs made available herein, and:

a. to authorise an initial allocation of £200,000 from the uncommitted Budget Reserve;

b. to direct the Policy & Resources Committee to release further funding within that ceiling against a costed work programme approved by the Appropriations Committee, subject to applicable financial controls and availability of funds, without requiring a further decision on the merits of the approved investigation;

c. where the necessary funding cannot be provided from the Budget Reserve, to direct the Policy & Resources Committee promptly to seek an alternative or subsequent-year appropriation from the States; and

d. the Appropriations Committee shall report expenditure and commitments alongside its progress reports. Funding above the ceiling shall require further States approval.

Reporting and coordination

Viii. To direct the Appropriations Committee:

a. to publish its work programme within three months of its establishment;

b. to submit its first substantive report within nine months, with further reports at intervals not exceeding six months;

c. to bring forward recommendations as they become ready and submit its final report by 31 December 2028;

d. to coordinate with relevant investigations, economic plans and reviews approved by the States, including work undertaken through the Government Work Plan and Major Projects Portfolio, avoiding unnecessary duplication; and

e. affected Committees shall provide a reasoned response to recommendations within eight weeks, identifying agreed action, resource implications and delivery timetables.

9. To direct that the Assurance Review to be submitted by the Policy & Resources Committee in 2030 shall retain the relevant requirements otherwise approved by the States and shall additionally draw together:

- a. the actual revenue, costs and economic effects of the approved measures, assessed against the forecasts and assumptions reported under Proposition 9;
- b. the Appropriations Committee's findings and recommendations, the States' decisions upon them, and the extent to which resulting actions and savings have been delivered;
- c. the findings, recommendations and implementation status of every other relevant report, review or plan commissioned or required by resolutions arising from this Tax Reform debate;
- d. evidence of economic growth, productivity, workforce participation and progress in addressing constraints on the economy;
- e. the amount, reliability and expected persistence of Pillar Two receipts and other prospective revenue sources; and
- f. an updated assessment of the remaining structural funding requirement, expressed as a range and supported by sensitivity analysis.
- i. The Review shall explain how that evidence informs the scale, composition and timing of any further revenue or expenditure measures proposed. Where a required report or review remains outstanding, it shall identify the reason, expected completion date and implications for the conclusions reached.

10. To agree that the final Proposition directing the preparation of legislation shall apply to these additional resolutions and shall be read subject to any cessation requirements in the above Propositions.'

The Bailiff: Deputy Camp, do you wish the States' Greffier to read the amendment?

2405

Deputy Camp: No, I will not put people through that. It took me a long time to write it, but I will not put people through that. *(Laughter)*

2410

Yes, thank you. I bring Amendment 56. Again, in reflection to the fact that the challenge, the gauntlet, was very much laid down about bringing alternatives to the table, alternatives that can raise a similar amount, and this is one. I appreciate a lot of people will – and I am not hiding behind the fact that there are some similarities here to what was brought before, but the point is that like the GST, GST Plus, GST Lite package that we have seen is that things can be refined and they can move on and it gives people a different opportunity to think about things slightly differently.

2415

To my mind, perhaps the only probably contentious point in here is looking at replacing the ISE with a more targeted levy on those companies that, if GST is not introduced, would completely fall out of the tax package entirely. All that lovely money, which is said to contribute to the 80%, or whatever it is, of new money in through GST would fall away entirely. Actually, this provides a further mechanism that – whereas with the ISE, as it is proposed, I think, that that proportion of its benefit in the GST take declined as there is no obvious RPIX mechanism built in that. From my understanding with Jersey's is that is not how Jersey's works either and, as we are in lockstep, there is the opportunity for something different here while still capturing those companies.

2420

We know the Tax Review Sub-Committee gave us a range of company levies, and that would have included everybody. That found some disfavour, although I still contend that local companies would rather pay £100 more than the admin of GST, but there we go. What this does is this means that without introducing GST and all the associated measures, we can absolutely raise a very similar meaningful amount. There is no reason why that cannot be the case, and this is why I bring this Proposition.

2425

I think ultimately the question now comes down to: are we looking for any alternative, are we looking for a viable alternative, or as I think Deputy Sloan has alluded to before – I certainly think this quote is being attributed to him – is this a GST at any cost? I will reserve telling you where I think this vote will go, although I do not think I need a crystal ball, and I do not think many people here will need a crystal ball either.

2430

What I sought to do in the spirit of goodwill of trying to help make this debate more efficient, not really realising that we would make it efficient by basically shutting most people up, I tried to combine a few other things on the basis that, as we have discussed, pretty much all these amendments you can then pick and choose the Propositions you like, should it fall to the substantive vote.

Yes, in here, I have revisited the visitor levy. Economic Development now thinks that could be £6 million, and look, there is a bun fight over how you do that and where the money is hypothecated to or whether it is hypothecated at all, but that again, there is enough question mark in here. We keep on talking about expenditure, and actually the appropriations committee idea for me has become stronger. I appreciate that it is unlikely to be the case for other people, but I think the need for an appropriations committee is becoming stronger and stronger every day. The moment we are told there is a bit more money in the pot it is spent, and that is certainly what is happening here.

We were talking about an Economic Development pot of funding, but as I see it, given the news on the Budget that we are expected to approve in just over a month's time, I think that Pillar Two money is gone. There is nothing for an Economic Development pot. I cannot see how the maths adds up because I am pretty sure that is £40 million extra banked or that we expect to bank in respect to 2025. It feels like it is gone and spent. The Budget will subsume it. I think we do need a mechanism to bring discipline into what we do, why we do it, and I come back to the fundamental services review –

The Bailiff: Ten seconds left.

Deputy Camp: – I have seen manifestos like this idea. This really is just a repackaging of that concept. Thanks for being curtailed. That will now shut me up.
Thank you.

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

Deputy Collins: I do, ma'am.

The Bailiff: Thank you.

Deputy Niles: I beg to move 24(6), ma'am.

The Bailiff: Deputy Niles seeks to move 24(6), which is an amendment that goes further than the original Proposition. I do think this goes further than the original Proposition and therefore we will take a vote on whether or not debate will now be curtailed and no vote taken on it. The motion is that the amendment be not debated and no vote be taken on it. Those who support that motion, please say pour; those against?

Some Members voted Pour; others voted Contre.

The Bailiff: I am going to ask for an SEV vote because there are loud voices, but I do not know if there are more voices. *(Laughter)*

Members, you have on your SEV now the 24(6) motion. That is to cease debate and not take a vote on Amendment 56. States' Greffier, would you open the vote, please?

There was a recorded vote.

Carried – Pour 20, Contre 17, Ne vote pas 1, Did not vote 2, Absent 0

2485

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

The Bailiff: There voted in relation to this motion under 24(6): pour 20, contre 17, there was 1 abstention and 2 Members were not in the Chamber at the time of the vote. Therefore, we will not be taking a vote on Amendment 56.

2490

Members, it is now just past one o'clock. We will now adjourn for lunch and return at two o'clock.

*The Assembly adjourned at 1.03 p.m.
and resumed its sitting at 2.00 p.m.*

Tax Reform 2026 – Debate continued

The Bailiff: We are now on Amendment 47.

[Amendment 47.](#)

To insert, immediately after Proposition 3 the following Proposition, and to renumber the subsequent Proposition accordingly:

'To agree that there should be no increase in the rate of goods and services tax above the rate at which that tax is first introduced, before the assurance review set out in section 12 has been presented to the States, and no increase in the rate thereafter unless both -

(a) robust evidence - based upon such being assessed in a similar (or not substantively dissimilar) method than currently presented by P&R - shows that a funding gap exists; and

(b) the 1% real terms saving to be incorporated in the public expenditure budgets for 2027, 2028 and 2029, equivalent to annual expenditure reductions of £20m by 2029 as set out in paragraphs 5.2 and 5.14, has been delivered through efficiencies.'

2495

The Bailiff: Deputy Curgenvén, would you like the States' Greffier to read your amendment?

Deputy Curgenvén: No, thank you, ma'am.

2500 **The Bailiff:** Again, if you want to sit down, Deputy Curgenvén, it is whatever you feel you can achieve without hurting yourself.

Deputy Curgenvén: Thank you, ma'am.

2505 This amendment does one thing. It inserts a single new Proposition after Proposition 3. It amends none of Propositions 1 to 3, rescinds nothing and directs no one. It provides that the rate of GST shall not be increased above its introductory rate before the Assurance Review has been presented to this Assembly and that afterwards it shall not be increased unless two conditions are met together.

2510 First, robust evidence assessed by a method similar to the one the Committee presents now showing a funding gap exists. Second, the 1% real-term savings for 2027 to 2029, £20 million a year by 2029 has been delivered through efficiencies. It changes no rate, no threshold and no revenue estimate in the costed period. A Member who supports this package in full can vote for this amendment and nothing in the Committee's figures moves by a penny.

2515 Why bring it? Well, because the commitment is already the Committee's and I could not find it in anything we are asked to resolve. The policy letter commits not to increase the rate ahead of the 2030 Assurance Review. As far as I can find, that sentence is the only place it appears. It is in none of the Propositions. In July, the Committee told me in a written answer that the initial rate is protected until after the review. I take the Committee at its word, but I have read the four Propositions for the words that protect the rate and I have not found them. A commitment the States is not asked to resolve binds nobody.

2520 In February, this Assembly directed consideration of a two thirds majority for any rate increase. The Committee does not recommend it. It offers Resolution 1.2, which protects the mitigations if the rate rises but says nothing about whether the rate rises. This amendment keeps the simple majority the Committee prefers and sets conditions instead. If a resolution of this Assembly is good enough to protect the mitigations, a resolution on the same has the same standing. The pressure for a higher rate is on record.

2525 Deputy Burford, who was quite fond of me quoting her, apparently out of context, said on 8th November 2024:

GST is all too easy to increase. Need an extra £50 million to balance the books? Just hike it to 6%.

2530 I adopt her point. The rate is easy to rise. This amendment makes it conditional and says on what?

2535 The second condition goes beyond what the Committee has said. On the Committee's own figures, the £20 million saving is already in the baseline of the forecast. If it is not delivered, part of any gap the review finds will be the missing savings, and a rate rise to close it would be a tax rise to pay for spending the forecast would assume would not happen. I do not say that that will occur. I say that if it does, this Assembly should decide with its eyes open. A member of the Committee is reported as expecting P&R not to miss the £20 million. If that is right, this condition costs the Committee nothing.

2540 Tying the evidence to the Committee's present method is not an endorsement of it. The purpose is that the definition of the gap should not move between now and 2030 to justify an increase. Members will say it has no override. A future States can depart from it by express resolution, as carried Amendment 23 shows. Members will say it singles out GST. It does because it is the tax whose rate the Committee has told me is protected.

2545 The question for the Committee, ma'am, the commitment is in the policy letter, in a written answer to me and in what the public has been told. What has changed since June that it should not now be resolved? If nothing, accept the amendment and the package loses nothing. If something, this Assembly should be told before it votes. If we pass the package without this, we will have resolved the tax and not the promise that went with it. I do not say the Committee will break that promise. I say we have left it nowhere to be kept.

2550

I thank Deputy Camp for seconding this, and I ask Members to support this amendment.
Thank you, ma'am.

The Bailiff: Thank you.

2555 Deputy Camp, do you second this amendment?

Deputy Camp: I do, yes.

Thank you.

2560 **The Bailiff:** Does anybody wish to speak on this amendment?

Deputy Vermeulen.

Deputy Vermeulen: Thank you.

2565 Deputy Curgenvén, you made reference to Deputy Burford, but what date was that? Was that the previous Assembly?

The Bailiff: Deputy Vermeulen, you know it is not supposed to be –

2570 **Deputy Vermeulen:** Sorry, through you, ma'am, of course. I am just trying to remember if Deputy Burford –

The Bailiff: Perhaps you could suggest that –

2575 **Deputy Vermeulen:** – made that statement.

The Bailiff: – Deputy Curgenvén – Deputy Burford is asking to be given way. Do you give way to her, Deputy Vermeulen?

Deputy Vermeulen: Absolutely.

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Deputy Burford: Thank you.

2585 Very happy to clarify for Members. This is something that Deputy Curgenvén repeatedly takes out of context. Indeed, what I said in the debate in 2024 was that I had concerns about the rate of GST being put up without the mitigations or various other tax changes being made to preserve the protection for those on lower incomes.

Thank you.

The Bailiff: Deputy Vermeulen.

2590 **Deputy Vermeulen:** Thank you for that clarification.

2595 Yes, it was in the previous term. I think there were quite a few people who voted for GST this time that in the previous incarnation, Deputy Curgenvén, through you, ma'am, were actually dead against GST last term. They have obviously changed their minds and voted for pretty much the same Proposition as they were against. *(Interjection)* I am happy to report I can probably support this, and I can assure Deputy Curgenvén that I am not changing my view on GST despite not having my badge on my jacket today.

Thank you, ma'am.

The Bailiff: Deputy Camp.

2600

Deputy Camp: Thank you.

I am not interested in he said, she said, etc. I made it very clear in my speech, might have been yesterday, probably was – feels like a long time ago – but I think you can read the manifestos, and we can all read different things into them. That is our own personal belief, but it may not always be the reality.

The reason why I support this amendment and second it, is not to try and have some kind of political battle. Really the purpose of it is the 1% real-term savings has always been, in particular, a hugely problematic part of this policy letter. It started off as quoted as around a third of the money that package would come in, as an iteration of the different slides and presentations that we have seen. That £20 million has taken a bit of a back seat and I think having again – I am quite glad I did this, because having read the BBC this morning, I see that there is likely to be a Proposition brought in the Budget debate actually asking us to ignore this altogether, to reverse this entire 1% real-terms savings, but off the back of a Budget decision.

I still remain of the view that if we can do nothing else to demonstrate fiscal discipline, surely this is one of the ones we could do. It is not asking a huge amount. We have all supposedly been working on it. I appreciate some Presidents are already reporting this will be difficult. I really think we should at least try and demonstrate because we keep on going back to that whole thing and I promise you around at least 21 of you said this, or words to that effect as I interpret them, and I think that is only right that I use my interpretation of, 'Get our house in order before we tax other people'.

We are not going to do that, but this at least goes some ways to demonstrating that we are trying to at least keep a tiny infinite – I cannot say it – small part of our promises that we made just over a year ago. That is the reason why I have seconded this amendment, and I do think we should take this seriously, notwithstanding I think we have now got some competing Propositions to consider that have been agreed to this morning. If nothing else, it would be lovely if we could send the right signal out to the people of Guernsey that we really do care about using their money wisely, and if this is the only teeny tiny way in which we can do it, then at least let us do this.

Thank you.

The Bailiff: Deputy Gollop.

Deputy Gollop: Thank you, Madam Presiding Officer.

I have a sympathy for the amendment, but it is a game in two halves. I like the first half, the (a), better than the (b). I think we do need robust evidence that more money is needed, although what that evidence is, is the moot point. I am not just talking financial modelling and whether we should have a bigger state or a smaller state. We know that we are all over the place with capital funding estimates, for example. We should be putting more money in reserves. Whether that is a funding need or not, it depends, because there are so many different funding needs from the issues Deputy Bury was talking about this morning to substantial infrastructural ones.

My problem is more with (b). I remember when Deputy Humphreys and Deputy Rylatt put forward an amendment about a year ago. I remember voting for it at the time to get it debated, but then when it came to the final vote, I went the other way. That is because even in the 24 hours, I had realised that it went against, really, my political principles and it was not achievable. I have known, as the oldest – not the oldest, but the longest continuously serving Member of the Chamber that every time whoever we have as Treasury Minister or Chief Financial Officer, there is always an aspiration for these savings which very rarely materialise. I know Tribal Helm did a bit and so on, and there are new efforts by Deputy Rochester and the new team this time, but even here there is a little bit of woolliness. The Explanatory Note, for example, refers to paragraph 5.2:

The States resolved upon a '1% real-terms annual reduction in public expenditure for three years', equivalent to annual expenditure reductions of £20 million by 2029, and will incorporate.

Now, that uses the phrase – I love this bit, and indeed we have even perhaps heard some of the speakers of that amendment now saying 1% is not achievable, but it:

... will incorporate a 1% real term saving, to be delivered through efficiencies.

2655 I am not saying tax and spend. I want those efficiencies. I want AI. I want mechanisation. I want there to be more productivity. All kinds of things should and could happen, but this amendment talks about real-term saving. Now saving could be increased fees to customers or clients, could be reduced subsidies, could be reduced services. It covers a whole, wide spread.

2660 There are people in the community who want to see the States cut, and I have been surprised by some of the heartfelt letters – and I am listening, not just hearing them – who say they think a better way would be reduced expenditure. Well, yes, but I am sure they would not want reduced expenditure on those most in need in society and on healthcare and education. What they have in mind is too many managerial pen pushers or whatever the horrible phrase is. Deputy Vermeulen, who is rigorous in our Committee, bringing in aspects of his management experience –

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Deputy Camp: Sorry, a point of correction.

The Bailiff: Yes, Deputy Camp.

2670 **Deputy Camp:** I do think it is right, and obviously you will judge whether I am right or not, but this amendment asks that that 1% real-term savings has been delivered through efficiency. We are not talking about cuts to the like that Deputy Gollop is discussing. I do not think he is speaking to this amendment.

2675 **The Bailiff:** I think probably there is more of a Rule 17 point there, Deputy Camp, but yes, Deputy Gollop, please do speak to the amendment and what it is trying to achieve.

Deputy Gollop: It is a fair point. Efficiencies perhaps can be made but that will potentially mean cuts for some people. I want to know what those efficiencies are because I think we already know on Home that we are not going to find those efficiencies. Even if we are finding efficiencies, we are cutting expenditure. It will only be compensated by expenditure elsewhere.

2680

Thank you.

The Bailiff: Thank you.

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Deputy Inder.

Deputy Inder: Only briefly, I would have like to hear from P&R on this, what their view is. I quite like this amendment. Where I come apart is the use of the word 'robust' evidence. Evidence is largely based on opinion in the political world. We have to accept that. If one does not want something, no amount of evidence in the world is going to persuade us otherwise, and I have been there before. I was right about the 11-plus, and I was also right about L'Ancrese tank wall, and I lost both. It does not matter what I said in debate, no one was going to listen because they did not want it. They wanted to get rid of the tank wall and they wanted to get rid of 11-plus. That, I am going to part company with, but I will support it because I do not think that part would ever go in.

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2695 However, the 1% real-terms saving to be incorporated in the public expenditure, I think it needs to be. I am very cynical about the £20 million savings. Every time I mention this, I actually get some of the biggest spenders sitting around me agreeing with me, which should be a concern in itself. I see their heads agreeing that the savings are not going to be made. My view, and my simple view, is that it has to be brutal and it has to start at the Budget debates.

2700

Members here do not believe in salami slicing. I think that is the only way of doing it, is basically reducing the size of the budget and I will support towards a budget looking quite seriously at any

amendments that can find ways of cutting the budget. The public may not like it. The public may not like it. They really may not like it, but they do not appear to like anything at the moment. *(Laughter)* They want all the services in the world and none of the pain that goes along with it. That is the reality of the situation, but I will support this because I think at least the (b) bit locks in the promise that has been made by the tax policy and that which we have committed to in previous debates. I will be supporting it.

The Bailiff: Sorry, Deputy – sorry.

A Member: Did he give way?

The Bailiff: No, he did not give way, I am afraid. No, he is too late. You have sat down now. *(Laughter)*.

Deputy Matthews.

Deputy Matthews: Thank you, madam.

This amendment looks okay on paper. The issue that I have had with the 1% cuts is not so much the principle, because they are very good principles, but how it then gets interpreted once it goes through P&R and comes to Committees to be applied. I know when we looked at 1% cuts, we asked ourselves in debate: how would this be applied? Would it be applied evenly across Committees or would it just be every Committee must make a 1% cut? We did not think, I do not think in debate, that it would be appropriate to do it evenly across Committees, but actually it did come down as: can every Committee make a 1% cut?

I know people have mentioned about salami slicing. It tends to encourage the sorts of penny-pinching cuts that are pound-foolish cuts, where you make the very small cuts in year, which actually end up costing you money further down the line. You cut things like buildings maintenance and software maintenance and this sort of thing, which you then end up with a big capital programme to try and replace it.

I will give way to Deputy Inder.

The Bailiff: Deputy Inder.

Deputy Inder: Thank you for giving way, Deputy Matthews.

But just so I am clear, I just want to distil what he is effectively saying, as a member of HSC and one of the biggest spenders. Am I understanding correctly? He does not want any cuts, and he does not want any taxation either. Is that effectively the message he is sending? Is he riding both horses?

A Member: Hear, hear.

The Bailiff: Deputy Matthews.

Deputy Matthews: If I could help clarify things to Deputy Inder, I think we should try and look to make some efficiency cuts and some efficiency gains. In HSC, we have lots of programmes where we think we can make efficiency gains, but they are not the sorts of things that easily fit into a one-year, 1% cut. We think, for example, that if we invest in electronic prescribing, that we can make some significant gains there, but it is very difficult to fit that into a one-year profile, as these are interpreted and applied through the P&R budget process.

I will give way again.

The Bailiff: Deputy Inder.

Deputy Inder: Thank you, again, Deputy Matthews.

2755 I can forgive four of our Members of HSC because they have only been there a year, but as a Member who has been there for basically nigh on a term and a half, could he explain to this Assembly why all of these things he thinks are going to happen did not happen in the five years he was a full member of HSC?

The Bailiff: Deputy Matthews.

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Deputy Matthews: I think that has been very well aired. HSC has had a very large programme to try and increase its capacity and increase its capability. It started out before my time as being called a partnership of purpose, it has been in progress, it has had some issues, it is very difficult to invest in these. (**A Member:** Hear, hear.)

2765 The point that I am trying to make, and I hope it is coming across clearly to other Members even if it is not so clear to Deputy Inder, is that the process of asking – the States is not very good at delivering efficiency savings on the basis that we try to do it. We almost set ourselves up to fail by saying, ‘Can we have a 1% cut year on year?’, which is not always the most effective way to deliver efficiency gains. It can sometimes be much more effective to take a longer view and to do things
2770 much more effectively over a longer period of time.

My plea, because I know that these are already part of our policy, is for a bit more flexibility in terms of how we interpret how we are to deliver savings rather than just say, ‘Can you cut 1%?’ and then you end up making lots of silly cuts or trying to make silly cuts within the year which actually end up costing you more.

2775 Thank you.

The Bailiff: Thank you.
Deputy Oswald.

2780 **Deputy Oswald:** Thank you, Deputy Inder, and thank you, Deputy Curgenvén, for your Proposition.

I have issues in supporting this Proposition based around some of the arguments we have already heard about achieving the cuts of £20 million, because I think not necessarily how it influences us, but how it might influence the general expenditure policy of the States if we are
2785 essentially hidebound by achieving a target which, as you say, has to be robustly proven. There could be a financial crisis. The only answer to it would be by imposing a rate rise of the GST at the time, at some time in the future, and if we have not achieved the cuts, which by definition we probably have not if we are in that situation, then we end up with a bigger fiscal deficit. That is my reason why I am not likely to vote for this amendment.

2790 In terms of general issues about cuts, I support Deputy Matthews in much of what he says, but I would also point out that I am a taxpayer as well as a saver. We have made commitments in writing to try and achieve the 1% target cuts for our budget, which is very large and subject to a £5 million to £6 million demand-driven increase in expenditure every year, which we have said in our recent press statement that that is unsustainable.

2795 We know we have to make cuts. These cuts will not be easy to achieve and may require quite a lot of pain to be suffered by the population at large. Some of the savings which we will want to make will take some time to appreciate and will require an investment in a spend-to-save programme to achieve those savings in due course, but we are totally committed to try and achieve cuts where we can.

2800 I am afraid, as it stands at the moment, I cannot support the amendment.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, madam.

2805 I am going to be supporting this amendment. On (b):

The 1% real terms saving to be incorporated in the public expenditure budgets for 2027, 2028 and 2029, equivalent to the annual expenditure reductions of £20 million by 2029, as set out in paragraphs 5.2 and 5.14, has been delivered through efficiencies.

2810 The Deputy Officer was just talking of service cuts. Efficiencies are not service cuts. My question is, if we get to this stage and the savings have been delivered through cuts in services and not by efficiencies, what position does that put us in? I have just been looking at this now and I am just thinking there is no way, I do not think, we can provide £20 million savings through efficiencies. I think there will have to be some service cuts, and I would just like to know the bearing on this amendment, please, madam.

2815 Thank you.

The Bailiff: Sorry, too late, Deputy Matthews.
Deputy Parkinson.

Deputy Parkinson: Thank you, ma'am.

2820 Deputy Gollop reminded us that he voted against the Humphreys-Rylatt amendment, and indeed I can inform the States he was one of five Deputies who did. I know that because I was one of the other ones and I opposed the 1% cut amendment because I did not think it could be delivered. However, all I want to say at this point is that this is an issue that will resurface in the context of the Budget debate, which will be coming up shortly. I suggest that it may be more
2825 appropriate for us to be debating amendments like this as amendments to the Budget. I will just leave it there.

The Bailiff: Thank you.
Deputy Sloan.

2830 **Deputy Sloan:** I think we might well be debating amendments such as this in a couple of weeks' time as well, but to be quite frank, reading the amendment, I thought it was rather innocuous. I only read it as there will be no increase in GST if the conditions of these two conditions have been met, one of which was there should be some similar evidence that is required. It is not just, 'Because we
2835 can', a reason for introducing increasing tax. The second was that we managed to achieve what we have purportedly already committed to do. That does not really seem to be too much to ask, really.

I make this point again, if we cannot, even today, before we make this leap, or before many of you make this leap, we will all be in it together, but if we cannot commit now to what we have already said we commit to, then it is a really sorry state of affairs, quite frankly. You might as well
2840 just say, 'Look, there is no way we can control anything. Let us just all give up', because frankly that is what the public think about us anyway. We might as well prove them right.

The Bailiff: Deputy Kazantseva-Miller.

2845 **Deputy Kazantseva-Miller:** Madam, I agree with Deputy Sloan's observation. I think the amendment is just trying to put in black and white what the policy letter is saying it would be doing plus/minus. I agree the robust evidence is not necessarily exactly as it is phrased in the policy letter, but there is the Assurance Review in the policy letter and there is the savings programme of £20 million.

2850 I do agree there is the issue around delivery of the savings through efficiencies because I am not sure that is possible. I think it will need to be through service cuts or changes and, for example, Economic Development is making those decisions. We are withdrawing from the provision of digital greenhouse services, not because we do not support that in the economy (**A Member:** Hear, hear.), but we do not think it should be delivered by civil servants.

2855 The issue around savings has been surfacing for the last – certainly, through my political career, which is not too long, and it will continue surfacing. I think there has to be a demonstration that we can deliver that. If we are not supporting this amendment, then the core principles of the policy letter do not really hold. How can we be going out and saying we are going to be increasing taxes, doing the mitigations, if we cannot also deliver the other parts of the policy letter? I think if we do not support this amendment, it is quite problematic. (**Several Members:** Hear, hear.)

2860 I also think the key is that it is not just up to us, the politicians in this Assembly, to deliver those savings. It has to translate to the core of how the Civil Service is run. (**Several Members:** Hear, hear.) It has to be KPIs within every manager's and every team's objectives. They have to be evaluated against the delivery of political objectives, and that has to be central in how the Civil Service effectively is managed.

2865 If we are giving this political direction, it needs to cascade entirely through the Civil Service, and the performance of the Civil Service needs to be also evaluated against that. I think if we do not demonstrate some solid commitment, and I appreciate there may be crisis, but we can come up with resolutions and say, 'Listen, we rescind this resolution for a year', or whatever, and we deal with that. I just think we have to commit to what we are trying to commit in the policy letter.

The Bailiff: Does anybody else wish to speak on this amendment?
Deputy St Pier.

2875 **Deputy Pier:** Yes, madam, just to raise to ask a question, and I do not know whether it is those who are proposing this or a question for His Majesty's Procureur. The insertion of the new Proposition 3 by virtue of Amendment 55 is seeking to understand the interaction between that Proposition and what I guess would be now Proposition 3A or 4, depending on how you choose to number them. I just seek some clarification on that.

2880 Secondly, further, just to note that there is a requirement here for the matter to be presented back to the States. Clearly, that brings the whole set of issues around yet further States' debates and so on in relation to this. I just merely draw attention to that, but the main reason I rise is to ask that question of clarification about how it would interact with the new Proposition 3?

2885 **The Bailiff:** Does anybody else wish to speak in debate? In that case, I think it is Deputy de Sausmarez who is responding on behalf of P&R.

Deputy de Sausmarez: Thank you.

2890 It has been an interesting debate and some of the issues that have been aired are really the same conversations that we had on P&R. It is absolutely quite right of Deputy Curgenvin to say, certainly superficially, this aligns with what we put in the policy letter. That is correct but actually when we were looking at the wording, some of the issues that have already arisen in the debate so far became a little bit more confusing. I think it hinges on efficiencies versus cuts versus demand.

2895 Deputy Camp's intervention was quite interesting because I think Deputy Camp suggested that actually as long as those savings have been achieved through efficiencies, then they count, but would it count if there was a counterbalancing increase in demand? Really, this is the tension that we see through what Committees have told us when putting together the Budget. Efficiencies are being found, but demand is also growing.

2900 It is just not particularly clear what this amendment intends with respect to where – because this is a measure that is intended as a robust gateway. I think we could do with a bit of clarity on that point. I do not think it is necessarily a tool to enforce fiscal discipline, as Deputy Camp hopes, because the amendment does not preclude increasing any other form of tax if the savings are not met. It does not do that necessarily, it just takes one of the options off the table if that were the case, but if the Assembly were minded to raise tax or raise revenue in another way in order to fund that, they could.

At the end of the day, it is quite right that this amendment articulates quite an important part of the equation. It is not in any of our numbers, of course. The savings target is not part of that 39 net, it is not part of that, but it is a core principle because we recognise that actually there are two sides to that equation. It is very important that if we are looking at revenue raising, it is very important that we also look at expenditure. Yes, I look forward to Deputy Curgenvén's reply.

The Bailiff: Deputy Curgenvén.

Deputy Curgenvén: Thank you, ma'am, and I thank everyone who spoke.

It is a very interesting debate. In fact, some Deputies have done a speech that I wish I had done. That was wonderfully presented. Thank you.

Deputy Vermeulen and Deputy Burford, I would like to apologise because I did not want to take Deputy Burford out of context and I got the date wrong, it was in January 2023. I think that is what you were getting at, Deputy Vermeulen, where Deputy Burford said:

Talking about raising the rate brings me to my second point. No States can bind another or indeed itself. Any resolution today to require a States' decision before raising GST, although well-intentioned, is essentially meaningless. The glaring Achilles heel of this overall progressive package is the vulnerability to increases in the regressive element. Need an extra £15 million to balance the books? Hike GST to 6%. Want to increase the capital transfer? Call it 7%. New drugs and treatments? Make that 8%. But it is very unlikely that countermeasures would be implemented at the same time to protect those on lower incomes and for me that is its second fatal weakness.

I am hearing the word 'efficiency' a lot and I think there are quite a lot of different interpretations in what that word means. Efficiency does not necessarily mean cutting services, although it can do, and it certainly does not – well, I certainly would not be looking at frontline services like police, teachers and doctors and stuff like that. What it means is it just means doing things better with what we already have. It is quite a simple thing to do. Through you, ma'am, and to Deputy Gollop, can you honestly say that the States of Guernsey operate sufficiently? MyGov, the Electronic Patient Record, the Revenue Service, blasting through our budgets. I could be here all day, and I would run out of time, especially as we are limited to seven and a half minutes.

I do not want to get in between Deputy Inder – the Oracle Deputy Inder – and Deputy Matthews, so I will leave that there. *(Laughter)* I will say to Deputy Matthews, who said, 'We are not good at being efficient', and I absolutely agree with you, Deputy – through you to Deputy Matthews, ma'am, we need to get back at it, Deputy Matthews.

I give way to Deputy Matthews.

Deputy Matthews: I just wonder if Deputy Curgenvén would agree with me because he serves on the Committee for Education, Sports & Culture, that one of the issues that we have as Committees is that Deputy Kazantseva-Miller talked about how we need to embed this culture across the Civil Service and across the public sector. We do not have that employer relationship in the Committee, that is with P&R, and that is one of the difficulties where these objectives are given to Committees to find deficiencies, but we do not have that employer relationship. I wonder if Deputy Curgenvén would agree with me that that is one of the issues that we face on some of our Committees?

The Bailiff: Deputy Curgenvén.

Deputy Curgenvén: Thank you, ma'am, and I thank Deputy Matthews for that.

I agree with him entirely. What is it? I cannot remember the exact figures, but over 80% of my Committee's budget, Education, Sports & Culture, is under P&R. Then you have got central services and HR. The amount of money that ESS actually controls is like 1% of our budget and it is the same for Home and HSC. Ultimately, the employer is obviously the States of Guernsey, but the Committee that controls that is P&R.

Before we talk of cuts, can we just come back to efficiencies, please? I believe, but stand to be corrected, we have around 18 different pay groups. I will stand to be corrected. Eighteen different pay groups. That is a lot and the biggest cost is the core Civil Service.
I give way to Deputy Blin.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, ma'am, and thank you, Deputy Curgenvin.

I was actually listening from the other space and particularly picked up when he was talking about the efficiencies. I wanted to just give a suggestion, which I hope he would appreciate, in the sense that when Deputy Parkinson spoke about the £40 million recovered from that, that is seen as a real potential strong, but not everything.

I would like to also point out the same thing that we have the ability now with AI and AI is a huge way of implementing efficiencies. If each sector did that, that in itself is another blessing, another drop from the sky. It is something which is just going in the strongest and best direction and has to be implemented. I hope he will see that as part of the efficiencies that should be taking place to make these cuts.

The Bailiff: Deputy Curgenvin.

Deputy Curgenvin: Thank you, ma'am.

I give way to Deputy de Sausmarez.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: I was hoping to actually save Deputy Curgenvin an up and down, given his state. I do apologise, but I am grateful to him for giving way.

I just wanted to pick up on a couple of points relating to the point he made around it being under P&R's control. Of course, it is a policy decision for ESC how they choose to organise their staff and they could – absolutely, it is the number of teachers, for example, is something that is absolutely within the gift of his Committee. Really what P&R do is negotiate the pay itself.

He also mentioned that the biggest group of people on the payroll was core civil servants. I think he is confusing that for established staff but that is not core civil servants at all. By a long chalk, the biggest employee group is in healthcare, obviously, but I think the naming – I completely agree, the nomenclature around this is very confusing. A lot of people confuse established staff as civil servants and it is just not the case. It is a much more mixed group than that.

The Bailiff: Deputy Curgenvin.

Deputy Curgenvin: Thank you, ma'am, and I thank Deputy Blin firstly.

Yes, I absolutely agree with the technological advances and how they are exponentially increasing. There is a huge amount of efficiencies and we absolutely should be looking at those and the timing, very auspicious timing, with the Budget debate and obviously this debate, this specific one right now.

To Deputy de Sausmarez's point, firstly, I did think that established staff – I was just looking at the most recent States' accounts, and I think that the biggest pay group according to that is established staff. I will stand to be corrected if someone can get me on that one. Then it is healthcare and then I think obviously my Committee as well, but we can look at that one later.

As to Deputy de Sausmarez's point about the costs and what education can do, we had a very good Governors' meeting the other day at ESC. I think that one of our Governors brought up the fact that she and a headteacher had mapped the process of hiring staff at a school and there were eight different processes through the HR function.

3005 I give way to Deputy Camp.

Deputy Camp: I do thank Deputy Curgenven for giving way and I hope we can bring perhaps the response back on track rather than a discussion about Committee pay. *(Laughter)*

3010 Hopefully Deputy Curgenven will agree with me when he gets back on track when he stands up again or sits down or painfully stands up. *(Laughter)* I think talking about the idea that protecting one tax around here does not protect against others, but if that is an inherent weakness in this amendment, then it is also an inherent weakness in the tax reform package, as it is with any tax. This Assembly can choose to do what it likes for any tax at any point in time. Would he agree that that is not a valid argument from Deputy de Sausmarez?

3015 **The Bailiff:** Deputy Curgenven.

3020 **Deputy Curgenven:** I thank Deputy Camp for that, and I agree with her and I apologise for getting sidetracked. I just thought that I would rebut Deputy de Sausmarez's statement to the best of my ability. Again, I thank everyone in this room for your contributions. I think you have said what I should have said much better than I could have said it in the first place.

3025 In closing, ma'am, I would have to urge Members to support this and I would also like them to ask themselves a question. If we cannot show the public we can achieve a 1% cut, which we told the public we would do – we made them a promise that we would do that. **(A Member:** Hear, hear.) Deputy Humphreys and Deputy Rylatt kindly brought that amendment, and I think it sailed through the Assembly. If we cannot stick to something that we have said that this Assembly has agreed on, that this democratic process, this constitution, has agreed upon, as elected representatives, what are we doing? How do we have any right to ask the public to put their hand in their pocket, in their wallet, which is getting thinner and thinner, for 5%, 6%, 7%, 10%, whatever it is, if we cannot cut our costs by 1%?

3030 Thank you, ma'am.

The Bailiff: Thank you.

Members, I will now ask the States' Greffier to open the voting on Amendment 47.

3035 *There was a recorded vote.*

Carried – Pour 21, Contre 13, Ne vote pas 9, Did not vote 0, Absent 0

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

Williams, Steve

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The Bailiff: There voted in relation to Amendment 47: pour 21, contre 13, and there were 6 abstentions. I therefore declare that the amendment has passed.

Members, as we did yesterday, it is my suggestion that around four o'clock-ish we will have a 15-minute comfort break since we are going on until 6.30.

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[Amendment 15.](#)

To Insert a new Proposition after Proposition 1 as follows -

'To direct that the legislation required to implement any agreed package of tax reforms shall include provisions to ensure Alderney Electricity Ltd and the Alderney Water Board shall not incur any Goods and Services Tax 'GST' in carrying out their public functions in the supply of electricity; domestic heating fuel and potable water, whether by way of rebate, relief, exemption or zero rating in order to ensure that no irrecoverable GST cost falls upon those utilities or their consumers.'

The Bailiff: Alderney Representative Snowden, would you like the States' Greffier to read out your amendment?

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Alderney Representative Snowden: Yes, please.
Thank you.

The States' Greffier read out Amendment 15.

The Bailiff: Alderney Representative Snowden.

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Alderney Representative Snowden: Thank you very much.

You may think it is a bit strange that myself and Mr Hill have put this amendment here today but there are a couple of points that I think are important that we take into consideration. Myself and Mr Hill are on the Economic Development Committee for the States of Alderney with our colleagues in Alderney and we are trying to attract new businesses to the Island, which is really important.

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We are in the Bailiwick together, new business investment, new creation of jobs, but one of the hurdles with a few others is the cost of electricity on the Island; that it is just so high. We have seen an increase recently of our costs of unit prices and that is to pay for the infrastructure upgrades that are needed to Alderney Electricity Limited (AEL) and also the cost of fuel going up, which the States of Alderney is subsidising, but there is a tremendous amount of money going into AEL to try and improve the grid network.

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Just to give you, which is in the amendments, the unit cost of electric in Alderney at the moment, which is Tariff C, I believe, is about 56p, when if you look at Guernsey it is 26p and then off-peak times it is down to 13p. You have obviously got an interconnector, which is a big game changer for you guys down here, but we are worried that this increase, if it does apply to Alderney Electric and Alderney Water, will simply make it just more difficult to attract new businesses into the Island. I think we should be doing everything possible – and just to emphasise, new businesses on to the Island, new investment into the Island is good, we are in fiscal union. Myself and Mr Hill are not for the Aexit, or whatever it was meant to be called, and there are no stickers that I found in Alderney claiming that we are exiting the Bailiwick. I think it is important that if we have business investment into the Island, then that is going to support the pounds going into the Guernsey coffers as well.

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There is another bit to add to this as well, and I do thank P&R for the amendments earlier, or the group amendments earlier, that did include the relief payments, which is an important part, but people are struggling on middle incomes as well. Mortgages, rents, cost of food – I will not go into that one again – everything else. It is simply very difficult times. We are in a cost-of-living crisis and unfortunately things are predicted to get more and more expensive.

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Myself and Mr Hill are really just putting this on the table because we think this is a small token to try and help attract businesses but also try and help those people that are starting to struggle. The costs of electric in Alderney and heating oil are tremendous and I think if we can do anything that keeps it where it is or reduces it, we need to really support it. I know it is Alderney asking for it, but it does have Bailiwick benefits as well, as I have highlighted.

Thank you very much.

The Bailiff: Thank you.

Alderney Representative Hill, do you formally second this amendment?

Alderney Representative Hill: Yes, I do, madam.

Thank you.

The Bailiff: Who wishes to speak in debate on this amendment?

Alderney Representative Hill.

Alderney Representative Hill: Thank you, madam.

Firstly, I would like to reiterate what my colleague, Deputy Snowdon, has said about this Aexit thing. I think to quote Mark Twain, bearing in mind there was only one sticker handwritten by somebody who does not like GST, and so, 'Rumours of my death have been greatly exaggerated'. *(Laughter)*

I think that some of you might be wondering why – also that you are thinking that Alderney is trying to get out of paying for and making fair contributions. Though yesterday in the early speech made by Deputy Parkinson, Pillar Two was mentioned and I would just like to remind this Assembly, and I am allowed to say this by Lord Faulkner, one company in Alderney will be actually contributing probably around £23 million. *(Interjection)* Sorry? Lord Faulkner, you can go and ask him. We have been given official permission to say that.

Going to the electricity, we want to remind you we do not have a cable to France. You do. Everything, all our electricity, is run by diesel imports. Now, very kindly and we really appreciate it, P&R introduced an amendment which was passed yesterday about relief payments, but I would like to reiterate what my colleague said, which is, yes, that allows for lower income people, but middle-income people are crucial in Alderney. They are our gold dust. They have mortgages and all sorts of other expenses, particularly family expenses, and they are really hurting, and most importantly, businesses and hotels. If you want to have an idea of somebody who runs a fairly basic supermarket or some kind of food outlet that requires refrigeration, some of their refrigeration costs at the moment are hitting £5,000 a month just to run their freezers.

We also, for instance, have been trying to get a dry cleaners to come to the Island. We cannot because of the cost of electricity. It is not just lower income people that are suffering, it is businesses and hotels, and that is one of our mainstream businesses. To try and sway off the last round of diesel and fuel increases, the States agreed a subsidy of £200,000 for this year should the cost of oil go over \$100 a barrel. If we were to add GST on to that more, we are going to have to put more subsidy in ourselves, which frankly, then we are getting into a situation where we are robbing Peter to pay Paul.

I also want to finish on one rather important statistic, that the cost per unit, according to this particular item, provided by AEL, on Tariff A on Alderney, it is 71.2p per kilowatt hour, as opposed to Guernsey Electric, which is 26p per kilowatt hour. If you were to add 3% GST on to that, okay, Guernsey people would pay 0.78p, Alderney people will pay 2.136p. If you were to add 5% GST on to that, Guernsey people would pay 1.3p and Alderney people would pay 3.59p. In effect, Alderney is paying 8% more and 13.7% more for its electricity.

Again, I want to go back to proportionality. That is disproportionately unfair and given the fact that we are going to technically, as a result of an Alderney company, make quite a considerable contribution, I honestly feel that we need to have this amendment approved because the cost of

3135 electricity is literally throttling our businesses on our Island. I do not know also, frankly, given the potential rises forecast over the next year, how some people are even going to be able to afford to keep their houses.

Thank you.

3140 **The Bailiff:** Deputy Blin.

Deputy Blin: Thank you, ma'am.

I find this amendment very interesting, but I found it even more interesting hearing the speeches that have been made on this. My first reaction is, given the position I stand in on GST, Alderney is not a place that should be searching for GST given it needs the tourism, it needs the building, etc., but you are in a bit of a corner because you need to basically decide what you are going to do, which will have an impact on everything. You have also got extraordinary costs for energy, businesses to go over there, it is really a nightmare. Yes, you have the benefit of the –

3150 **The Bailiff:** Deputy Blin, can I remind you to address your comments through me?

Deputy Blin: Apologies, ma'am.

The Bailiff: That is all right.

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Deputy Blin: If I could remind the fact that within the Alderney Gambling Control Commission (AGCC) and areas like that, there has been good success, there has been good success through other areas, but at the costs you have there, even if we support – I am very cautious on supporting any of the GST's, 'If it is this way, then I will make it softer by doing this'. In this case, even with the GST potential exemption from it, which sounds totally fair, the problem is you still have such huge costs. It is very hard to operate in any case.

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I cannot see any reason not to support this, but I do not think it is actually sufficient to work through if we are trying to build an economy, and all of us want the Alderney economy to build and to grow. To do that, it is a bit like the same debate we had over the locally-made food, etc., which qualifies for such a tiny part of our economy, but it is such an important part.

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I will be supporting it, but I do not think this is enough. One has to be careful where one votes in all these things there because you have to look at the picture of the whole of Alderney and how it is linked with Guernsey as the sister island and the economy.

Thank you.

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The Bailiff: Deputy Sloan.

Deputy Sloan: Thank you very much, madam.

When I started listening to the debate, I just really thought, despite the strength of the case, I did feel it was like, 'Can you treat us as a special case?' Sorry, Deputy, but listening to the arguments, and I heard and listened to the arguments. Actually, Deputy Hill was making a lot of arguments that I would be expecting to hear in general debate, when we get there, in terms of the time of the imposition of a GST at this particular juncture, that is 2026, not when it was first mooted in 2008 and 2009 alongside Zero-10, when the inflationary environment was very different to what it is today. We have been through an enormous cost-of-living crisis the last five or six years, and the costs that you suggest in Alderney are prohibitive. Electricity at that sort of level is unimaginable in today's day and age what we are talking about.

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Having listened to that, and bearing in mind that I am sympathising again because the arguments in my mind against introducing GST now are exactly what you have said, I do not think it is a propitious time to be doing it. I do not think it is a propitious time to be looking at signalling a 5% rate before 2030. I think it is fiscal lunacy. I think it is economic madness. Therefore, I would

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be minded to support it. I would also be mindful to support it because the points that you did make, obviously you have got the Bailiwick Commission to going through, but in terms of that fiscal compact between the two Islands, and it is very much a different case now with Pillar Two, so I think you are reasonably well-justified in making such a request.

The Bailiff: Deputy Inder.

Deputy Inder: I am genuinely intrigued. We have not heard much from Alderney in this debate. It may come as a surprise, I have sympathy for people living on small islands having massive costs of infrastructure, but I would like to ask a question, and this is a direct question. I really would expect a response. We have got no indication at all from Alderney. We have got lots of indication from what is coming out of Alderney where they are on GST. There is a potential here that Alderney, our two Alderney Reps, are setting a trap. They could vote for this, have it inserted, and then not vote for the GST package, full stop. It would fall away and that is the end of the game, or it could be implemented and they are still getting away.

Life is about deals. Life is entirely about deals and Alderney have two votes in our Assembly. I would be very worried to support anything like this at all, even though I have sympathy for Islanders. I think some of the Island's problems need to be sorted out internally but before I make any decision on this, when Alderney Representative Snowdon responds, I would genuinely like to get an indication from the pair of them where they are on the total tax package, i.e. Proposition 1.

Thank you very much.

The Bailiff: Deputy Gollop.

Deputy Gollop: I was not going to speak on this one, but I always have to support Alderney. I was called once the third Member for Alderney, and I understand why, although there are others with strong links now as well.

I do support any attempt at cost mitigation there. I think I understand what Deputy Inder is saying to the Assembly, madam, in that –

A Member: It is a trap.

Deputy Gollop: – Alderney cannot have it always, but they do have special costs, special needs. If GST is decided upon by a majority of us, which after all is 38 Guernsey Members and two from Alderney, then we have to accept that we give a lot to Alderney, and I know they are grateful, but on the other hand, they have a different cost base. They are a small place. If they were like the Isles of Scilly, the situation with ours would be different. Bearing in mind we make decisions in the interest of our offshore sector and our particular economy, we should be mindful that we need to give them a degree of slack as well.

However, although I would like exemptions for Alderney, if the political machine and view of Alderney is they will not pay taxes at any price, then I am afraid we would have to have more serious conversations. That perhaps is for another day and also for the Bailiwick Commission to consider.

The Bailiff: Deputy Helyar.

Deputy Helyar: Thank you, ma'am.

I have an interest to declare. I am the co-owner of a family home in Alderney. If this were passed, then obviously the house uses heating oil and electricity.

The Alderney Representatives have something of an uphill battle here, do they not? They are heavily outnumbered in terms of coming and asking for a benefit, but I do see very regularly – and I spend a lot of time in Alderney, I will be there this weekend – the difference in the economies and the extent to which the median wage is significantly lower in Alderney than it is in Guernsey, and it

3240 is noticeable. There is also a very much higher proportion of adults there who are of the age of dependency. The average age I think when it was last looked at, and forgive me, I do not mean to mislead the Assembly, but it was 63 I think or higher possibly. It is a very high age of dependency of many people who are retired.

3245 The costs of fuel, because of the manner in which it needs to be imported, are much higher and it is a pretty windswept place in the winter. It gets pretty cold and damp and people do need to heat their homes. I have a lot of sympathy and I will support it, notwithstanding my special interest. I think Members should also carefully consider that because the numbers which Alderney Representative Hill has disclosed in terms of Pillar Two are a really significant proportion of that contribution. They are a very significant proportion.

I will give way to Deputy Parkinson.

3250 **The Bailiff:** Deputy Parkinson.

3255 **Deputy Parkinson:** The numbers that Alderney Representative Hill has quoted bear no resemblance to the numbers that Guernsey anticipates to get from Alderney. There may be companies in Alderney that will be paying a great deal of Pillar Two tax. They may not necessarily be paying it in the Bailiwick of Guernsey.

The Bailiff: Deputy Helyar.

3260 **Deputy Helyar:** Thank you.

I can only go by what Alderney Representative Hill has said, and I understand that is a direct lifting from an accrual in the accounts of an Alderney company. For that reason, I can only go by that.

I will give way to Alderney Representative Hill.

3265 **Alderney Representative Hill:** Thank you, ma'am.

Just to confirm that we did actually have a meeting with the States of Alderney and the AGCC. Lord Faulkner was present and we requested official permission to use that figure and we were granted it.

3270 Thank you.

The Bailiff: Deputy Helyar.

3275 **Deputy Helyar:** Okay, I cannot vouch for the accuracy of the figure and I accept that, so Deputy Parkinson is correct to do so, but I am willing to accept on the face of it the numbers that have been given.

3280 I do think there is a case for looking at this kind of payback for Alderney. I do think people will struggle with heating oil. I know that is already a struggle and for that reason I would support it. I would urge Members too, given the direction in which this debate is travelling and particularly given that we have already agreed that the rate will be effectively on a lockstep to 5%, that we really do need to very carefully consider the mitigations and where they are deserved. I do think this is a legitimate one.

Thank you.

3285 **The Bailiff:** Deputy Goy.

Deputy Goy: Thank you, ma'am.

3290 Ma'am, if life for low and middle-income earners in Guernsey is hard, I think in Alderney it is a lot harder just because it is a simple logic thing. Median wages there are lower, cost is higher and that is a double whammy. I think we should do as much as we can to help our brothers and sisters

out in Alderney, and this amendment is the least we can do for them. I urge Members here to support this amendment.

Thank you.

3295 **The Bailiff:** Deputy Ozanne.

3300 **Deputy Ozanne:** Just briefly, ma'am, Deputy Goy has just said a lot of what I was going to say, as indeed has Deputy Blin and Deputy Helyar, but I also wanted to add I am very grateful to the Alderney Representatives and their colleagues for listening to us. I know we had the Alderney States Greffier in listening the last few days and I believe their Chief Minister. I think it is beholden on us to try and understand Alderney as much as we possibly can. I hold myself up here and say I would like to go to Alderney and understand more. I know from an ESS point of view, we have been trying to do that too. I hope today you will take a message that knows that you are understood and heard and embraced as an important part of the Bailiwick.

3305 Thank you.

The Bailiff: Deputy Curgenven.

3310 **Deputy Curgenven:** I am not sure I have to declare an interest. My wife is from Alderney, but she left. *(Laughter)* Escaped. No, in all seriousness, I love Alderney. It is picturesque, it is beautiful, but it does get battered by the storms, and seemingly it also gets battered by this Assembly. It really does. I understand, ma'am, what Deputy Inder was getting to or alluding to before, that deals need to be made. To quote a Deputy who does not want to be named, he called this the States of predetermination rather than deliberation, and I agree with him.

3315 I do not think it is fair necessarily to ask Alderney Representative Hill or Snowdon about their thoughts on GST (**A Member:** Hear, hear.) and I do not think they should be held over a barrel for whether they support the policy or not. I do not think they should be held over a barrel about their runway or anything that is in the gift of this Assembly to give. I really do hope that the Assembly will support this amendment.

3320 I know Deputy Sloan is probably going to correct me here, but I believe one of the reasons that Britain lost its manufacturing prowess and everyone moved to Italy, or wherever else, was the electricity prices. They just could not manufacture things anymore. I know it is a bit of a strawman argument, a bit of an exaggeration, but it is hard to get to Alderney, is it not? You have only got the flights and the weather and then if the boat goes and whatnot, so they do import a hell of a lot of stuff. Obviously with inflation, with diesel hitting – it is probably more in Alderney – £2 per litre, they are really struggling. I do not think this will materially affect the take of GST at all, whilst protecting a lot of people and a lot of vulnerable people, because they are not just vulnerable in the way that Deputy Goy described, they are vulnerable in their geographical location as well.

3330 Again, please, Members, I do urge you to support this amendment. Sorry, finally, ma'am, they punch above their weight in what they give back, especially with the Gambling Commission and Pillar Two revenues and stuff like that. I would just like Members to sit with that as well.

Thank you, ma'am.

The Bailiff: Thank you.

3335 Does anybody else wish to speak in debate before I turn to – Deputy Vermeulen.

3340 **Deputy Vermeulen:** Yes, Alderney is an interesting one. I think I have made my case on what I would like to see happen in Alderney. I would like you to go your own way. I would like you to become independent. (**A Member:** Hear, hear.) I would still love going over there and seeing you all and everything, but we do get a lot of criticism about what is wrong in Alderney with the hospital, the school, or in here, the airline that has got special planes to fly into the Island, about the state of the runway in Alderney. It is quite tough to hear that criticism.

I have seen that there is this thing with the Bailiwick Commission and this – is it A-independence or Aexit – has come up. I got excited when I saw that and I thought, 'There you are, it is panning out how I envisaged it'. A quick check with a friend who actually lives over there said, 'Simon, this is complete and utter rubbish. We have not seen one poster anywhere'. (*Laughter*) I said, 'Well, what about your friends? Have your friends seen it?' No. Absolute bunker.

In all honesty, I do not know how Alderney, a small island of 2,000 people or 1,500 in the winter, or whatever it is – it is very small – can afford a GST. I really do not. I do not get a vote in your Island on GST, but I think there is a special exemption there that it is not going to work, and I do not think it is going to work in other islands in the archipelago of the Bailiwick either.

Yes, I was astounded at some of the figures there of the price of the unit. Of course, you are only nine miles away from France. I am sure that people are using solar energy and looking at other areas of efficiency on their electricity and savings, but it is an expensive place to get to. It is an expensive place to fly staff into for care and teachers. I suppose it is quite an isolated place to go and work too. You are up against it. If we can help, I will. I will always offer my honest opinion with you there.

I will give way to Deputy Blin.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, and thank you for giving way.

It was just to reinforce what Deputy Vermeulen is saying, because just a few minutes earlier we had Deputy Inder who was saying, 'Listen, this is about negotiation and something there'. I want to hear what the Alderney Representatives say before I am going to decide whether I am going to make the vote. Then you hear the opposite from Deputy Vermeulen saying, 'Well, listen, I feel I empathise for Alderney'. I am nervous that we are getting into a situation where, according to what you do on this vote, it is going to affect, and do not forget, you are only two of the Assembly and there are 38 others. You are a small part, important –

The Bailiff: Deputy Blin, and I know you are not the only one. Please can people address your comments and your speeches through me. That is what the Rules require of you. Please do it.

Deputy Blin: Yes. I apologise, ma'am.

The Bailiff: That is all right. You are not the only one, Deputy Blin.

Deputy Blin: It was really just to reiterate, I was a little bit –

A Member: Point of order, ma'am. In my view, my humblest opinion, and I am probably just as guilty, these give ways are now starting to look like re-speeches.

The Bailiff: That is not a point of order.

A Member: A correction?

The Bailiff: Now, I am going to lose my timing. You are almost up to your time limit. You have about a few seconds.

Deputy Blin: Right. Okay. It was just to say that this is separate from the vote on the GST. This is the necessity, and it is too small a point, but we should be supporting it.

Thank you for giving way, Deputy Vermeulen.

The Bailiff: Deputy Vermeulen.

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Deputy Vermeulen: There you go, ma'am, and what a splendid speech. *(Laughter)* What a splendid speech. Yesterday, Deputy Blin was unwell, I believe, and he made the best, most impassioned speech I have heard him make ever in this Assembly. **(A Member:** Hear, hear.) It was quite commendable and I thank him for his comments.

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Thank you, ma'am.

The Bailiff: Thank you.

Does anybody else wish to contribute to this debate on this amendment before I turn to Deputy de Sausmarez?

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Deputy Camp.

Deputy Camp: Yes, I will. I hear all the arguments. I understand them, but I also think on this of the GST discussion, we should either be all in or all out. I am not sure we should have this pick-and-mix approach in there. Whilst I do understand the points that are being made and we should support our Alderney cousins, or whatever we are calling them, I am just sitting here thinking, 'Well, if I say yes, actually Alderney should be exempt. Alderney Electricity, or what have you, should be exempt', then people in Guernsey will go, 'Why are we not getting the same deal actually?' We know the Household Expenditure Report said that energy is, I think, one of the two top contributors to our inflation and cost-of-living crisis. That is not going anywhere and that obviously has happened as a result of policy decision-making in the main.

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Yes, to get back to the point, I find this one difficult to support. If this had said, 'Remove electricity energy bills from the whole GST thing', I might have had more sympathy for it because I really think if we are going to be a Bailiwick, then we have got to be in it altogether or out of it altogether, if that makes any sense.

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I also think the final point is the Bailiwick Commission, at some quite considerable cost in reality, is looking at how we manage this relationship going forward. There is obviously a preliminary report about the 1948 Agreement, which I think we all knew was not really fit for purpose anymore. It is very outdated. I do wonder if these are the kind of things that in the run of things ought to perhaps come out through decisions made by the Bailiwick Commission about what that longer term relationship also looks like rather than tinkering little bits of policy on the hoof. I sympathise hugely but I am not going to support this amendment.

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The Bailiff: If nobody else wishes to speak in relation to this amendment, I will ask Deputy de Sausmarez, who is responding on behalf of P&R.

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Deputy de Sausmarez: Thank you, madam.

I will start by welcoming the comments from both of the Alderney Representatives and reflecting maybe a more balanced picture on the Aexit – is that how you pronounce it? – issue than perhaps has been reported recently.

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I will also start by saying that I am very aware of and very sympathetic to the increased costs, especially in relation to electricity and fuel in Alderney, not least because I sat for many years on a group which worked with Alderney, it included Alderney, looking for ways to reduce those costs, for example, through more local renewables. I really do get it, and I completely understand where this is coming from. However, I am not convinced this is the right solution, neither is P&R for reasons I will explain.

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Before I do, just on the Pillar Two income, we too have heard this tip-off multiple times. There has been a conversation, at least one conversation, between the relevant officers in Treasury, or whatever the department is, and that specific company and the amount reported to Treasury was substantially lower than that. As Deputy Parkinson said, it may well be the case that that is the headline figure, but we do not believe it is likely to accrue to Guernsey or to the Bailiwick. So yes, although we do appreciate that there are contributions from Alderney in that respect, and that is

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great, but I do need to just manage expectations over that particular figure, which has been doing the rounds for some time.

3450 The reason P&R does not believe that this is the right way of addressing the problem that the Alderney Representatives have outlined – some of them have already been aired in debate. One that has not is that this is problematic in terms of our WTO rules, because it would probably be considered a subsidy and therefore starts being a little bit awkward in that respect. Also, obviously as other Members have mentioned, it would set up a bit of a them and us provision in terms of Alderney residents and Guernsey residents.

3455 As I said at the start, I am very sympathetic to the fact that those costs are different but through P&R's Amendment 58, we have already agreed to put in some substantive Propositions, a bespoke Alderney Essential Costs Payment Relief (ECPR). I do need to point out that if this goes through, then that would have to come down, so that provision would be adjusted to take that into account and the good thing about the ECPR is it targets that support to the people who actually need it.

3460 To Deputy Helyar's point, there are more people in Alderney who need it. Double the number, we believe, would receive support through the ECPR than in Guernsey and actually a higher percentage of Alderney households would benefit from the Income Tax and social security reductions or improvements as well. The households that most need that support, and I am the first one to say, 'Yes, there are many in Alderney', are going to benefit disproportionately compared with
3465 Guernsey residents anyway.

In terms of businesses, again, I do not think that exempting these utilities from a 3% GST is going to move the dial in terms of the kinds of support that the Alderney Representatives outlined. I would suggest that actually for the same amount of money that this would cost, there would be far more effective means that we could work on with the Alderney Representatives, or they could put forward
3470 as a proposal, that would actually encourage businesses to come to the Island.

First of all, Alderney residents are already going to benefit disproportionately compared with Guernsey residents and the uplifted costs in Alderney will already be taken into account for the households that need it in Alderney. Secondly, if it is really about encouraging businesses, I do not think this is going to cut the mustard. We do have complications with WTO. I have only got eight
3475 seconds left so I cannot really explain the complications between the retail side either, but it is quite a complicated thing, and P&R does not support it even though we are very sympathetic to what is behind it.

The Bailiff: Alderney Representative Snowdon.

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Alderney Representative Snowdon: Could I firstly start by saying thank you for all points but also the very positive points. I think it is very warm speeches towards Alderney. I would just like to thank everyone. I know we are a bit limited to time so I will not go through everyone, but I really do thank the input and warmth to Alderney shown in this debate.

3485 A few points. I think I have got to really go back to this Aexit thing again. I am not quite sure how it really happened. I have not seen any stickers of Alderney wanting to leave the Bailiwick or anything but apparently someone did. I think they made some comments about it, and it may have been taken a little bit out of hand. I think myself and Mr Hill made it quite clear that we do not believe that is the feeling in Alderney (**A Member:** Hear, hear.) and we are the Bailiwick together.
3490 Hopefully, no stickers appear, but hopefully that clears that up and we can move on from this Aexit sticker thing.

The Bailiwick Commission, that is available to everyone to look at the report. I think it just came out two days ago. That is very interesting work, and obviously there will be a follow-up report, but again, my understanding of the Bailiwick Commission, that is not showing that Alderney is going to be independent and going off into the sunset. We are going to be a Bailiwick with Sark as well. It is just how those relationships work together, so I think that is an important one.
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Regarding Deputy Inder's point, whatever happens with GST or does not happen with GST, and we have had the Law Officers advice in the past. I do thank the Law Officers for advice that helped

the States of Alderney Members a little bit, I understand, and our community is that it would be implemented in Alderney as well if this Chamber agreed that that was the way forward. Myself and Edward have not done any deals with anyone either side and we do not particularly like doing deals, or I do not like doing deals. If it did come in, it would apply to Alderney, unless this Chamber did a different decision, but it is down to this Chamber to understand.

Pick and mix. That was quite a good one. The only thing with pick and mix, that we are picking and mixing parts of it, we would love the electric prices that you have got down here. That would be fantastic, then we would not actually be asking for this exemption that we are today. We are so much more higher regarding the electric and oil. It is just astronomical, hence why this modest amendment is in front of you today.

I think Mr Hill covered the Pillar Two. I have said this before in the Chamber, it keeps repeating a little bit, but it would be good if Alderney Gambling Control Commission could actually do a presentation to all Deputies, maybe at a lunchtime when we have got some longer lunches, for the Deputies to be fully updated on the position from Alderney Gambling Control Commission and the big input that they have to the Bailiwick.

Those are mainly the points, and I think it was referred to by Deputy Sloan, the special case, but I would say that we are not asking for a lot at all. It is a very modest amount that this would actually be, but I think it goes a long way in showing the community of Alderney and importantly the businesses of Alderney that we are trying to do whatever we can to stop those electric prices going up and oil prices that are going up, which have gone up. To be honest, they have gone up quite recently quite a lot. We are trying our best so this is really if we can get support of the Chamber, we would really appreciate it. If not, then that is the way it is, but thank you for taking the time and spending the time on this small amendment for us today.

Thank you very much everyone.

The Bailiff: Thank you, Alderney Representative Snowdon.

Members, you have the amendment for you, Amendment 15. I will ask the States' Greffier to kindly open the vote.

There was a recorded vote.

Carried – Pour 23, Contre 15, Ne vote pas 2, Did not vote 0, Absent 0

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

The Bailiff: In relation to Amendment 15, there voted: pour 23, contre 15, and there were 2 abstentions. I therefore declare that the amendment has been passed.

3535

[Amendment 49.](#)

To insert the following additional Proposition:

1. To agree that tax reform shall be supported by a Whole-Government Economic Plan to strengthen Guernsey's sustainable revenue base and inform future taxation requirements, while supporting prosperity, wellbeing and long, healthy and fulfilling lives.

a. To direct the Committee for Economic Development, working with the Policy & Resources Committee and all other Committees of the States, to submit the Plan to the States for approval targeting 30 June 2027 but by no later than 31 December 2027, setting out:

i. the principal barriers to sustainable economic growth, productivity and improved living standards, including the effects of taxation and other government policies and costs;

ii. a prioritised programme to address those barriers, with responsible Committees, delivery milestones, resource requirements and measurable outcomes;

iii. opportunities for public services, including healthcare and education, to support economic prosperity alongside their social purposes, through improved outcomes, effective use of resources and assets, and appropriate partnership and income-generating activity; and

iv. the expected contribution to public finances, distinguishing wider economic benefits from savings and income available to the States, and identifying uncertainties and implications for future taxation.

b. To direct the Committee for Economic Development to maintain and coordinate delivery of the Plan, and all Committees to contribute within their mandates, provide progress information and work together to resolve dependencies and barriers, with unresolved matters requiring a States decision brought before the Assembly.

c. To direct that delivery of the Plan shall be integrated with the Government Work Plan, Committee Work Plans, Major Projects Portfolio and annual Budgets, using existing resources and reporting arrangements wherever practicable.

i. To agree that the Plan shall preserve existing committee mandates, project approval requirements and financial controls, and shall not itself authorise expenditure.

d. To direct:

i. the Committee for Economic Development to publish six-monthly progress reports following approval of the Plan, covering delivery, outcomes, expenditure, material barriers and corrective action; and

ii. the Policy & Resources Committee to explain in subsequent annual Budgets how the Plan is supported, any material priorities left unfunded, and the evidence for any anticipated financial benefits included in its forecasts.

e. To direct the Policy & Resources Committee to include in the 2030 assurance review (or such other review or report that may be approved by this resolutions) an assessment of the Plan's delivery, the effectiveness of its coordination arrangements and its implications for the scale, composition and timing of any further taxation proposals.

The Bailiff: We now turn to Amendment 49. Deputy Camp, do you wish the States' Greffier to read your amendment?

3540

Deputy Camp: No, that is fine. I will not put people through that.

This amendment, why I brought it, it is not going to be supported and I will explain why. *(Laughter)* The first is that, and I think Deputy Montague made this point, we are really good at going, 'We talk about everything else and then we talk about economy and we do not actually have anything to add'. I think that is the reason why I thought this amendment might have been a

3545 welcome idea because actually when you look through the calendar of the things that we do as an Assembly, we never really talk about the economy.

We talk about how to tax people, how to spend their money, and we might have a little bit of thought. Then what we do is we ask five people in Economic Development with a fairly small mandate – one, I think, a former Deputy called moribund – to come up with an economic strategy, which will somehow fill that gap and so we relegate it. We really do relegate it to the sidelines. Everything else takes priority and the economy is just something that we cross our fingers, and we hope there will be some money at the end of the day for us all to spend on more things.

I thought, 'Actually, bring an amendment which asks everybody to come together and think about economy'. After all, I did not think that was an unreasonable thing to do. The Government Work Plan amendment that I brought was approved and that made, I suppose my terminology, economy just as the golden thread that weaves throughout. This would be a furtherance of that work. It would allow Economic Development to take that work on and to really get under the bonnet of the economy, to talk about all the other Committees who all have a role to play in the economy, whether we like it or not, and come up with something.

Economic Development have told me they will not support this because they do not have the resources to do so. I think that says everything, actually. It is pretty disappointing that we have a Committee that takes one eighth of us into a room and there are not enough resources there to say, 'Actually, how do we deliver?' I am a bit trepidatious to use this next phrase because it caused so much consternation the last time, but we did talk about S&P. I promise I will not say it again, but when they say to jurisdictions about sustainable fiscal policies and sustainable future looking positions, having a strong economy, or at least one that is not weak, is not completely floundering and stagnating and dying a rich death – sorry, Deputy Sloan, nicking that off you – but having a strong sustainable economy is actually one of the foundations of good fiscal policy and financial management for any government.

Like I said, we sideline it. We pop it into a group of five people who do not have the resources to deliver on the ambitions that many of us have for our economy. I am really disappointed it is not going to be supported, but I am glad that I took the time to write the amendments. I am really grateful for the efficiency that AI provides me because I do not have to trouble the Greffier too much when I write my amendments because I do most of the work and then AI just says, 'Hayley, that sounded stupid. Here are a few tweaks', so I brought that efficiency into it. I think I tick one box at least towards that 1% saving.

Yes, I would love to think that we would support the economy and we would start that conversation and we would all want to be part of that conversation, but lack of resources are going to be the main reason why we are going to say no to this. I think honestly – and if I sound defeated, I do feel it – we are however many months in and we still have not really spoken about the economy at all. I do not think we have the appetite for it. I think we have the appetite for taxing, and I think we have the appetite for spending. I do not think we have the appetite for actually trying to really get our economy moving again.

3585 **The Bailiff:** Five seconds left.

Deputy Camp: I am absolutely done, so thank you ever so much.

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

3590 **Deputy Collins:** Yes, I think so, ma'am. Yes. *(Laughter)*

The Bailiff: Deputy Inder.

3595 **Deputy Inder:** 24(4).

The Bailiff: Deputy Inder is seeking a motion under 24(4). I just remind everybody what that is. A Member may request a Presiding Officer to invite Members who support the debate on the amendment to stand in their places. If there are less than seven – I should say fewer than seven to use the proper grammar, the amendment will not be debated and no vote taken on. Do we have seven people standing? We have eight. Thank you.

A Member: Eight and a half.

The Bailiff: Not anymore. *(Laughter)* Deputy Vermeulen, not anymore. Just eight now.

Deputy Vermeulen: Can I –

The Bailiff: Yes, you can. *(Laughter)*

Deputy Vermeulen: Thank you, ma'am.

I am brought to my feet by this amendment. Earlier on, I think it was today, somebody admitted to being an Andy Burnham fan. They know who they are. They know who they are, and I am not going to identify that individual. I suspect there is probably more than one amongst us. One thing Mr Burnham is doing is calling for growth in his island in every postcode. I have often thought that we should be far more growth from P&R, from central Government. It should not necessarily be Economic Development that is given the responsibility to grow the economy.

Yes, give ED a lot of money for good ideas to promote Guernsey, by all means, and generate business, but really, growth should be at the front of our minds and it is not. I tend to agree with Deputy Camp that it is not, and I am not sure that people do have the appetite and I think people just find it too darn hard, which is really a shame because it is not hard and it gives the biggest results you can get if you are successful in growing your economy.

I served a long term last term on ED with Deputy Sasha Kazantseva-Miller and Deputy Inder, one or two others. Yes, and Deputy Steve Falla as well. I know how frustrating it can be to try and drive things in a certain way (**A Member:** Hear, hear.) and to be knocked back. In a business, when you go through a recession, the last thing you cut is your advertising budget. If we are trying to make efficiencies in any department, the last department should be Economic Development. I think Deputy Camp is on to something here. I really think we should be giving that a higher priority in everything we do, and I do not feel it is there.

I say that because when I have tried talking to P&R, I said, 'Yes, well, we have got Economic Development for that'. They are super people, but they are not the economy. We have all got to try and drive the economy, especially P&R – especially P&R – so double their budget. Triple their budget. Give them loads more money, but that needs to be front and centre. If we could adopt a growth in every postcode – well, Deputy Leadbeater is well on the way with his small producers on the Island – that might be a starting point for it. Yes, I thank Deputy Camp for this amendment. I can see where she is coming from and I would hope she could be a little bit more positive about things.

The Bailiff: Deputy Gollop.

Deputy Gollop: You do not often hear from Deputy Vermeulen that he would like to double or triple a budget, but he has said that about Economic Development. We, on Transport, inherited a bit of the old mandate of Commerce and Employment, but I actually support that. I have a great regret that in all my long years in the Chamber, I have never served on Economic Development. There may be many reasons for that, but you are very much, if you sit on that Committee, part of the political and corporate elite.

It is always, or nearly always, the most popular Committee for new Members to want to sit on, even though it has a very small budget. In some ways, its mandate has been eroded by other Committees. We have a bit of trading standards at Home. Social Security and Policy & Resources

are apt to take bits of it, so I would like to see it strengthened, I have to be honest, and one reason that might be fun is they probably go to more nice dinners than other Committees and meetings with successful people.

I think another really interesting fact about Economic Development as a powerhouse is the potential for being the one Committee, really, that brings money in and the economic development is so crucial. We hear what Mr Burnham says, but I think Mr Boris Johnson, George Osborne and Sir Keir Starmer said the same thing. We do need, I would say, not only a bigger budget, but a more interventionist approach.

In the last term we had former Members, the then Deputies Dudley-Owen, Murray and others, wanting more of a growth plan as part of the Corporate Tax. (**A Member:** Hear, hear.) I think we have many letters we have had from sceptical people about GST, want us to focus more on economic growth. I believe that comes with investment, it comes with private public initiatives, and although actually we are going a bit off the point of the GST tax package, but I think an integral part of that outward facing is to work with the business organisations and the public to get much more of a clear go for sustainable growth strategy.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Madam, I supported the debates on this amendment because unfortunately in her opening speech Deputy Camp took to, again, potentially misrepresenting what the Committee said and effectively continuing what appears to be an ongoing discreditation of the work that the Committee is doing and potentially of me personally as well. I wanted to also mention that there has been no engagement.

Deputy Camp: Sorry, point of order. I have an email. I think all I meant –

The Bailiff: That is not a point of order.

Deputy Camp: Is it not a point of order?

The Bailiff: No, a point of order is a particular Rule is not being stuck to. Are you saying it could be a point of correction?

Deputy Camp: A point of correction. Yes, I am sorry, I am not a walking encyclopaedia of our Rules at this point. I think characterising this as some sort of personality thing is –

The Bailiff: I think that, again, is a matter of opinion, so I am not going to allow that as a point of correction.

Deputy Camp: Okay. Fine.
Thank you.

Deputy Kazantseva-Miller: Thank you, madam.

Despite the summer recess, there has not been any engagement with the Committee on this matter. I appreciate Deputy Camp gave her apologies for why it has not happened, but the fact remains is that there has not been any engagement with the Committee.

I wanted to quote exactly what the Committee had said to Deputy Camp in our communication with her this week. I said that we have discussed this amendment as a Committee and with officers. I am quoting my email:

As you know, the development of an economic strategy is already one of the eight priorities of the Committee's Work Plan, which was agreed while you were a member of the Committee. We are therefore fully committed to progressing

this work and to co-ordinating with other Committees on areas where there is important overlap, including infrastructure, housing, skills, participation, resilience and so on.

3700 And I mentioned, as well, that:

The scope proposed by the amendment goes considerably beyond the mandate of the Committee *for* Economic Development, extending into areas such as health and education, as well as wider Government priorities, which is the remit of the Government Work Plan. It would also introduce a significant and ongoing reporting requirement, the additional capacity and resources for which have not been scoped and would not realistically be accommodated within the Committee's existing team without deprioritising other agreed areas of work. And for these reasons, the Committee is not minded to support the amendment, but we believe the better approach is to continue with the economic strategy already prioritised within our work plan, working collaboratively across governments where appropriate, while ensuring that responsibility for wider policy areas remain with the relevant committees.

3705 I think this is the context with which we have given the response to this amendment. I think the claims that we never talk about an economy, again, are misrepresenting what happens in this Assembly. Certainly, at Economic Development, this is all we are talking about. I guess the difference in approach is that our approach as a Committee is to constantly, decision by decision through the Committee Work Plan, undertake economic development, not through bringing amendments to the States but actually doing the work at communities and that is where the mandate is executed.

3710 So, Members, we are doing this work and these kind of amendments are just virtue signalling because this work is already being done, we are already leading that work, and we are progressing this work and I would like the Assembly to support us in continuing.

Thank you.

The Bailiff: Deputy Sloan.

3715

Deputy Sloan: Thank you, madam.

I am pondering about the wording of the amendment, having not read it in completeness, but Deputy Camp knows I fully support her sentiments in respect of the fact that we do lack a coherent growth strategy. I have been writing about this for years; it is not a new thing. In fact, also there is the copy of the book that Deputy Camp was referring to.

3720

The Bailiff: I do not think we allow advertising.

Deputy Sloan: We are not on television yet.

3725

But, in all seriousness, I have been making the point that we do not, as an Assembly, really get economic growth or what goes into it. If we did, we would not be so blasé about increasing expenditure and increasing taxes.

3730 We have gone through a cost-of-living crisis throughout this decade and our response is to increase spending and increase taxes. We have the Western European disease of stagnant productivity, increased expenditure, and zero growth. We have hardly grown for the last 10 years. Our finance sector has been in decline; the numbers of employees has been in decline.

3735 An Oliver Wyman report quite frankly does not touch the sides of the work that needs to be done. We do not focus on competitiveness as a number one, two and three priority. When I came to the States, it was the number one priority. I am thinking of bringing another amendment and ask you to vary the Rules, that a Proposition has to refer to its impact on the competitiveness of the Island whenever it is proposed.

3740 Because, unless people think about it constantly and make it their number one thought, you will forget about it, you will discount it, you will not do anything to improve it. I am serious, I am going to go away this afternoon, we will find out if you will vary the Rules in the morning. But, in terms of the sentiment though, whether or not we can create this bureaucratic plan, whether it can do any good, let us see where Economic Development takes us. I will go away and think about it between now and the vote.

The Bailiff: Deputy Goy.

Deputy Goy: Thank you ma'am.

Ma'am, in 1965 when Singapore was cut off from Malaysia, the first Prime Minister of Singapore, Lee Kuan Yew, famously wept on television. The reason why he wept was because his nation, his young nation was very poor, mostly Chinese immigrants, very lowly educated, no natural resources, not even enough water for the people.

Now, what Lee Kuan Yew and his team did not straight away do was to think of how best to tax the people, but to look around the Island and see what the strength of Singapore is. Now, Singapore sits on the crossroad of trade. For the longest time, the British had a port there, but it is an extraction port. The port is there just to extract minerals from Malaya and bring it back to Singapore and then ship it off to Britain.

Lee Kuan Yew looked at that port and thought, 'We could do much better than that. We need to have an international port that is meant for shipping and bonded warehousing, and then we need to have an international port and with that we can use our location as the master stroke to grow our economy', and the rest is history. Singapore today, a small nation of about 5 million-plus, 6 million, one of the biggest economies in the world, and they focus on economy.

I really like this amendment because it brings our attention back to what makes Guernsey prosperous. It brings our mind away from just taxing people and on to economic growth, which I said is one of the rungs that we should go on first before we reach the rung of broad-based taxation such as GST. Again, let me repeat this, alternative taxes, more targeted taxes, measures to cut Government waste, economic growth, and once we have exhausted and implemented all of these measures, then we should only look at broad-based taxes such as GST and the rest.

I can understand why Deputy Camp brought this amendment, because I can see that right now the Economic Development Board is basically doing the same old same old, not much change. Now, because of that, I think this amendment is justified because it is forcing us to refocus on what is really important for this Island and for its current and future growth. We have so much potential on this Island.

I do not know if people know this, and this is something that is quite interesting for all the new friends as well, we have about 500-plus ships going by our waters every day and we are doing nothing about it. If we are like Singapore, if we have that vision, we would have been able to tap into that traffic and make something out of it. People learn about reinvention of Guernsey. I think this is a good time to look at and to revisit the concept of reinventing Guernsey, because, to be honest, the finance industry is in its sunset and there is only so much you can do when it comes to taxation. You can only tax people that much, you cannot tax your way to prosperity.

Thank you. Members, please support this amendment.

The Bailiff: Thank you.

Deputy Inder.

Deputy Inder: I am going to try to be a bit kind, but I do not think it is going to last very long. I am not going to be, because I will tell you what I am getting a little bit bored of about this is narrative. There have been two Members of Scrutiny that everything that has been done in the last 10 years is absolutely rubbish and if only they were in charge of absolutely everything, everything would be brilliant.

Now, Deputy Camp –

Deputy Sloan: Point of correction.

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

3795 **Deputy Sloan:** That is not what I said. I have said that expenditure has grown over the last 10 to 15 years in real terms by 30%. I have not attributed anything to any personal comments of anyone.

The Bailiff: Deputy Inder.

3800 **Deputy Inder:** Anyway, the narrative is, and I maintain, that if only Deputy Sloan and Deputy Camp were in charge of everything, everything would be brilliant. But there is not one single idea in it. Deputy Camp herself stood up, and I thought she had had a conversation with someone else; she got up and presented it and basically said, 'I am the victim, no one is going to support this, this is rubbish'. Then she went on to say it was AI slop.

3805 That is exactly what it is. There is absolutely nothing in here beyond distinguishing wider economic benefits, resolve dependency and barriers, prosperity, wellbeing and long healthy lives and mutually supporting objectives. What does that even mean? I really do wish those Members that think they are brilliant and everything else is rubbish, if it said in here, 'I would like to identify all the economic elements of the property portfolio and move them into Economic Development',
3810 I would support it.

If it actually – I am not giving way. If I actually saw in here, 'To continue the work that Deputy Vermeulen and Deputy Inder did on promoting the marina' of which you spent £2.1 million – these are facts, we spent £2.1 million surveying. I would support it. But this says nothing. This says, 'Everyone get in a room, come up with a plan', have about 500 people having different
3815 opinions.

Please, Deputy Sloan, Deputy Camp, Deputy Collins, come up with an idea, something we can hold on to, something that is real, something you can do, something you can deliver, not just a strategy, a plan funded, and tell me what you are going to do. But please stop telling everyone they are wrong.

3820

The Bailiff: Deputy St Pier.

Deputy St Pier: Madam, 26(1).

3825 **The Bailiff:** Deputy St Pier has sought the guillotine motion. Those who still wish to speak in this debate, please stand in your places. If you can, Deputy Curgenvén. No, she does not need to. Deputy Goy, you have already spoken. No, this is not one of those motions. Do you wish for me to put it to the –

3830 **Deputy St Pier:** Yes, madam.

A Member: May I request an electronic vote?

3835 **The Bailiff:** Yes, you may request an electronic vote. States' Greffier, we are going to go straight to an SEV vote on this motion, please. Members, you have before you the motion to guillotine debate on Amendment 49. States' Greffier, would you kindly start the voting on this?

There was a recorded vote.

3840 *Carried – Pour 24, Contre 16, 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	Camp, Haley			
Cameron, Andy	Collins, Garry			
de Sausmarez, Lindsay	Curgenvén, Rob			
Dorrity, David	Gabriel, Adrian			

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

The Bailiff: There voted in relation to the motion to guillotine the debate on Amendment 49: pour 49, contre 16. Therefore the motion has been successful.

3845 Sorry, what did I say, Amendment 49? I do not know now, the numbers have gone off, but I can tell you it passed. Could you put the numbers back up, States' Greffier? Are you able to republish those numbers for me? Yes, you have taken them down. Are you able to put them back up again? Sorry. Pour 24, contre 16. I therefore declare the motion has passed on Amendment 49.

We will now turn to Deputy Niles, who is responding on behalf of P&R.

3850 **Deputy Niles:** It is interesting to be able to respond to this, because having sat as Vice-President of Economic Development, I can understand very well that when we were on there, and then I sat indeed on the Committee with Deputy Camp before she left after I did, and we had a definitive plan to put in place a complete economic plan for Guernsey, and it was on our agenda. I do not know
3855 how it has progressed since I left, but I am sure that somebody is working at it, and the Committee is working collaboratively.

In terms of collaboration and working together with P&R, something that was alluded to in the Treasury lead's speech at the beginning of our debate yesterday was that there is a plan for the establishment of a fund to promote economic development, and we will be liaising and
3860 collaborating very closely with the Committee for Economic Development to do that.

Two of the things that this amendment points to are already being worked upon as we speak, and so I believe it is a slightly disingenuous amendment that has been put in place, especially from someone who knows what her colleagues have been doing, and who knows every day when they get up to work on their agenda that economic development is what we are – no, I will not give way.

3865 I am going to say no more than that, other than to thank Economic Development for the work that they do for us, and I would encourage my colleagues to vote against this amendment.

Thank you.

The Bailiff: Deputy Camp.

3870 **Deputy Camp:** I do enjoy my time in these debates. It is always fun, and I really need to order that Kevlar. I will start with the nice things, I suppose.

Thank you, Deputy Vermeulen, for being supportive. As somebody who has been on ED, that says quite a lot, that you are willing to speak out against other people who have been on ED who find this quite problematic. I am not going to go into the reasons.

Sorry. Apologies. Yes.

Deputy Collins: Thank you for my colleague for giving way, ma'am. I would just like to thank Deputy Gollop for putting me in the elite. I was a member of Commerce & Employment between 2015 and 2016, and it pleased me greatly the economy grew over that period into 2017 by 3% to 4%.

I just also want to pick up on Deputy Goy's comment about the 500 votes. I do believe, ma'am, we use –

The Bailiff: Deputy Collins.

Deputy Collins: Yes, ma'am.

The Bailiff: You who know your rules, if I may say so, know that a give way is not for the purpose of doing a speech which you did not have the time to do because it got 26(1)'d. So, if you are doing a give way, you need to be talking about the sort of matters, even though it was quite brief, that, even though I recognise you were being chivalrous, Deputy Camp was speaking to. So, unless you are doing a proper give way, then you should sit down.

Deputy Camp, remember, it is like this.

Deputy Camp: Yes, I will not go into the reasons why I did not have time to consult on this amendment over the summer. I will not apologise for them either. They were genuine.

However, to Deputy Inder, I will accept your challenge because this is part of – you look at my manifesto; it is very simple. One of them was economic growth. This is something that I would love to do, did not get the opportunity to do. I do not care what other people say, what Deputy Kazantseva-Miller says or what Deputy Niles seeks to infer. This was not an opportunity I was going to have on ED.

The Committee Work Plan was also something that was formally approved after I left. I do not recall being necessarily part of the final approval of it before it was published, etc., it was still in draft as far as I am aware.

Sorry, I will give way.

The Bailiff: Yes, Deputy Goy.

Deputy Goy: Thank you, ma'am.

Ma'am, I just want to add to what Deputy Camp was saying. If Deputy Camp today were to bring in more details in her amendment, I think Deputy Inder will probably torpedo it as well, or 26(1) it. I do not know. I cannot see the point in that argument.

The Bailiff: Deputy Goy, if Deputy Camp wants to bring another amendment, she can, but what she cannot do, as I am sure Deputy Camp knows, is change this amendment. This amendment is this amendment.

Thank you very much, Deputy Camp.

Deputy Camp: Yes, absolutely. I am talking to this amendment and you can be sure, watch out for a future plan from myself. I will also give way.

The Bailiff: Deputy Sloan.

Deputy Sloan: It is wrong that somebody should be attacked for total honesty and how they derive a piece of paper. In terms of coming up with plans, if Deputy Inder will recall, I did say that I would come up with a different amendment that referred to – was not related to this, and it is quite boring to listen to projectionism from the top bench about marvellousness.

3930 There is a reason why Deputy Camp and I stood for election, is that we were not happy with the way things have been for the last 10 to 15 years. In fact, there are a load of people out there that have not been happy with the way they have been for the last 10 to 15 years.

So, if somebody wants to have the good grace to come up with an amendment to suggest producing a plan to get us out of this mess –

3935 **The Bailiff:** Deputy Sloan, take your volume down, please.

Deputy Sloan: Sorry, ma'am.

3940 **The Bailiff:** This is a debating chamber. Deputy Inder was quite reasonable to bring those challenges to you and you need to deal with them in the appropriate fashion, which is that this is a debating chamber, not where we get angry with each other.

Deputy Sloan: Ma'am, he was –

3945 **The Bailiff:** I heard what he said, Deputy Sloan. I am asking you to take the temperature down in your voice –

Deputy Sloan: I appreciate that, ma'am, I –

3950 **The Bailiff:** – I can hear your voice.

Deputy Sloan: I am doing that; sorry, my apologies.

3955 But he was wrong in attributing to what he was wrong factually and incorrectly about what I said. He attributed comments that were not true. He did not listen to the debate. He did not listen to what I said because I said I was not entirely sure whether I was going to support it or not.

So, therefore, what he needs to do is listen to what people say and if he had been a bit more listening over the last 10 to 15 years, we would not necessarily be in this situation.

I will give way to Deputy Camp who was talking about the idea that there might be a better alternative.

3960 **The Bailiff:** Deputy Camp.

Deputy Camp: Thank you. Sorry, I did not –

3965 **The Bailiff:** Deputy Curgenvén.

Deputy Curgenvén: I thank Deputy Camp for giving way and I thank all of her efforts going into this. Would Deputy Camp agree with the S&P global rating report that she mentioned about economic growth?

3970 **The Bailiff:** She did mention that report, did she? I am sorry.

Deputy Curgenvén: Thank you, ma'am.

3975 Where they said, because obviously we have been told that our credit rating is very important, and I think this was missed, and I think this is what Deputy Camp was alluding to. And I hope that Deputy Camp will correct me if I am wrong, ma'am. I do apologise.

It says, and I quote:

We could raise the rating, the credit rating of Guernsey, if Guernsey's economy significantly outperformed our expectations ...

3980 and I think our growth is basically stagnation in disguise, was it 0.6% or something like that, I mean, yes, it is terrible.

... resulting in stronger fiscal outruns and Government balance sheet.

Also they talk about:

3985

The substantial improvements in the quality and timeliness of national income accounts data could also lead us to take a positive rating action.

So just to speak to what Deputy Camp was saying before, I think that obviously her amendment, if she agrees, could affect our credit rating for the positive.

Thank you, ma'am.

3990

The Bailiff: Thank you.
Deputy Camp.

3995 **Deputy Camp:** I did raise S&P and I did promise I would not say it again. So that is probably why other people missed it. But, yes, this comes from a good place. It comes from a place of: can we put economic development as importantly as we do everything else? I appreciate that five people go and sit in a room once every couple of Tuesdays, or whatever it is, and talk about this, but there is very little opportunity that we do that here.

4000 That was what I was hoping to achieve, is to try to empower Economic Development, not to curtail it, not to attack it. That is not the point. I was hoping to make it a bit more whole and have the whole of the Assembly be carried along on that as well. But there we go.

Deputy Vermeulen told me to be more positive, but I think Deputy Vermeulen was wrong. I am the realist. Apologies, but we are all allowed one crazy moment.

Thank you.

4005

The Bailiff: We are, indeed, Deputy Camp.
States' Greffier, would you kindly open the voting on Amendment 49?

There was a recorded vote.

4010

Not carried – Pour 14, Contre 25, Ne vote pas 1, 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			
Curgenvin, Rob	Cameron, Andy			
Gabriel, Adrian	de Sausmarez, Lindsay			
Gollop, John	Dorrity, David			
Goy, David	Falla, Steve			
Hill, Edward	Hansmann Rouxel, Sarah			
Kay-Mouat, Bruno	Helyar, Mark			
Matthews, Aidan	Humphreys, Rhona			
McKenna, Liam	Inder, Neil			
Ozanne, Jayne	Kazantseva-Miller, Sasha			
Sloan, Andy	Laine, Marc			
Snowdon, Alexander	Le Brun, Ross			
Vermeulen, Simon	Leadbeater, Marc			
	Malik, Munazza			
	Montague, Paul			
	Niles, Andrew			
	Oswald, George			
	Parkinson, Charles			

Rochester, Sally
Rylatt, Tom
St Pier, Gavin
Strachan, Jennifer
Van Katwyk, Lee
Williams, Steve

The Bailiff: There voted in relation to Amendment 49: pour 14, contre 25, and there was 1 abstention. I therefore declare that the amendment has not passed.

Members, we will now have a break until half past four. While we are having that break, when we come back, because we are going on until 6.30, when we come back, I will put a motion to the Chamber about sitting tomorrow. My starting point will be the same as today, that we have an hour for lunch and we should go on until we finish the tax debate, will be my starting point, and then obviously the schedule. But that will be my starting point and obviously, if that is not passed, we will work back from there. But I do know that you will want to make your plans for tomorrow.

Yes, Deputy Rochester.

Deputy Rochester: Did you say a half-hour break?

The Bailiff: Well, in fact, it is already three minutes past, and I have generally found that people are not terribly good at arriving back on time. So I thought if we have a nice half an hour, everybody knows what time 4.30 is, so we will come back then. Everybody can do everything they need to do, but can we start promptly, please?

Thank you.

*The Assembly adjourned at 4.03 p.m.
and resumed its sitting at 4.31 p.m.*

**Procedural –
Motion for shorter lunch break at tomorrow's sitting and
sit until 7 p.m. at today's sitting**

The Bailiff: I was going to deal with times tomorrow first. Members, should we deal first with lunchtime tomorrow? The motion I am going to put to you all is we do another short lunchtime. I know we are making quite good progress, but we have still got quite a way to go. But, ultimately, it is your decision. So the motion is that we sit again tomorrow until one, have a break for an hour, and then continue at two o'clock.

Those who support the motion, please say pour; those against.

Members voted Pour.

The Bailiff: So we will take an hour for lunch tomorrow.

Deputy Leadbeater has asked me, and it is a fair question, to ask those people who would not be able to make a sitting until 6.30 tomorrow, or until we finish – so let us assume it is well after 5.30 – to stand in their places so that we can see what we are talking about in terms of availability.

My suggestion would be we go until we are finished, because it is doable. I am prepared to do that. I have plans tomorrow evening, but I am quite prepared to set them aside in order to get this tax debate done. *(Interjection)*. I have a 20-year-old daughter, and an 18-year-old daughter actually. *(Laughter)*

Yes, Deputy Laine.

Deputy Laine: I just need to say that I am hosting about 40 people at a commercial event tomorrow, and, as I say, I am the host. I cannot not be there, so I have good reason to not be here in case anyone sees me out.

4055 **The Bailiff:** Yes, Alderney Representative Snowdon.

Alderney Representative Snowdon: I was just going to say, would Saturday work, or would that be a really big problem, just availability on Saturday?

4060 **The Bailiff:** The difficulty with going on to Saturday, apart from availability, is that then we have to talk ironically about overtime matters. Not for me, but the Royal Court has to be opened up. You have to check there is availability. Security, there are all sorts of issues, so it is not as simple as just saying we can carry on, on Saturday.

4065 Although, of course, often the Royal Court is open on Saturday because we also deal with remands, but that is an as-required basis. So, rather than answering every question, can I put the motion to the Chamber, and people will have to vote whether they want to support the motion or not. So the first motion –

Sorry, please – yes, Deputy Laine.

4070 **Deputy Laine:** Sorry to test your patience.

I did wonder if perhaps we could extend this evening in the likelihood that we would not have to eat so much into the weekend.

4075 **The Bailiff:** I am happy to put that motion, Deputy Laine.
Yes, Deputy Gabriel.

Deputy Gabriel: I am very sorry to test your patience, ma'am.

I am just after some clarification. Tomorrow, it is half past six or until we finish, and that could be eight o'clock, ten o'clock?

4080 **The Bailiff:** That would be my starting point.

Deputy Gabriel: Or is 18:30 the –

4085 **The Bailiff:** I am just going to put a motion, and you need to vote for it or not. I am not going to debate it each time with each person putting on what I know are helpful suggestions, but we are obviously losing time on the debate by doing so.

4090 So my first suggestion, which is a fair one from Deputy Laine, is that rather than finishing at half past six, we go on until at least seven o'clock this evening. I'll just check, States' Greffier, are you available to stay until seven o'clock? We will start with seven o'clock.

Those who support a motion that we continue until seven, please say *pour*; those against.

Members voted Pour.

The Bailiff: We will continue until seven.

4095 One option, of course, is we see how far we get, and we review the situation just before we close this evening. So we will see how far we get, and I will not put the rest of the motion to the Chamber until we get close to seven o'clock this evening.

Deputy de Sausmarez.

4100 **Deputy de Sausmarez:** Just wondering if it is worth planting the seed of an earlier start tomorrow morning as well?

The Bailiff: We will plant the seed, and we will deal with it before we finish this evening. It is always open to Members, Deputy Vermeulen, to put forward a four-day meeting. The States, as far as the States' Greffier is concerned, as far as the Presiding Officer is concerned, we are dealing with a three-day meeting that the Members have asked for, and that is what we are going to deal with. The four-day meeting is not within the gift of me or the States' Greffier.

A Member: Can I just share with you, last term, quite often in a month we would have two four-day meetings.

The Bailiff: Yes, it did happen on a number of occasions, but at the moment we are only dealing with a three-day meeting.

Tax Reform 2026 – Debate continued

Amendment 50:

'To insert the following Proposition after Proposition 3, and to renumber the existing Propositions accordingly:

"4) To agree that —

a) the Overseas Aid & Development Commission should aim to maximise Guernsey's ability to do good on the world stage through leveraging corporate and charitable giving for maximum effectiveness;

b) decisions on overseas aid should be made with regard to the effectiveness of the proposed interventions;

c) the Cash Limit of the Overseas Aid & Development Commission for 2029 and each year thereafter shall be set at £5,026,000, being the Commission's Authorised Budget for 2025, no inflation allowance or other addition being applied to it; and

d) Resolutions III 3 and III 4 of Billet d'État XIII, 2019, made by the States on 18th July 2019, are rescinded."

The Bailiff: Anyway, can we now move on to the debate, and I am going to ask for Deputy Curgenvén, in relation to his Amendment 50, first, before he stands up, can he, from seating position, say whether or not he wishes the States' Greffier to read out his amendment?

Deputy Curgenvén: No thanks, ma'am.

The Bailiff: Okay. So, over to you then, Deputy Curgenvén, Amendment 50.

Deputy Curgenvén: Thank you, ma'am.

This amendment does not end our overseas aid programme. It does not reduce it to zero. It sets the Commission's cash limit for 2029, and every year after that, at just over £5 million. The Commission's own authorised budget for 2025, with no further inflation or automatic increases on top; that is it. On the Budget's own figures, the Commission's cash limit rose from £3,855,000 in 2023 to £5,608,000 this year, a 45% cash increase in just three years.

The path the Budget describes continues that rise by a further £400,000, plus inflation, every year to 2030. Fixing it instead at the 2025 level saves in this region of £32 million over the decade from 2027. I will repeat that again, ma'am; £32 million it saves the Guernsey taxpayer.

Members will recall that this Assembly agreed to the Rylatt and Humphreys' amendment directing a 1% real terms reduction in every Committee's baseline. I have seen recently the letter to

4135 my Committee from the Treasury lead of P&R saying that this approach is the simplest, most transparent and egalitarian way to apply it, and states plainly that the same target applies to all other Committees.

P&R's own letter admits not one Principal Committee hit the target this year, but the Overseas Aid Commission was never even asked the question, while other Committees missed the difficult target while trying. I have already seen the rebuttal coming, that a move like this damages our reputation, that a wealthy Island turning its back on the world's poorest looks bad.

I would ask Members to sit with an uncomfortable question before reaching for it. What does it say about our priorities if we are more concerned about how we look with outsiders than with what is happening to our own people right now, and if we will demand restraint from such Committees as Home Affairs and Housing, but not from this Commission.

Only recently, the Committee I sit on was refused funding intended specifically to help some of the most vulnerable children in our care. The States' own Household Income Estimates Report puts numbers on the wider picture; 55% of single parent households here live below the relative poverty line, 40% of single pensioners and 19% of our children all living below the relative poverty line. Our food banks are publicly appealing for donations because their shelves are empty.

On the last serious assessment, more than 1,000 Islanders live without what is called secure accommodation and we have a suicide rate substantially higher than Jersey's or the UK's, described by local charities as among the highest in the British Isles. I do not say any of this to be dramatic.

4155 **Deputy Oswald:** Point of correction.

The Bailiff: Yes, Deputy Oswald, what is your point of correction?

Deputy Oswald: The statistical analysis of our suicide rate differs significantly from neighbouring jurisdictions. Maybe it is all about small numbers. Small numbers might be higher.

The Bailiff: Deputy Oswald, you have gone beyond a point of correction.
Yes, Deputy Curgenven, please carry on.

4165 **Deputy Curgenven:** I say it because if an Island this wealthy cannot move that figure we have to take a look – a long hard look – in the mirror, and ask ourselves whether our priorities are right. I am not asking Members to vote against overseas aid; not at all. And I do not say the needs of the world's poorest are somehow less real than ours. They are often far more severe.

That is exactly why paragraphs (a) and (b) of this amendment matter so much. They ask the Commission to maximise its impact by leveraging corporate and charitable giving and to weigh the effectiveness of what the funds do. Those are not my words; they are the Commission's own from its 2019 policy letter.

The evidence behind that approach is clear. The most effective aid interventions can do 15,000 times more good per pound than the least effective ones. We may do more good with the world's poorest with a disciplined £5 million spent with rigour than an ever-increasing growing one spent on autopilot.

When it comes to the 2019 target this amendment revisits, it is worth recalling that the Commission itself told this Assembly, before that target was ever set, that Guernsey may always fall short of it and that the States might need to weigh it up against our low tax status and pressing Island priorities.

The Bailiff: Ten seconds left, Deputy Curgenven.

Deputy Curgenven: Thank you, ma'am.
I urge Members to support this.

The Bailiff: Alderney Representative Hill, do you formally second it?

Alderney Representative Hill: I formally second it, ma'am, thank you.

The Bailiff: Deputy St Pier.

Deputy St Pier: 24(6), ma'am.

The Bailiff: Deputy St Pier is seeking a motion under 24(6). He does so on the basis that the amendment goes further than the original Proposition. I do find that it goes further than the original Proposition and therefore the motion is that the amendment not be debated and no vote be taken thereon. So those who support the motion that no further debate and no vote is taken on this amendment please say pour; those against.

A Member: Can we have a recorded vote, please?

The Bailiff: Yes, we may. States' Greffier, would you put a recorded vote on for this? Members, this is a motion 24(6). To remind you, this is that Amendment 50 should not be further debated nor a vote be taken thereon because I have found that it goes beyond the original Proposition. So it is on the SEV before you. States' Greffier, would you kindly open the voting?

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
Blin, Chris	Camp, Haley	Snowdon, Alexander	None	None
Burford, Yvonne	Collins, Garry			
Bury, Tina	Curgenven, Rob			
Cameron, Andy	Gollop, John			
de Sausmarez, Lindsay	Goy, David			
Dorrity, David	Hill, Edward			
Falla, Steve	Kay-Mouat, Bruno			
Gabriel, Adrian	Leadbeater, Marc			
Hansmann Rouxel, Sarah	Matthews, Aidan			
Helyar, Mark	McKenna, Liam			
Humphreys, Rhona	Sloan, Andy			
Inder, Neil	Van Katwyk, Lee			
Kazantseva-Miller, Sasha	Vermeulen, Simon			
Laine, Marc				
Le Brun, Ross				
Malik, Munazza				
Montague, Paul				
Niles, Andrew				
Oswald, George				
Ozanne, Jayne				
Parkinson, Charles				
Rochester, Sally				
Rylatt, Tom				
St Pier, Gavin				
Strachan, Jennifer				
Williams, Steve				

The Bailiff: In relation to the motion 24(6) there voted: pour 26, contre 13, and there was 1 abstention, therefore we will not take a vote on Amendment 50 and we will move on.

Amendment 13.

'1. To insert a new Proposition:

"To agree that:

a) the expenditure reductions assumed within the financial modelling supporting this Policy Letter shall be supported by a published Savings and Service Optimisation Programme;

b) the Programme shall identify, for each financial year to 2029:

i. each individual savings or service optimisation initiative;

ii. the Committee responsible for delivery;

iii. the expected annual financial benefit;

iv. the implementation timetable;

v. delivery milestones;

vi. the principal delivery risks; and

vii. whether the saving is cashable, recurring or non-recurring;

c. the Policy & Resources Committee shall report to the States half-yearly on progress against the Programme, including any variance between projected and realised savings and any replacement measures proposed where savings are not achieved; and

d. the 2030 Assurance Review (or such other method in the event the 2030 Assurance Review is not approved) shall include an independent assessment of the extent to which the assumed expenditure reductions have been delivered and whether they have proved sustainable."

The Bailiff: Amendment 13. Deputy Camp, do you wish the States' Greffier to read the amendment?

4220

Deputy Camp: No, that is okay.

I do apologise, this is me now not being at all ready and I have lost all of my pages, number 13. It is my lucky number, let us see if it works.

4225

Very much a continuation of a theme from me in that, when we are saying that we are doing things, I would essentially like us to demonstrate that we are doing that, in particular the policy letter we will come to debate at some later point marches us on to 2030. It would be useful for us to have as we hit that 2030 review, or whoever is fortunate enough – if that is the right word – to be here in 2030, and in between, is to hold that window up to ourselves and see how we are doing against that particular promise that we made.

4230

In short, that is all this is asking us to do. I do not think it is asking us too much. My understanding – I wrote this a very long time ago, but this could be tacked into any number of different ways that this is reported by P&R, by Committees, etc. Everyone has mechanisms through which to tell us all lots of lovely stuff and they can do that here. But, again, this is just part of us, rather than virtue signalling as an Assembly, put our money where our mouth is and demonstrate what we are doing so we can decide whether we need to change course or if we are going in the right direction. So, that is it from me. I hope you can support this one.

4235

Thank you very much.

The Bailiff: Deputy Collins, do you support this amendment?

4240

Deputy Collins: Yes, ma'am, I do.

The Bailiff: Yes, Deputy Burford.

4245

Deputy Burford: Ma'am, if it expedites debate, the Policy & Resources Committee support this amendment.

The Bailiff: Thank you.

4250 **Deputy Inder:** 26(1).

The Bailiff: Deputy Inder has asked that we guillotine debate on this amendment. Those who wish to debate this amendment, please stand in your places. Do you wish me to still put the motion to the Chamber?

4255 Members of the Chamber, those who support the guillotine motion to guillotine debate on Amendment 13, please say pour; those against.

Members voted pour.

4260 **The Bailiff:** Therefore, we will go straight to Deputy Falla, who is replying on behalf of P&R, if he needs to say anything at all.

Deputy Falla: I shall be brief. P&R will support this amendment. It seeks to formalise reporting on the savings programme by setting out the initiatives as a programme with twice-annual reporting to the States and a 2030 Assurance Review independently assessed.

4265 Prior to the July debate, Deputy Camp indicated to P&R that the half-yearly update can be a summary of information from Committees at a high level and Committees may also wish to provide a progress update in their routine statements to the States.

4270 The amendment calls for the setting out of savings as a programme prior to delivery, but it would be important that these should not be published as some could be either commercially sensitive or impact directly on public sector staff. Publication of savings delivered would be possible, however, and reporting could form part of the annual Budget report.

4275 Annual reporting would be preferable to six-monthly, as six-monthly would require at least twice the work. The suggestion that the 2030 review being assessed independently warrants further consideration, as there could be a cost of having an independent review, although potentially this could be done by internal audit.

Thank you.

The Bailiff: Deputy Camp.

4280 **Deputy Camp:** Yes, thank you.

All resolutions are proving indicative rather than necessarily hard cast in stone, so all that makes perfect sense from P&R's response. I agree that, when we say an independent assessment, there are multiple ways of achieving independence without having to throw tons of cash at it. So I completely agree. That is probably all I need to say in response to that debate.

4285 Thank you very much.

The Bailiff: Thank you.

States' Greffier, would you open the voting on Amendment 13?

4290 *There was a recorded vote.*

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

Pour

Blin, Chris
Burford, Yvonne
Camp, Haley
Collins, Garry
Curgenven, Rob
de Sausmarez, Lindsay
Dorrity, David
Falla, Steve

Contre

Cameron, Andy

Ne vote pas

Bury, Tina
Humphreys, Rhona
Parkinson, Charles
Rochester, Sally
Rylatt, Tom
St Pier, Gavin

Did not vote

None

Absent

None

Gabriel, Adrian
Gollop, John
Goy, David
Hansmann Rouxel,
Sarah
Helyar, Mark
Hill, Edward
Inder, Neil
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
Sloan, Andy
Snowdon, Alexander
Strachan, Jennifer
Van Katwyk, Lee
Vermeulen, Simon
Williams, Steve

4295 **The Bailiff:** There voted in relation to Amendment 13: pour 33, contre 1, there were 6 abstentions. I therefore declare that the amendment has passed.

[Amendment 28:](#)

'To insert an additional Proposition as follows:

"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 wealth and asset-based taxation measures as potential revenue-raising tools, including consideration of their potential contribution to fiscal sustainability, tax equity and the broadening of the Bailiwick's tax base, and the extent to which such measures could be implemented without materially undermining the competitiveness of Guernsey's economy, including its financial services sector, or its ability to attract investment and economically active residents.

Such work shall include the commissioning of independent analysis to understand and quantify the net economic and fiscal contribution made by High-Net-Worth residents and associated relocation programmes.".'

The Bailiff: Deputy Bury, is it right that you do not wish to lay Amendment 22?

4300 So we now move to Amendment 28. Deputy Bury, would you like the States' Greffier to read the amendment?

Deputy Bury: No.

4305 This is an amendment based on principle and evidence. It introduces no new tax, delays no part of the package, and prejudices no future decision. It is a proportionate amendment that simply ensures that, before we or future Assemblies are asked to consider increasing GST or introducing further broad-based type taxation, they have robust evidence on whether wealth and asset-based taxes could form part of the solution.

4310 I accept that there is a structural fiscal challenge and, as I have said before, I am not fundamentally opposed to the GST package. In fact I think a form of consumption tax is probably inevitable. My concern has always been one of sequencing and fairness. To me, that means before

asking ordinary working people to pay more on everyday essentials, we should be satisfied that other significant revenue-raising options have been properly explored.

4315 At present, wealth-based options have not been fully examined. The Tax Review Sub-Committee explicitly excluded capital taxes, inheritance taxes, wider personal tax reform, and a number of other wealth-related measures from its remit. That does not mean that those measures are right for Guernsey, and I acknowledge that international experience suggests many wealth taxes have proven difficult to implement successfully.

4320 The work proposed by this amendment may well conclude that such taxes are not viable here and that GST is ultimately the necessary solution. But that conclusion should be reached on the basis of evidence, not assumption. A significant public concern about GST is simple: have those with the greatest ability to contribute been properly considered first? Whether Members agree with that view or not, it is a concern that we should address. Even if the eventual answer is that wealth taxes are unsuitable for Guernsey, there is value in showing the public that the question has been properly
4325 tested and transparently assessed.

This amendment would also help us better understand and quantify the impact of our high-net-worth programme. Too much of that debate is anecdotal. We hear claims at either end of the spectrum that high-net-worth individuals contribute enormously, create jobs, invest in our community, or conversely that they inflate house prices, contribute very little, or would leave if taxed
4330 differently. This amendment simply directs that we should seek evidence rather than rely on assertion and anecdote.

Ultimately, this amendment can work alongside the wider package. If GST is approved that should not mean we stop exploring more progressive alternatives. The question we are posing in this amendment is not whether GST is inherently wrong; the question is whether we have done
4335 enough to demonstrate that all credible alternatives have been examined before asking every consumer to pay more. This amendment will help us answer that question and so I ask Members to support it.

Thank you, ma'am.

4340 **The Bailiff:** Do you formally second this amendment, Deputy Ozanne?

Deputy Ozanne: I do, ma'am, and I would like to use this opportunity to speak, if I may.

4345 **The Bailiff:** Yes, you may.

Deputy Ozanne: Thank you, ma'am.

One of the things that has made Guernsey so famous is our granite. Some of the most visual forms of this are the massive slabs of stone that are in key strategic places around the Island, and which have stood for thousands of years forming some of the most remarkable prehistoric
4350 monuments in the British Isles. Among the best known of these is Le Déhus Dolmen, dating back more than 5,000 years. For centuries, the stones of the Déhus stood in plain sight. People knew they were there; they could see them clearly. But for generations there was a reluctance to disturb something that had acquired an almost sacred status.

It took courage to challenge that assumption, to dare to dig beneath the surface, and to ask what might be there. When they did, they discovered what those stones had been protecting for
4355 thousands of years were significant archaeological artefacts that opened a window into a world that had otherwise remained hidden.

My point being that sometimes the things we are most reluctant to touch are precisely the things that we need to examine. A wealth tax may feel like a sacred cow, something that is simply too controversial or, I am told, too dangerous to contemplate. But perhaps we need the same courage
4360 to dig beneath the surface, to ask the difficult questions, and to find out what might be there.

Ma'am, we are facing some very difficult choices about how we raise the revenue necessary to sustain our public services and that we must look at our spending and the need to make necessary

savings. In examining taxation, we are considering what more can reasonably be asked of all individuals, businesses, and consumers. But if we are serious about examining every credible option, then surely we have to be prepared to look beneath the surface of our existing tax system too. That means examining wealth.

I want to be clear that I am not saying that Guernsey should introduce a wealth tax. I am saying that we should find out whether we should, and reassure Islanders, particularly those who are so concerned about the impact GST will have on them. That is why we should commission an independent review to examine the evidence properly. What could a wealth tax realistically raise? Who could pay it? What thresholds and exemptions would be appropriate? How would we value property, businesses, investments, and other assets? What would the administrative cost be? What would be the implications for investment in our economy? Are there alternative ways of taxing wealth, which might achieve the same objectives more effectively?

These are all complicated questions, but complicated is not the same as impossible. I believe there is a particular reason why we should be prepared to ask them in Guernsey. But we are a very small community and when there are significant differences in income and wealth in a population our size, those differences are not just abstract statistics. We see them every day when we are filling up our differing cars or pushing our shopping trolleys with very different contents around the same supermarkets, driving past houses where our relatives once lived and now we can only dream of purchasing.

Specifically, we see the contrast when substantial wealth exists alongside the pressures of those who are working extremely hard but still struggle to make ends meet. I want to be clear, this does not mean that having wealth is wrong, nor does it mean that successful people should somehow be penalised simply for being successful. But it does mean that we should be prepared to ask a straightforward question: is our tax system asking the right things of the right people? Is it fair? We cannot answer the question properly if we have refused to examine one of the most obvious forms of economic capacity, accumulated wealth.

An independent review would not prejudice the answer or prejudge the answer, it might tell us that a wealth tax would raise too little or it might tell us that the administrative difficulties would be far too great. Indeed, it might identify serious risks to our economy or it might identify a carefully designed approach which could make a meaningful contribution to our public finances. It could even tell us that there are better ways of achieving the same objective. Any of those conclusions would be useful and, because the purpose of the exercise is not to find evidence for a predetermined answer, the purpose is to make sure that we have looked.

That brings me back to the Déhus. The treasure was not visible from the surface, it took a brave Guernseyman, Mr Lucas, to risk the backlash of touching a taboo and investigate what lay beneath and so discover what had been there all along; that will be the Déhus, ma'am.

The Bailiff: Thank you.
Deputy Van Katwyk.

Deputy Van Katwyk: Thank you, ma'am.

I am just going to add a little bit of extra colour to Deputy Ozanne's story there about Le Déhus Dolmen. It was used in the 18th century as a pigsty, there was mess on the floor, there was mess on the walls, and there was even mess on the ceiling where our beautiful, bearded man, who might be the first ever depiction of God, currently sits. But what I am trying to point out is there is a bit of a mess here at the moment as well, and I will be absolutely supporting this amendment, which looks to clear up that mess and get Guernsey spick and span for the future.

Thank you.

The Bailiff: Deputy Oswald.

Deputy Oswald: Thank you, ma'am.

I am truly split over this amendment. I totally appreciate some of the expressed views expressed by Deputies Bury and Ozanne. Looking at the Proposition, it is clearly split into two parts. The second part, or the second paragraph of the Proposition, includes the commissioning of independent analysis to understand and quantify the net economic and fiscal contribution made by high-net-worth residents. I totally support that.

I would be very positive and support the total amendment if that paragraph and that review could be carried out first, so we do not base what we might recommend on – as Deputy Bury puts out – anecdote. She makes quite clear in the first paragraph that she does not want, through this process, to interfere with Guernsey's economy or frighten off essentially high-net-worth individuals.

I was talking to an estate agent the other week whose portfolio consists of a large number of Open Market properties and she says at the moment demand from high-net-worth individuals is very high indeed, but she also said any mention of wealth tax and they will be gone, because wealth is totally movable.

Now, that might be the right thing, and I refer you to a debate in *Private Eye* about 11 years ago, about exactly the same argument applied to very wealthy London residents, and no conclusion was reached. But I would very much like a hard basis of evidence before I decide how I can vote on this Proposition. At the moment, although I totally understand where it is coming from and I appreciate the reason for it, I cannot vote for it as it currently stands.

The Bailiff: Deputy Helyar.

Deputy Helyar: Thank you, ma'am.

Some of my views on this might surprise some people. The tax incentive that we provide to Open Market residents moving to the Island, I do not think we should provide that any longer because of the demand for those properties. We should harmonise our caps with Jersey. It would be great if we could harmonise our social security with Jersey as well, because we would be paying less.

The issue that I have with this, and it is a single and it is a legal issue, is the words 'tax equity' have a specific legal meaning in most contexts. Tax equity is a function used to encourage investors to put investment into long-term projects in return for which they get a tax break. That is what, in the legal context, the words 'tax equity' mean. If they mean something different in this context then I would not support it, because tax equity used in other terms is a subjective issue and the way in which it might be applied would depend on the perspective of the person applying it. I would not want to empower a resolution which gives open-ended discretion to whoever is responsible for preparing it to reach a particular view about the tax position.

Thank you.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Madam, the issue with this amendment is it is conflating what could be considered domestic wealth and people who might be moving to the Island, such as high-net-worth individuals, but also the domestic population with wealth structuring as an international financial sector. Conflating those two issues could be absolutely fatal, and just even putting the mention of wealth taxes on the table creates the red flags that we have just gone through for the last couple of years when we were the jurisdiction that was considering Corporate Tax reform and was used very successfully by our competitor jurisdictions next door.

The issue, if you look at effectively wealth and asset-based taxes, you largely have two taxes, which is capital gains and inheritance tax. Those are the two core taxes we do not have, and they are central to how we are currently providing some of the wealth structuring services through our financial services industry. That is specifically through the trusts, which is a very important and growing sector that Deputy Humphreys and others have a lot of experience, but also potentially the funds sector.

So, any mention that we are going to be looking at Capital Gains Tax (CGT) and Inheritance Tax (IHT) is fatal again for the next couple of years. We have just gone through this very significant uncertainty and have settled that we are not doing any further Corporate Tax reform. So putting this on the table, fantastic, another red flag so that we could be compared because we are creating another period of years of uncertainty until something is settled. The way this is structured is really fatal and I really caution all Members in considering these proposals.

Having said that, the high-net-worth and how we look at the relocators and stuff like that, yes, that is an area we should continually be looking and that, my understanding, is under review as part of the overall tax policy and the P&R is committing to do that through the Budget process. So that is the right place to be looking at it, you should be looking at it. There are all sorts of interesting ideas and things going on and let us keep it to that process.

So, please, Members, I strongly caution you against putting anything like this on the table. This is really fatal for us as a jurisdiction.

The Bailiff: Deputy Inder.

Deputy Inder: In a previous life, one of the first things I learned is you do not put Open Market and review in the same sentence, because that caused us a lot of problems many years ago. I would not say it shut down the Open Market sales, but it certainly caused a lot of grief and a lot of slowdown in the Open Market space from about 2013; it went on to about 2015, 2016. We have overcome that now.

I genuinely understand where Deputy Bury and Deputy Ozanne are coming from, but that is just down to political philosophy, I generally believe, and I just do not have that same philosophy. I have a concern about the signalling this amendment sends, what it does, rather than an investigation it proposes. We are asking people to invest in Guernsey, to bring their business here. It is worth reminding Members that the money that comes into the Island is all new money. It is new money, it is not money that we are generating, it is money that is coming into the Island being spent into the economy.

I am not in that position I was anymore, and Deputy Helyar knows far more about the terms such as capital gains and asset and wealth taxes than I do, and Deputy Kazantseva-Miller has already mentioned there is some workstream. I am just very concerned about signalling anything, because I hate the term and I am about to use it, and it is something that seems to come out of the Civil Service and I have used it once or twice, I am about to use it again, it is starting the hares running.

But it genuinely does concern me. It is all about the brand, it is all about Guernsey. I am not saying there is nothing in it, I am just worried that this becomes part of the tax strategy. If something was done quietly in the corner between Deputy Kazantseva-Miller, our Treasury lead, maybe some input from Deputy Helyar, fine by me. I just do not want to see it stated as a resolution that may or may not be approved later on.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, Madam Bailiff.

Deputy Oswald talks to his friend, the estate agent, saying that she deals with Open Market properties and saying that the interest would wane if there was any mention of wealth taxes, obviously, because turkeys do not vote for Christmas, so that is going to be an obvious thing. I do get that.

I remember, I was working in construction, I was working for a developer called James Messenger – he is no longer with us anymore – lovely guy. He is a high-net-worth individual himself, moved to Guernsey, a property developer. I worked for him for many years; really high-end, beautiful Open Market developments. I was not paying attention to local politics; I was doing a proper job.

But, at the time, I remember all the talk about the Open Market and the instability it caused and suddenly sales just dried up overnight and he was left with all of these Open Market properties on

his hands because he just could not shift them. Just the talk of it, the potential for the shift in the Open Market really sent a tremor. That had a knock-on effect on people like me lower down the chain and the lads that worked for me. It is something that we really have to be careful about; the messaging here is very important.

I am still not sure if I am going to support this or not at this point, because I can understand, and I think the point just made by Deputy Inder about a discreet piece of work is probably the best way to go forward if we are going to examine this.

I have just got a question on the Rule 4(1)(d), and it talks about:

If approved, the proposal would be carried into effect by existing internal resource as part of the work already envisaged as detailed in the policy letter using supplementary external subject matter expertise for the analysis, the contribution of a high-net-worth.

So, is this going to be an accountant, are we paying 10 grand a week for PwC to come in? I really do not understand where you get a consultant that is an expert in this kind of analysing. So I would just like some clarity on that and what the envisaged cost would be to the taxpayer, because obviously as soon as you are talking external subject matter expertise, you are talking extra costs. So, if Deputy Bury could address those when she is summing up.

Because of the history and because of the experience that I went through way back then, I am very cautious about supporting this and sending out the wrong message, because I know just that messaging can be so damaging. So still not decided how I am going to support this, even though I support the principle, and the suggestion by Deputy Inder would probably be the best way forward. But I will –

The Bailiff: You are teasing them now, Deputy Leadbeater.

Deputy Leadbeater: Did you want me to give way? (*Interjection*) Okay, I will be quiet.

The Bailiff: I am afraid Deputy Sloan beat you that time, Deputy Humphreys..

Deputy Sloan: Thank you very much, madam.

As Deputy St Pier will testify, there was a reason why in 2014 – I said Deputy St Pier, sorry, not Deputy Inder. In 2014, when we did the personal tax review, we just ruled out capital taxes just from the get-go for all of the reasons that have already been discussed this afternoon.

There is a reason why capital wealth taxes have not been introduced. There is an interesting fact: the 17 countries around the world, they received a report in 2017 – in 1990 the 17 countries that had individual wealth taxes, by 2017 only four that had them remained. The reason behind that is capital flight. Capital and wealth is mobile and we are an international finance centre. It is our main economic sector, it is structuring, it is what we do. I am sure I am going to be followed by people saying exactly the same thing.

It is a bit unfortunate because to be against the amendment is to be against an investigation into the possibility of whether you can do it. I think I know the answer already, and it is not necessarily it is not possible, but it signals that we, as a Chamber, also think it might be possible. It is the signal that can be taken and the message that can be used and abused by our competitors, and I will come back to this, and do not underestimate what our competitors do. Do not underestimate what the Jersey advisers will be saying to their clients if we pass this amendment, 'Look at what they are doing in Guernsey; look at their thought processes'.

The Bailiff: Deputy Humphreys.

Deputy Humphreys: Thank you, madam.

I will be very quick because I promised myself I would not repeat people in this debate, but it is hard not to. I have spoken to many relocators and their advisers leading up to this debate because

I am the ED link to Locate Guernsey. A lot of them said, 'We came because of the tax offering. We stay because we love your Island. We contribute more than you know, often discreetly'.

Deputy Kazantseva-Miller spoke about IHT and CGT. If I may, any other wealth taxes fall into the same; it may save discussion later. They are often making discreet contributions. I suspect a discreet review of the tax caps, a discreet review of wealth taxes, is the way to move this forward.

The Bailiff: Deputy Gollop.

Deputy Gollop: I was on the wrong end of that Open Market debate. I was not the only Member. But it did set a few hares running. That is unfortunate because the Open Market, as Deputy Leadbeater reminded us, is very much about optimism, it is about talking up Guernsey. But what we have heard from Deputy Humphreys, Deputy Sloan, especially Deputy Kazantseva-Miller, is an important message, but it is not the only message.

I can understand why Deputy Ozanne and Deputy Bury have put this amendment forward, because there is a perception out there about trust again that Guernsey is constantly asking relatively poor people for more money and not going for people of means. I have noticed that since GST started this time around, or rather perhaps even last term, there were many opponents as we know, some of them are conservative by nature and want to restrain public expenditure and find more efficient ways of doing things, no wasteful projects. But others, more so than I have heard for the last 20 or 30 years, we heard a bit in 1980s and 1990s, are resentful of successful people who are perceived to be utilising the Island.

So, we do need a public conversation about this. At the same time we do not want to frighten the horses, because we forget that we are not a steel town, we are not a coal town, we are not even a stone quarry town or island. We have growing and fisheries, but they are small. Even tourism to a degree. Our main industries are all about management and conservation of wealth. So we are extremely foolish to endanger that in any way.

I can understand the need for discretion behind the scenes, but that does not necessarily reassure either side of this debate. I probably agree with Deputy Sloan, having sat on Policy & Resources and been part of numerous other tax reviews, that there is not much money to be gained from this exercise. We have always been informed that the gains are small and will be self-defeating to a degree. I agree with Deputy Humphreys that some people who have built their business or moved here have seen the financial advantages of moving to Guernsey as a huge part, and then they love the Island for other reasons. They like our safe community, our views, the properties, whatever.

But you have to accept that, just as sports fans are keen on their sport, and artists are focused on art, and antique dealers will value your house, and all the rest of it, high-net-worth people are very focused on tax rates and fiscal competitiveness. Therefore, when we change this, we take a risk. But, on balance, I would say yes to this amendment but with extreme caution that it does not send out a message that we are going to radically look at things. But I know things have been looked at in the past and should not be the main line of conversation.

The Bailiff: Deputy Laine.

Deputy Laine: Yes, I will be quick.

Deputy Gollop just mentioned extreme caution and, on the basis of extreme caution, he would support this amendment. But extreme caution is not in his control. It is how it will be interpreted by Jersey and other places when trying to entice the very people that we might want to come here. So we do not have control over the messaging, so I share those concerns and remember when the bottom dropped out of the Open Market and the trickledown effect that it had.

But I thought I would just draw your attention to the fact that the liberal government of Holland only today announced that they were retracting their proposals for a wealth tax on unrealised gains, precisely because they were concerned about capital leaving the country. So this is real and, as has

been said before, I do not see there is any reason why these kind of things should not be considered by the tax panel as part of their everyday business and, if there is substance in it in the future, then so be it. Things may change in whatever way, but we will set the hares running by doing this, and it would be really unhelpful.

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The Bailiff: Deputy Blin.

Deputy Blin: Thank you, ma'am.

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The UK Government, with the change going on, has led to quite a number of high-net-worths relocating to Guernsey and that has been seen across. There is a reason. They were very unhappy with being in the UK, but they are very happy being here for multiple reasons; not only the tax, it is because it is close to their family and friends and it feels more comfortable and it is lovely weather, very friendly, etc.

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Now, what I have felt and heard in the past, and from my colleague Deputy Goy, that there is a lot of talk and feeling that there are a lot of wealthy people on this Island who are not contributing as much, etc., but we have to almost define the separation. You have very wealthy, for example, and, I will use the term loosely, employees, ultra highly paid people working for companies. Then you have the entrepreneurs who come over and then they set up companies, and we have seen quite a number of those and I have seen that in my commercial side of setting up companies and employing lots of people, etc. Then you have maybe the ultra-high-net-worth (UHNW), who is the beneficial owner and just sits there and he comes over here.

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There is a range there I have mentioned and they are all doing different things. So the ultra-high-net-worth might just buy a few properties for something, live between different jurisdictions, fly on private jets, and buy them all the things there. But across that range they are also creating opportunity, creating work, creating money for others as well. Now, we all know they are so nomadic it is incredible, you change one piece of one financial law in one place, they will just jump, they will go somewhere else and they will just say to you very happily, 'Loved it here, but there is a good deal over there'. They are not tied like we think.

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So it is very wise, the words of Deputy Laine and in fact of Deputy Helyar, we know we should be careful. So I also agree that there should be work on this because it would be nice to match certain caps, to improve them, to match up to Jersey, to match up to others. But that can be done literally within Treasury with some careful thought, careful words, and that would be very successful. Then we could gently make those changes.

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The reason I try to expand on it like this is because I know there are a lot of people I have spoken to who just say, 'It is not fair, there are these people just not paying any tax at all'. But when they do have their tax caps, the tax cap of one individual in that category is about 40 or so middle to average earners, just in that one cap there. So, again, I would say let us not support it. I take the essence – I will give way to Deputy Goy.

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The Bailiff: Deputy Goy.

Deputy Goy: Thank you, ma'am. Thank you to Deputy Blin for giving way.

I just want to say this – sorry, I lost my mind, I have lost my thought there. No, I will sit down.

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The Bailiff: Deputy Blin.

Deputy Blin: Thank you, Deputy Goy, a little break there.

To be fair, I have really come to the end of what I need to say, so you had better be very quick, Deputy Goy, if you are going to remember.

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But let us please consider it, I will not support this amendment, but I do support the sentiment of it. I think, across this Chamber, there is a feeling that this work can be done, just in a slightly different manner. I cannot stretch it any more.

The Bailiff: Deputy Goy can speak. He has not spoken yet.

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Deputy Blin: Yes, thank you.

The Bailiff: Deputy Vermeulen.

4680 **Deputy Vermeulen:** Thank you, ma'am.

My father, when he was alive, had three companies. One was a building company, one was a development company, and he had an estate agency, which my mother worked in and was very good at. I can remember as a young child you would walk into a room and you would be hushed up, 'What is going on?' 'Dad is watching the Budget', or, 'He is listening to it on the radio'. I could not quite, as a six-year-old or seven-year-old, understand why it was important that he listened so intently and the other four children had to be quiet as well.

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So, I asked the question, 'Why is he doing that, what is that about?' Basically, he had done all these developments where you would have 12 houses, three would be Open Market, the profit he would make on those would subsidise the Local Market ones, but first he had to sell the Open Market ones or the large ones in the grange which he developed. So he was basically waiting for the PM at the time to make a Horlicks of things and people to get completely unrestful and want to leave the UK. He would coincide it with lovely adverts in *The Times* newspaper. Guernsey, here is a picture of an outstanding house; Guernsey with its subtropical climate. Now, those houses he developed are still there today, they are still bringing in wealth to the Island and rotating the people in it.

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I am not going to support this. I do not want to see Guernsey make any more own goals than it already has. I am mindful of the upset the Open Market review caused last time. Open Market rentiers make a good contribution to the Island and they do provide business; we see it time and time again in investment on the Island. So I welcome that and I would like to see a bit more of it and I cannot wait until the end of the month, ma'am, when I will be tuning in to see what a Horlicks they made in the Budget in the UK again.

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Thank you.

The Bailiff: Deputy Goy.

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Deputy Goy: Thank you, ma'am.

Now, I remember what I was going to say. It is better said on its own.

Ma'am, I once spoke to a very wealthy person and he said to me, he is from the UK, 'Why should I pay taxes to Guernsey?' I said, 'Well, you tell me?' And he said, 'Well, you know what, I did not earn a single penny from Guernsey. All my capital, I live off capital, all my capital is from the UK. I spend a lot of good money eating out in nice restaurants very often. I hire gardeners to mow my lawn. I contribute to the economy, so why should I pay your taxes?' I said, 'Here is the reason. A lot of us also eat out at nice restaurants, we do not get tax breaks. A lot of very elderly people also use gardeners to mow their lawns; they do not get tax breaks. So why should you?'

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Consumption is not a reason for not paying taxes. If you are not paying taxes, it means we are subsidising your lifestyle. So I said to him, 'Besides, there are only a small number of you on this Island. Your consumption, your day-to-day consumption, is not going to make a material difference economically to this Island. However, your legal tax avoidance is denying the Government a substantial amount of money'. Then I asked this person, 'So, sir, what do you do for work?' and he said, 'I am retired'. So I said to him, 'Basically you are not even economically active on this Island', and he said, 'Yes, and this is why I can move. If you bring in wealth taxes, yes, I can just up and go'. I said, 'There you go, you make the point'.

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Here is the thing, the wealthiest people, they do not necessarily mind paying taxes, put it this way. I met some who are really good in that area too. I would like to say this, those who can easily

4725 up and leave are usually those without strong economic ties to this Island or strong family connection to this Island. They are usually internationally mobile individuals and they are usually also economically inactive.

So let me ask this question, if they were to leave, what are we losing now? I want to leave Members with this question.

4730 Thank you.

The Bailiff: Thank you.
Deputy Matthews.

4735 **Deputy Matthews:** Thank you, madam.

Madam, I read the amendment and note that, around the world, there has been a flicker of interest in wealth taxes in general. There have been some campaigns. There is a guy called Gary Stevenson who runs a YouTube channel talking about taxing wealth, not work, and there is an economist called Thomas Piketty who has talked about these sorts of ideas. I think, much though
4740 they are interesting, in a jurisdiction like Guernsey where we are largely set up where we look to attract people to live in the Island due to a low tax environment and attract high-net-wealth, they are just opposite and incompatible. It just does not really make sense to be, on the one hand, saying we would like to attract people to relocate to Guernsey and at the same time say we would like to look at the idea of taxing wealth, it just does not make sense as an idea.

4745 As some people have said, they are very difficult even to implement in other countries, and the countries in Europe which have tried to do it have found that it has been incredibly difficult for lots of practical reasons. How do you get a valuation of a generic wealth tax? How do you ask people what is your net worth? Because it can encompass all sorts of very complicated questions to do that.

4750 This amendment does make clear that it is looking at that sector. It talks about high-net-worths or high-net-worth individuals, so it is not looking at the general population, it is looking at what we think of as the Open Market population, I suppose. Various financial institutions have a marketing definition of what a high-net-worth individual is, and it has usually got some numbers attached to it, like £1 million in liquid assets. It is usually specified in liquid assets to not include property
4755 because an awful lot of people might have property valuations that high, but very few would have liquid assets that high. So banks usually work on that basis. But I just think that, in practical terms, this amendment has no legs because the obvious answer is that you just could not introduce a tax like that in Guernsey.

Deputy Bury almost seemed to accept that in proposing it. One of the unfortunate things though
4760 is that what Deputy Bury did talk about, what was quite interesting was the idea of can we get an idea of measuring these things. Because we often say in these debates we are very lucky and the basis of our economy, or one of the bases of our economy, is that we are able to attract people to come over and live here due to our lower tax rates. But we are not really able to quantify that. We say this and there is some logic in saying this, that is having wealthy people living here and they are
4765 entrepreneurs and they will provide all sorts of benefits, but quantifying the benefit of things is something we have not really done. It would be a useful exercise to be able to do that, to get an idea of that, especially because there are differences in between the approach that we take, the approach that Jersey takes, is there something more that we could be doing?

So that part of it would be useful and, if it were an investigation or asking some questions, which
4770 could just be done through Rule 14s or it could just be a request to P&R to do these sorts of things, that would be useful if it were not attached to the idea of introducing, or potentially introducing, a wealth tax, which, as many people will have said, the signalling is just all wrong on that.

But I wanted to make a second point as well, which is tangentially related to this, because there is a group just below that high-net-worth group, which banks often refer to as, not high-net-worth
4775 but just affluent, so people who have some wealth but are not necessarily in the high-net-wealth

bracket. Throughout this tax paper, madam, we just talk about income. We talk about high-income people, we talk about low-income group people, as if income is synonymous with wealth.

4780 Often it is, because people who earn a lot have usually got a lot of wealth, and people who do not earn, have low incomes, do not have very much wealth. But there really is not that strong a relationship between the two. Especially because we have had this huge asset price inflation over decades, it is entirely possible for people, especially because people attempt now, and often successfully –

The Bailiff: Ten seconds left, Deputy Matthews.

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Deputy Matthews: – minimise their exposure. It would be useful to talk about wealth and income separately.

Thank you, madam.

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The Bailiff: Thank you.
Deputy Williams.

Deputy Williams: Thank you, ma'am.

4795 Having got a bit more involved with the Open Market through my Housing Committee role, I have talked to a few people and what has come out of some of those discussions about high-net-worth individuals who tend to acquire Open Market properties, and obviously we have more interest with new inscriptions potentially coming through as a revenue earner for us all, is that when they seek advice from their accountant in the UK, or wherever there may be, they list up all the jurisdictions and what they are up to in terms of their tax regimes. If you are even talking about
4800 a wealth tax, it flags up on the system because it is like, well – and this is back to what Deputy Laine just mentioned, which I endorse. It will flag up, it is a red flag immediately, even though you have not introduced it, you are just talking about it, and it is out there in the public domain. It will filter through the media and the accountant's advice will be there and it will deter people from coming here.

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So I do not think it is a very good idea. It is too blunt. So I am not supportive of it. I do feel that potentially we need to, and it crops up in another amendment later about financial tax contribution similar to what Jersey require in terms of tax input to their Island, because we are missing out on something there. We would not be out of step. When you do any internet searching, a bit like Deputy Sloan mentioned earlier, wealth tends to move. It is very transient, and a number of
4810 countries have tried it because it sounds popular to the populace, but in reality it raises very little money and people just fizzle it out after a few years after it has been a disaster.

So, overall, I can see the sentiment, but I do not think it is workable and it will do us more harm than good, particularly when we have quite a fragile Open Market, it has been found in the past, when there was a bit of a disaster and it went on hold for several years.

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That is my piece, thank you.

The Bailiff: Thank you.

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

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The Bailiff: Deputy Falla has asked that we guillotine the debate, or at least I put a motion that we would guillotine the debate. Those who still wish to talk on this amendment, please stand in your place.

Deputy Falla, do you wish me to put the motion to the Chamber?

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Deputy Falla: Yes, please.

The Bailiff: Members of the Chamber, you have heard the request from Deputy Falla that I put a motion – Deputy Helyar.

Deputy Helyar: May we have a recorded vote please?

The Bailiff: You may indeed.

We are now going to have an SEV vote on guillotining the debate on Amendment 28. You can see the motion before you. States' Greffier, would you kindly open the voting on this?

There was a recorded vote.

Carried – Pour 23, Contre 14, Ne vote pas 1, Did not vote 2, Absent 0

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

The Bailiff: In relation to the motion to guillotine debate on Amendment 28 there voted: pour 23, contre 14, there was 1 abstention and 2 Members were not in the Chamber at the time of the vote. I therefore declare the motion has been passed.

I will turn to Deputy Parkinson to speak on behalf of P&R in relation to this amendment.

Deputy Parkinson: Thank you, ma'am.

Yes, I have some sympathy with the motives of Deputies Bury and Ozanne. However, the words of wisdom that we have heard from others who have said that to conduct such a review in a public way would be highly damaging to the Island's interests. So I cannot support the motion, which I feel sorry about, but this is not the way to do this review.

There is of course going to be Tax Review 2, which will conduct a wider look at Guernsey's tax system, but that is much more discreet and its affairs do not have to be public. So I just think that Deputies Ozanne and Bury are trying to go about this the wrong way. I would urge Members not to support it.

The Bailiff: Deputy Bury.

Deputy Bury: Thank you, ma'am.

4860 I will not have time probably to go through all the comments, but since they were all very similar, that is probably not an issue. Let us address the first and not unexpected theme, whether it is hares or horses, they are all running, or flags, or even in a jump to slightly more hyperbole, fatality.

But that was an expected message, it goes to entirely the point that Deputy Ozanne was making about the Dolmen; this is a stone that cannot be turned. Not only can it not be turned, it cannot even be breathed a whisper about, but there we go.

Some of us would like to breathe a whisper about it because, while this whole theme spoke to uncertainty for the finance sector, for businesses, for high-net-worth individuals, within that conversation we seem to have forgotten the uncertainty anvil that has been hanging over our entire population around the conversation of GST for years. We seem happy to have that uncertainty and fear and all the same things for a certain part of our population, but not for another. That was expected, as I said.

But, to Deputy Inder's point, it is a philosophy issue, and I do not think it would surprise anyone that it is Deputy Ozanne and I bringing it. So totally accept that people sit in different positions on it. That is why the amendment was an attempt to be worded very carefully, without materially undermining the competitiveness of Guernsey's economy, and it was about an investigation and it was about gathering evidence.

I will just go to a few specific points. Deputy Oswald said about the hard evidence and he actually supported the sentiment. While I apologise if it is not clear in the actual Proposition, the absolute intent of the amendment was to get the evidence, the hard evidence, and that is in the explanatory note in the third paragraph:

The amendment would enable evidence-based consideration of whether any such measures could contribute

To Deputy Helyar's point around the specific meaning of 'tax equity', I think I can probably reassure him that, considering my experience and his in this area, I was not using the specific term that he was referring to, more of a colloquial meaning around – you might interchange 'equality' – whether people all pay the same tax or those that can pay more would, so vertically or horizontally.

Moving on, Deputy Kazantseva-Miller: I think mainly the points were around the hares and the horses, same with Deputy Inder. Deputy Leadbeater did touch on those points, but also talked about clarity around the work. We envisage this work being rolled into what is detailed in appendix 3 from the Tax Review Sub-Committee. Admittedly, and honestly, I do not have an idea of what the cost of that would be, neither does appendix 3, but we imagine it would be one of the big four doing such work.

Moving through, I am trying to get to the specific points. I think a lot of people – and Deputy Blin is one that jumped out at me. He was talking about the range and that this is what will happen. The exact points he was making around it is anecdotal – and that is the exact point of the report that we are trying to achieve – is to try to quantify, as Deputy Matthews said, what is the value of our high-net-worth population?

Deputy Gollop, thank you for potentially your support, but I know it is never reliable until he pushes the button (*Laughter*), but I think he did make a pertinent point, and that is the point I was trying to make earlier about the uncertainty, that there needs to be a reassurance to the other side of this debate, which is our general population, that we are looking more widely than just their pockets. Many people have said that it should be a discreet piece of work. If it gets done, fine. I was trying to be open and transparent, but if we want to do it behind their backs, then feel free.

I think Deputy Goy's point is a useful one, the, 'What are we losing?' question. Again, that is what the report is trying to quantify. If there are high-net-worth individuals here who are not contributing, then if they leave, what are we actually losing?

To Deputy Williams's point, he said it is too blunt. I am afraid I disagree. It is not blunt in the slightest, because it is very broad. It is a direction to investigate and consider. It is not a direction for a specific tack or a specific measure, it is a direction to have a look at, but anyway, it is very clear which way the wind is blowing. That is not unexpected, but I do think that the community who are

so concerned about GST do want to see that some Members of the Assembly are considering other ways to raise revenue rather than just the pockets of those who are already struggling.

Thank you, ma'am.

4915 **The Bailiff:** Thank you.

Members, you have on your SEV Amendment 28. States' Greffier, would you kindly open the voting on that, please?

There was a recorded vote.

4920

Not carried – Pour 9, Contre 27, Ne vote pas 4, Did not vote 0, Absent 0

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

4925 **The Bailiff:** There voted in relation to Amendment 28: pour 9, contre 27, there were 4 abstentions. I therefore declare that the amendment has not been passed.

[Amendment 40.](#)

To insert an additional Proposition as follows:

'To direct the Policy & Resources Committee to establish, by 31st March 2027, a mandatory Public Project Tracker regime applicable to all Committees, Authorities, and administrative bodies of the States of Guernsey, requiring that:

1. Establishment of Public Project Tracker Dashboard: The Policy & Resources Committee shall establish, host, and maintain a centralised, publicly accessible Public Project Tracker Dashboard on gov.gg.

2. Scope & Threshold Application: The Dashboard requirement shall apply to all States projects, capital schemes, IT transformations, or major operational undertakings commenced after 31st March 2027 with an estimated or actual single or aggregate lifetime cost of £1,000,000 or more, regardless of the financial year or time frame over which those funds are disbursed.

3. Baseline Business Case Entry: Upon formal contract execution or financial commitment for any project meeting the £1,000,000 threshold, the overseeing Committee, Authority, or administrative

body must immediately publish an initial baseline project entry on the Dashboard, incorporating a Business Case Summary that details:

- The core operational objectives, expected public benefits, and strategic rationale for the project;
- The approved baseline budget, financial allocations, and target completion timeline; and
- Where a vote was taken, the vote of each individual political member of the Committee, Authority, or administrative body approving the project proposal or capital allocation.

4. *Mandatory KPI & Progress Reporting:* Following the initial baseline entry, the Committee, Authority, or administrative body overseeing the project shall regularly update the project's page on the Public Project Tracker Dashboard throughout its lifecycle, publishing up-to-date Key Performance Indicators (KPIs), including:

- Target outcomes and performance metrics;
- Leading indicators and risk warnings;
- Key project milestones and delivery schedules; and
- Actual expenditure and forecast variance against the baseline budget.

5. *Anti-Avoidance & Aggregation Rules:* The £1,000,000 threshold shall apply to:

- Total project lifecycle costs (including initial feasibility studies, enabling works, contingency provisions, and implementation);
- Aggregate expenditure across linked project phases, sub-contracts, or related workstreams under a single overarching initiative; and
- Any project variations, scope expansions, or cost overruns that cause a lower-value project to reach or exceed £1,000,000 (requiring a baseline entry and active tracking on the Dashboard within 30 days of approval or identification).

6. *Commercial Sensitivity & Confidentiality Protection:* Where specific details of a project involve genuinely sensitive commercial data or legally privileged information, Policy & Resources may authorise temporary redactions, provided that:

- A high-level baseline entry (stating the project title, overarching purpose, total approved budget, and approving political vote) is published on the Dashboard; and
- Full KPI metrics and financial tracking are populated as soon as the commercial sensitivity or legal restriction lapses.'

The Bailiff: We now move to Amendment 40. Deputy Goy, do you wish the States' Greffier to read out the amendment?

4930

Deputy Goy: Yes, please.

The Bailiff: States' Greffier.

The States' Greffier read out Amendment 40.

4935

The Bailiff: Thank you, Deputy Greffier.

Deputy Goy.

Deputy Goy: Thank you. Thank you, Simon, for reading.

4940

Ma'am, this amendment is very simple. It asks P&R to establish a public project tracker dashboard on government.gg for every States' project of £1 million or more that starts after 31st March 2027. The public would be able to see in one place the project's purpose, its approved budget, its expected completion date and its key performance measures. Throughout the life of the project, there would be regular updates showing progress, milestones, risk, actual expenditure and any variance from the original budget. Where a political vote is taken to approve the project or its funding, the individual votes would also be published.

4945

The £1 million threshold would apply to the whole lifetime cost of a project, including linked phases and workstreams. If a project starts below £1 million but subsequently reaches that

threshold, it would also come under the tracker. There are also safeguards for genuinely commercially sensitive or legally privileged information. In simple terms, this amendment is about creating a public record of what we said a major project would deliver, what we said it would cost and how it is actually performing.

Ma'am, I think the States' recent experience with major projects shows exactly why this is needed. We do not need reminding of the £42 million IT fiasco; £24 million was spent on the Revenue Service transformation project and another £18 million on MyGov. As we now know, those projects did not deliver the outcomes that were promised. That is £42 million of public money. For an Island of around 65,000, that is a very significant amount, and yet the bigger issue for me is not simply that these projects went wrong. Large and complicated projects can go wrong.

The real question is how quickly can we spot a problem and what can we do about it? We should not have to wait until tens of millions of pounds have been spent before we can properly understand what is happening. If we are serious about making sure this does not happen again, then we need more than a promise that lessons have been learned. We need a system that gives the Assembly and the public visibility throughout the life of a major project.

At the moment, there may be accountability when we approve the spending and there may be accountability afterwards, when something has gone wrong, but right now there is little to nothing in between. That is where this amendment is aiming. If a project starts to fall behind schedule, the public should be able to see that. If costs start moving away from the original budget, the public should be able to see that. If milestones are missed or outcomes fall short, we should all be able to see that while there is still time to act.

That is why I have deliberately made this a tracker rather than simply another twice-yearly project report. The point is not to document failure after the money has been spent. The point is to make problems visible early enough to do something about them.

Ma'am, this amendment is not about stopping ambitious projects. It is about making sure that when the States commit £1 million, £10 million or £40 million of taxpayers' money, there is proper visibility over what that money is buying. It is about moving accountability from something that happens primarily at the beginning or the end of a project to something that happens throughout its life. We cannot undo the £42 million that has already been spent, but we can learn from it.

Before we ask Islanders to contribute more towards the cost of Government, we should be able to demonstrate that we have the system in place to properly monitor the money we are already spending. The public project tracker would provide that visibility. It would not guarantee that every project succeeds, but it would make it much easier to see when a major project is not delivering what was promised while there is still time to act. That is the purpose of this amendment. I therefore ask Members to support it.

Thank you.

The Bailiff: Deputy Curgenvén, do you formally second this? You can do it from sitting down if you want to.

Deputy Curgenvén: Actually, ma'am, I would like to second it and speak in the debate, please.

The Bailiff: I will see if there is a motion first; there may be.
Deputy St Pier.

Deputy St Pier: 24(6), ma'am.

The Bailiff: Deputy St Pier is seeking an amendment under – sorry, a motion under 24(6), which is an amendment that goes further than the original Proposition. You are ruled out of order, but a motion that the amendment be not debated and no vote be taken may be laid, and that is what Deputy St Pier has sought. Those who support the motion – and I should say I do consider this goes

5000 beyond the original Proposition, so 24(6) is appropriate, therefore I put the motion to the Chamber that this amendment be not debated and no vote be taken on it for that reason.

Those who support the motion, please say pour, those against. Although the contre – yes.

A Member: Could we have a recorded vote, ma'am?

5005

The Bailiff: Yes, we could, Deputy Falla.

Deputy Falla: Thank you.

5010

The Bailiff: Members, you should have on your SEV the 24(6) motion. I will ask the States' Greffier to please start the voting in relation to Amendment 40 and the motion to no longer discuss the amendment or put a vote. Sorry, I am not speaking very clearly.

There was a recorded vote.

5015

Carried – Pour 21, Contre 18, Ne vote pas 1, Did not vote 0, Absent 0

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

5020 **The Bailiff:** In relation to the 24(6) motion there voted: pour 21, contre 18 and there was 1 abstention. I therefore declare that the motion has been passed and no vote will be taken.

[Amendment 41.](#)

To insert an additional Proposition as follows:

'To direct the Policy & Resources Committee to implement, by 31st March 2027, a mandatory civil service recruitment transparency and accountability requirements applicable to all Committees, Authorities and administrative bodies of the States of Guernsey, requiring that:

1. Advance Recruitment or Engagement Notice: Any proposal to create, re-grade, recruit to, or otherwise engage a person in a permanent, temporary or fixed term position, or under any other form of employment or contractual arrangement, where the estimated total annual cost to the States is £100,000 or more shall be publicly notified at least 30 days before the position is advertised or recruitment or engagement is launched.

The notice shall be published through official States digital channels, official press releases and at least one appropriate local print publication.

The 30-day period is a requirement for public notification and scrutiny and shall not constitute a requirement for public approval of the position or appointment.

2. Exemptions from the Scope of the Requirement: For the purposes of this Proposition, the requirements shall not apply to any positions where the principal purpose of the position is the direct delivery of:

- (a) clinical or medical services;*
- (b) nursing or other direct patient-care services;*
- (c) teaching or other direct educational services;*
- (d) emergency, fire, policing or other frontline public safety services;*
- (e) professional or technical services requiring recognised professional qualifications or specialist technical expertise, where those services constitute the principal purpose of the position and are directly provided by the postholder; or*
- (f) other specialist services where the principal purpose of the position is the direct provision of such services rather than their management, administration, strategic direction, policy development, business development, promotion, liaison, coordination or oversight.*

Where a position combines direct service delivery with management, administration, strategic, policy, promotional, business development, liaison, coordination or oversight responsibilities, the exemption shall apply only where the direct service delivery constitutes the principal purpose of the position.

3. Public Justification Statement: Every advance public notice shall include a clear statement setting out:

- (a) the statutory, operational or service-delivery objective of the position;*
- (b) whether the position is a replacement for an existing post or a newly created position;*
- (c) why the position is necessary and why its responsibilities cannot reasonably be absorbed through existing staffing, departmental restructuring or the reallocation of officer resources;*
- (d) whether opportunities exist to use technology, automaton or other efficiency measures such as AI to reduce or avoid the need for additional staffing;*
- (e) the estimated total annual cost to the States of the position or engagement, including salary, employer pension contributions, contractual allowances, fees, retainers, expenses, benefits, agency charges and any other remuneration or payment arising from the engagement; and*
- (f) where a formal vote was taken, the decision and the individual vote of each member of the relevant political Committee, Authority or administrative body.*

4. Anti-Avoidance: The £100,000 threshold shall apply to the estimated total annual cost to the States of the position or engagement and shall not be circumvented by restructuring remuneration, dividing responsibilities between substantially equivalent positions, using a part-time arrangement where the equivalent full-time annual cost is £100,000 or more, or changing the legal or contractual form of the engagement, including by engaging a person as a contractor, consultant, agency worker, self-employed person or through an intermediary or company rather than as an employee.

Where substantially the same functions, responsibilities or duties would otherwise be performed by a person under a different form of engagement, the estimated annual cost shall be assessed on the basis of the total cost to the States of obtaining those functions, responsibilities or duties.

Where a proposed change to an existing position or engagement, including regrading, a change in remuneration or a change in the contractual form of the engagement, would result in the position or engagement meeting or exceeding the £100,000 threshold, the requirements of this Proposition shall apply before that change takes effect.

5. Emergency & Statutory Exemption: Policy & Resources may grant an exemption from the 30-day advance notice requirement where it is satisfied that compliance would materially prejudice an urgent statutory, operational, medical, legal, public safety or other compelling public interest requirement.

Any Committee, Authority or administrative body receiving such an exemption shall, within 30 days of the appointment or implementation of the relevant change:

(a) publish a statement explaining the operational rationale for the exemption and why advance public notice was not reasonably practicable;
(b) publish the estimated total annual employment cost of the position; and
(c) where a formal vote was taken, publish the decision and individual vote of each member who voted.'

The Bailiff: The next amendment is Amendment 41. Deputy Goy, do you wish the States' Greffier to read the entirety of the amendment?

5025 **Deputy Goy:** Yes, ma'am.

The Bailiff: States' Greffier. You may want to take a glass of water first.

The States' Greffier read out Amendment 41.

5030 **The Bailiff:** Thank you very much, Deputy Greffier.
Deputy Goy.

Deputy Goy: Thank you, ma'am. Thank you, Simon, once again.

Ma'am, the principle behind this amendment is very simple. If the States is proposing to hire
5035 someone for a senior role costing £100,000 or more a year, the public should be told before
recruitment begins. (**A Member:** Hear, hear.) My amendment therefore requires at least 30 days'
advance public notice. Now, let me be clear, this is not a doctor treating patients, the nurse caring
for patients or the engineer providing specialist technical services. The amendment is primarily
5040 about senior management and other non-direct delivery roles. That notice must explain why the
position or engagement is needed, whether it is replacing an existing post or creating a new one
and why the work cannot reasonably be absorbed through existing staffing, restructuring or the
reallocation of resources.

Where a formal political vote has been taken, the public should also be able to see how each
Member voted. The amendment also contains appropriate anti-avoidance provisions and a limited
5045 exemption for genuine emergencies, but the core principle is straightforward. Before the States
commit to a £100,000-plus senior or non-direct delivery position or engagement, the public should
have the opportunity to see it, understand it and scrutinise it. To be absolutely clear, the 30-day
period is for public scrutiny, not public approval. It does not give the public a veto over
appointments, it simply provides transparency before a significant financial commitment is made.

5050 Ma'am, before we ask the people of Guernsey to accept broad-based taxation and tighter family
budgets, we need to look carefully at how we are spending the money they already give us. One
area that deserves greater scrutiny is the public sector payroll, particularly senior positions. January
2026 data provided by P&R showed that there were 389 senior roles within the States with salaries
of £85,000 or more. Of those, 215 were earning £100,000 or more per year. Taken together, the
5055 combined annual base salary of those 389 roles is £43.4 million. That is £43.4 million every year,
paid to just 389 people. That is a staggering amount for a small island of 65,000.

Now, I am prepared to accept that these existing positions are justified, but going forward, as
Government ask people to contribute more, we need greater transparency and accountability
before making significant new staffing commitments. A £100,000-plus annual commitment is
5060 significant. It can amount to hundreds of thousands of pounds over just a few years and potentially
millions over the lifetime of a position or engagement, and that is just for one position.

Ma'am, this amendment is not about preventing Government from recruiting senior
management. It is about making sure that when Government proposes to do so, it can explain why
that commitment is necessary. Before we ask Islanders to contribute more, we should be willing to
5065 let them scrutinise significant spending commitments within Government. That transparency should
come before the commitment, not after. This amendment simply ensures that significant staffing

commitments are properly explained. That is not unreasonable. That is simply good governance and basic accountability for the use of taxpayers' money.

Ma'am, I urge Members to support this amendment.

5070

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

Deputy Matthews: Yes, ma'am, and I would like to speak, if that is possible.

5075

Deputy Inder: I would like to move –

Deputy Humphreys: 24(6), please. Sorry.

5080

The Bailiff: I will ask Deputy Inder first, then you, Deputy Humphreys.

Deputy Inder: I am going for the triple, 24(6) to 24(4), then to 26(4).

5085

The Bailiff: I will start with 24(6) (*Laughter*). 24(6), as Members know, is a motion based on the principle that the amendment goes further than the original Proposition. The amendment in this case does go further than the original Proposition. However, it is not automatically ruled out of order, but it is something for you to vote on, so if you consider that the motion should not be debated and no vote be taken on it, you should support the motion.

Yes, Deputy Collins.

5090

Deputy Collins: Ma'am, can I have a recorded vote, please?

The Bailiff: Yes, you can. States' Greffier. Members, this is the 24(6) motion in relation to Amendment 41. States' Greffier, would you kindly open the voting, please?

5095

There was a recorded vote.

Carried – Pour 22, Contre 17, Ne vote pas 0, Did not vote 1, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Burford, Yvonne	Blin, Chris	None	Curgenven, Rob	None
Bury, Tina	Camp, Haley			
Cameron, Andy	Collins, Garry			
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	Le Brun, Ross			
Inder, Neil	Leadbeater, Marc			
Kazantseva-Miller, Sasha	Matthews, Aidan			
Laine, Marc	McKenna, Liam			
Malik, Munazza	Ozanne, Jayne			
Montague, Paul	Sloan, Andy			
Niles, Andrew	Snowdon, Alexander			
Oswald, George	Van Katwyk, Lee			
Parkinson, Charles	Vermeulen, Simon			
Rochester, Sally				
Rylatt, Tom				

5100

The Bailiff: There voted in relation to the motion under Rule 24(6) in relation to Amendment 41: pour 22, contre 17. I therefore declare that the motion has been passed and there will be no vote on Amendment 41.

Deputy Kazantseva-Miller.

5105 **Deputy Kazantseva-Miller:** Madam, could I test whether I could put a motion to the Assembly that for the duration of the tax debate, amendments that are longer than a page are not to be read by the Greffier, even if requested by the proposer?

Thank you.

5110 **The Bailiff:** I will find out if it is a problem first. Deputy Goy, are you going to be asking the States' Greffier to read out the next amendment?

Deputy Goy: I think it is good for the clarity of the Members, yes.

5115 **The Bailiff:** In my role under Rule 8 in relation to the conduct of business, I consider that it is not appropriate to put that motion to the Chamber. Particularly as we are now at the latter end of the debate, I think it is fair, particularly for those Members who may not have read the full amendment – which I hope there are none, but perhaps also, importantly, for those people who listen to this debate on the radio – that they are allowed, if requested, for the amendment to be read out.

5120

[Amendment 39.](#)

To insert an additional Proposition as follows:

'To direct the Policy & Resources Committee to implement, by 31st March 2027, a mandatory public transparency and accountability requirement applicable to all Committees, Authorities and administrative bodies of the States of Guernsey in respect of proposed consultancy engagements with an estimated total value of £100,000 or more, such requirements to provide that:

1. Definition and scope

For the purposes of this Proposition, a "consultancy engagement" means the procurement of paid external advice, analysis, strategy, recommendations or other advisory services provided by a person or organisation that is not part of the States of Guernsey's established workforce. This Proposition shall not apply to the procurement of goods, construction, engineering works, surveys, maintenance, routine professional services, or other specialist services where the principal purpose of the engagement is the provision of a service or deliverable rather than external advice or consultancy.

2. Advance public notification

Where a Committee, Authority or administrative body proposes to enter into a consultancy engagement with an estimated total value of £100,000 or more, it shall publish an advance notice of the proposed engagement at least 30 days before the contract is executed, through official States digital channels and such local print media as may be prescribed.

The purpose of the advance notice shall be to provide transparency regarding significant proposed expenditure of public funds and an opportunity for alternative solutions, including potentially lower-cost solutions, to be brought to the attention of the relevant Committee, Authority or administrative body before the contract is executed.

3. Information to be published

The advance notice shall include:

- a) the specific operational objective or problem that the proposed consultancy engagement is intended to address;*
- b) a description of the nature and scope of the advice or consultancy services being sought;*
- c) the estimated total value or maximum budget of the proposed engagement, including any known options for extension and associated expenses;*

d) a statement explaining why the relevant Committee, Authority or administrative body considers that the required outcome cannot reasonably be achieved through existing senior officer capacity, internal expertise, or available digital and AI tools;

e) a summary of the lower-cost, internal or alternative approaches considered before deciding to pursue external consultancy; and

f) where a Committee, Authority or administrative body has taken a vote to approve the proposed engagement, the decision and the individual vote of each political member participating in that vote.

4. No prohibition or approval requirement

Nothing in this Proposition shall prevent or prohibit a Committee, Authority or administrative body from entering into a consultancy engagement following publication of the advance notice, nor shall publication constitute a referendum or requirement for public approval of the proposed engagement. The purpose of the requirement is advance public notification, transparency and accountability, and to ensure that decision-makers have an opportunity to consider information or alternative proposals that may emerge following publication before the engagement is executed.

5. Anti-avoidance and aggregation

The £100,000 threshold shall be calculated by reference to the reasonably foreseeable total value of the consultancy engagement and shall include:

a) the full contract lifecycle value, including any optional extensions and associated expenses that are known or reasonably foreseeable at the time of procurement;

b) the aggregate value of consultancy engagements with the same external provider relating to the same project, programme or substantially related objective within a rolling 12-month period; and

c) any variation or extension which causes the total value of an engagement to reach or exceed £100,000.

Where a contract variation or extension causes the threshold to be reached after the original contract has been executed, the relevant Committee, Authority or administrative body shall publish a retrospective notice within 14 days, containing the information required under paragraph 3 insofar as applicable.

6. Genuine emergencies and legally confidential matters

Policy & Resources may grant an exemption from the 30-day advance-notification requirement where it is satisfied that:

a) a genuine and unforeseen time-critical emergency makes compliance impracticable; or

b) advance publication would be unlawful or would disclose information that the States is legally required to keep confidential.

Where an exemption is granted:

a) the relevant Committee, Authority or administrative body shall submit a retrospective justification report to the States of Deliberation within 30 days of contract execution; and

b) it shall publish, through official States digital channels and such local print media as may be prescribed, a public justification statement within 30 days of contract execution, setting out the rationale for the expenditure, the reason why advance publication was not possible, and, where a political vote was taken, the individual votes of the political members approving the engagement or exemption. Information shall be withheld or redacted only to the extent strictly required by law, including where necessary to protect legally privileged or otherwise legally confidential information.'

The Bailiff: Deputy Goy, if your request is for the amendment to be read out, States' Greffier – if you would not mind taking a large gulp of water, because it is another long one – I will ask you to read it out, please.

5125

The States' Greffier read out Amendment 39.

The Bailiff: Thank you very much, States' Greffier.
Deputy Goy.

5130 **Deputy Goy:** Thank you, ma'am; and thank you, Simon, once again.

Ma'am, let me start with the amendment in its simplest form. I am asking P&R to introduce a straightforward public transparency and accountability requirement for significant consultancy spending. Where the States proposes to spend £100,000 or more on external consultancy, the public should be told about it at least 30 days before the contract is signed. They should be told what
5135 problem the consultancy is intended to solve, what advice is being sought, how much it is expected to cost, why the work cannot reasonably be done internally or using available AI tools and what lower-cost or alternative approaches have already been considered.

Where political Members have actually voted on that expenditure, their individual votes should be published. That is the amendment, in a nutshell. It does give the public a veto; it does not require
5140 public approval before a consultancy can be hired. It simply says that before we commit a significant amount of taxpayers' money to external advice, there should be transparency about what we are buying, why we need it and what alternatives have been considered.

Why do we need to have this amendment? As we debate tax reform, we are asking the people of Guernsey to make difficult choices. We are talking about broad-base taxation that would directly
5145 affect ordinary households and increase the costs of living. Before we ask people to contribute more, I believe we have a responsibility to demonstrate that Government is being disciplined in how it spends the money it already receives. That has not always been the case. Between 2020 and 2024, the States spent around £63 million on consultants, and as recently as 2025 the Committee *for* Economic Development voted to approve hundreds of thousands of pounds for a UK consultant to
5150 provide Guernsey with a finance sector strategy. That is particularly striking when we are an Island with a substantial financial sector of our own.

At a time when we are being told that Government is facing funding pressures, we now have another consideration. AI can undertake a remarkable amount of research and analysis and produce high-quality reports at very little cost. I am not suggesting that AI can replace professional expertise
5155 in every circumstance, but before we spend hundreds of thousands of pounds on external advice, surely we should be able to demonstrate that we have properly considered what can be done with the expertise we already have and with the tools now available to us. The problem is we do not always know whether that due diligence has actually happened and neither does the public.

That is the gap this amendment is designed to address. It creates a simple moment of scrutiny
5160 before the money is committed. By notifying the public 30 days in advance we also create an opportunity for relevant expertise or potentially better and cheaper alternatives to come forward. That does not mean every suggestion from the public has to be accepted. It simply means we do not close the door before anyone else has had an opportunity to knock.

Ma'am, ultimately this amendment is about fiscal discipline and public trust. We cannot ask
5165 ordinary families to pay more tax while failing to demonstrate that we are properly scrutinising how their money is already being spend. This amendment does not stop Government from using consultants when they are genuinely needed. It simply asks Government to be more transparent about when it uses them, why it uses them, what alternatives it has considered and where politicians make the decision, who voted for it.

Before we ask the public to contribute more, we should be willing to show them that we are
5170 doing everything reasonably possible to spend the money we already have with discipline, scrutiny and purpose. Ma'am, that is all this amendment seeks to achieve and I urge Members to support it. Thank you.

5175 **The Bailiff:** Deputy Matthews, do you formally second this amendment?

Deputy Matthews: Yes, madam.

The Bailiff: Deputy Inder.

Deputy Inder: 24(6).

The Bailiff: He said it, so Deputy –

Deputy Humphreys: 24(6), ma'am.

The Bailiff: You have got two Deputies seeking a motion under 24(6), just to spread it around a bit. I will say this is Deputy Humphreys' motion. Again, this is because the amendment goes wider than the original Proposition or goes further – to use the language of the Rules – than the original Proposition. I do find that it does do that and therefore we will have a vote on whether or not the amendment should be debated and whether or not a vote should be taken then. Those who wish to support the motion that the amendment is not debated and a vote not be taken thereon, please say pour; those against. I am going to –

A Member: SEV, please.

The Bailiff: Yes, SEV vote, please. Members, you should now have on your screen the 24(6) motion. States' Greffier, would kindly open the voting?

There was a recorded vote.

Carried – Pour 21, Contre 17, Ne vote pas 0, Did not vote 2, Absent 0

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

The Bailiff: There voted in relation to the motion under rule 24(6) in relation to Amendment 39: pour 21, contre 17 and 2 Members were not in the Chamber at the time of the vote, therefore I declare that the motion has passed. The amendment will not be debated or voted upon.

[Amendment 36.](#)

To insert an additional Proposition as follows:

'To direct the Policy & Resources Committee to investigate the financial yield and legal framework required to implement a High-Net-Worth Residency Scheme (HNWRS) for new high-net-worth

individuals who, on or after 1 January 2028, use an Open Market (Part A) property as the basis for taking up their own residency in Guernsey, with eligibility based on a minimum global net worth of £5 million, excluding the primary residence, or sustainable annual global income of £750,000; requiring qualifying participants to make a minimum annual personal income tax contribution of £150,000 and the applicable Social Security contribution; and to lay a comprehensive report before the States of Deliberation no later than June 2027 detailing the legislative, administrative and enforcement mechanisms required for its operation, including the matters set out in the Explanatory note.'

5210 **The Bailiff:** We now move to Amendment 36. Deputy Goy, do you wish the States' Greffier to read out this amendment?

Deputy Goy: Yes, ma'am.

5215 **The Bailiff:** Thank you.
States' Greffier, it is a shorter one. Please would you kindly read it out?

The States' Greffier read out Amendment 36.

5220 **The Bailiff:** Thank you.
Deputy Goy.

Deputy Goy: Thank you, ma'am.

Ma'am, I want to briefly set out this amendment, which asks P&R to investigate introducing a new High-Net-Worth Residency Scheme or HNWRS. This scheme is for new individuals who use an Open Market property to take up their own residency in Guernsey from 1st January 2028. It is not retrospective. It also does not apply to anyone who comes to Guernsey through the employment permit route or the family connection route, even if they subsequently live in an Open Market property.

5225 The amendment is about creating a specific high-net-worth pathway with clear financial expectations attached. If we want to catch a certain kind of fish, we need a certain kind of net. The HNWRS is the framework for designing that net. What would this scheme actually look like? First, there would be a financial vetting. Applicants would need to prove a global net worth of at least £5 million or an income of £750,000 per year. Secondly, there would be a minimum annual income tax contribution of £150,000 per year. Thirdly, there would be a mandatory social security contribution with the lower income exemption removed. Finally, these financial obligations will be tied to the residency route itself. That is the HNWRS, in a nutshell.

5230 Why do we need this scheme? We need it because our current approach amounts to gambling with our Island's most precious asset, our land. Guernsey is only 24 square miles, so every square foot matters. Every newcomer needs a home and every home takes up land, so ideally the more land someone occupies, the greater their contribution to our Island should be. Essential workers pay their 20% tax and often live in modest homes, so their land footprint is relatively small, while their contribution can be substantial.

5235 On the other hand, a high-net-worth newcomer can occupy an enormous footprint while legally paying little or no Income Tax and remaining economically inactive. Now, please do not misunderstand me, I have absolutely no problem with someone living in a large property. If someone can afford a mega-mansion and wants to live in it, that is perfectly fine. The issue is not the size of the property, the issue is the balance between the land footprint and the contribution to our Island. If a high-net-worth household occupies a large share of our scarce land but contributes little in tax or economic activity, the balance becomes seriously lopsided, but if that same household makes a substantial contribution through tax, investment, employment or entrepreneurship, the equation looks very different.

The problem is that our current system does not distinguish between the two. Right now we roll the dice, cross our fingers and hope that the person who walks through our door is an entrepreneur or job creator rather than someone simply looking for a place to retire tax free. Contrast this with our peers. Jersey requires its new high-value residents to pay a minimum of £250,000 in Income Tax every year; Singapore requires tens of millions in direct investment. They have chosen to secure a meaningful economic and financial return from their wealthy newcomers.

What does Guernsey secure in return? A one-off Document Duty and a modest annual Tax on Real Property (TRP). That is very little in guaranteed, ongoing contribution. Once here, a high-net-worth household can legally pay no Income Tax. Members, we are effectively short-changing our own people. For this reason, the HNWRS seeks to secure a guaranteed and proportionate economic return from future high-net-worth arrivals by recommending a £150,000 minimum tax floor. That is still highly competitive compared with Jersey's £250,000, but it ensures a meaningful contribution. Ultimately, it is up to P&R to investigate and refine the exact financial yield and mechanisms. The detailed framework is set out in the explanatory note.

The bottom line is this: we must design a policy that attracts the kind of wealthy resident we actually want, rather than simply leaving it to chance. I commend the amendment to the Assembly.

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

Deputy Collins: Yes, ma'am.

The Bailiff: Deputy Dorrity.

Deputy Dorrity: Rule 24(6), ma'am.

The Bailiff: There is another request for a 24(6) motion. That is because – and I consider it is the case – the amendment goes further than the original Proposition, therefore the – yes, Deputy Sloan.

Deputy Sloan: Can you explain to me how it goes further? *[Inaudible 6.32.58]*

The Bailiff: It does go further, because it is directing the P&R Committee to do more than they were required under the original Proposition. I accept that there may have been similar amendments that did not have this effect, but it is my ruling, Deputy Sloan, that it goes further than the original Proposition. *(Interjection by Deputy Sloan)* It is the original Proposition, Deputy Sloan. I have made my ruling.

Members, you should have it on your screen – I do not have mine up yet – because we have been asked for an SEV vote. States' Greffier, when you are ready. Members, you now have on your screens the 24(6) motion. States' Greffier, would you kindly open the voting?

There was a recorded vote.

Not carried – Pour 16, Contre 21, Ne vote pas 0, Did not vote 2, Absent 0

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

Parkinson, Charles	Kazantseva-Miller, Sasha
Rochester, Sally	Le Brun, Ross
Rylatt, Tom	Matthews, Aidan
St Pier, Gavin	McKenna, Liam
Strachan, Jennifer	Montague, Paul
Williams, Steve	Oswald, George
	Ozanne, Jayne
	Sloan, Andy
	Snowdon, Alexander
	Van Katwyk, Lee
	Vermeulen, Simon

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The Bailiff: In relation to the vote on the 24(6) motion there voted: pour 16, contre 21, so the motion has not been successful. So on the basis of the 24(6) motion, we will continue to debate this amendment.

Yes, Deputy Collins.

5300

Deputy Collins: I stood to speak, ma'am.

The Bailiff: Sorry?

5305

Deputy Collins: I stood to speak.

The Bailiff: I know. You can speak. Nobody else has stood up, Deputy Collins.

Deputy Collins: Thank you, ma'am.

5310

Sorry, I have missed a few occasions.

The Bailiff: Yes, I was expecting more people to stand, but they did not, Deputy Collins, so the floor is yours.

5315

Deputy Collins: Very kind of you, ma'am. Thank you.

Yes, this amendment appealed to me. As you know, ma'am, I am a member of the Housing Committee. I am very interested about property taxes and I have mentioned perhaps before – not in quite so much detail – there are 86 different categories of TRP. The Open Market housing, which we know, ma'am, is about 1,500 homes, only brings in £3.1 million. It does not sound like quite a lot compared to overall we bring in £42 million on the Local Market, which is over the 26,000 homes.

5320

Interestingly, on that we do have all the various categories split out. It is amazing to me, units of 500 or over pay exactly the same rate at £5.98, so potentially you can have two houses next door to each other, one on Local Market, one on Open Market, one worth £3 million, one worth £1 million, and again are paying the same amount in TRP. That is why I really supported Deputy Matthews and I hope we do bring something back to the Budget debate about looking to move forward and try again, as we have heard in the UK, moving towards a value of property tax, which may help bring in some extra money.

5325

Deputy Sloan: Ma'am –

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The Bailiff: Yes, Deputy Sloan.

Deputy Sloan: I believe Deputy Collins is speaking to the wrong debate.

5335

Deputy Collins: Am I debating the wrong one?

The Bailiff: We are talking to Amendment 36, which you have seconded.

Deputy Collins: Oh, excellent. Right, yes. (*Interjections and Laughter*) It was a great speech. I do apologise, ma'am. (*Laughter*) Yes, perhaps I have missed a page. I think I will sit down.

The Bailiff: I know.

Deputy Collins: I think I have said enough. Thank you, ma'am. I do apologise.

The Bailiff: Do you want to speak –

Deputy Collins: I am not 100% today.

The Bailiff: Deputy Camp will have a go on Amendment 36.

Deputy Camp: Amendment 36, which I think is something to do with a High-Net-Worth Residency Scheme, yes? Yes, excellent, got the right one.

On the basis of the discussion when we were debating Amendment 32, this feels like it captures maybe part of that work that people found, I think, some sympathy/empathy with, especially the second part about having a look at that wider high-net worth coming to the Island part. This amendment does not tell anybody to do anything other than investigate. Given the sentiments when we were talking about Amendment 32, it feels to me that this possibly neatly falls into the wishes that quite a few Members conveyed. I do not see there is any particular harm in this amendment being approved. I do not see there is any harm in P&R going away and having a look at this with full discretion to do with it as they wish once they do so, so I will support it.

The Bailiff: Thank you. Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

I too will be supporting this for many of the reasons that Deputy Camp has just set out, it will not surprise the Chamber. The reason I have stood is I do also want to put on record my thanks to Deputy Goy for the considerable amount of work he has put into trying to find alternative revenue sources. I do believe this one in particular is one that resonates with so many people in the Island. I think he has put his finger on the issue and articulated a solution very succinctly, and I really hope that people will look in depth at this because I do think it is something that would help allay a lot of the fears of certainly people who have contacted me about it.

Thank you.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Madam, I supported the debate on this amendment because I know this is an area that is of interest to the Assembly, but also that it is mentioned in the policy letter. However, I cannot support the amendment as currently drafted because it is extremely prescriptive. Even though it says 'to investigate', it gives very explicit boundaries around where that investigation should be taking place. If that becomes public knowledge, about the types of parameters being set, which I think are quite potentially and not competitive for Guernsey. I think that that is not the right place for us to be. As I said previously, this work already forms part of the work that Policy & Resources is doing as part of the Budget debate. This should continue being discrete policy work that P&R undertakes in engagement with the different relevant Committees such as Economic Development. I think it is really dangerous to prescribe very specific criteria around setting these kind of schemes and we should not be having this kind of debate again in the public.

While absolutely I support that there should be further investigation, this already forms part of P&R's mandate and policy work as prescribed by the Tax Reform package. Hopefully we will see

5390 something being brought through the Budget debate, so I would not be supporting the amendment as drafted.

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

5395 **The Bailiff:** Deputy Inder is seeking the guillotine motion under 26(1). Those who still wish to speak in debate on amendment 36, please stand in your seat – not in your seat. Do you wish me to still put the motion to the Assembly? Yes. We will put the SEV vote up very shortly. I am very grateful to the States' Greffier getting it all ready in anticipation of the request. Members, you have before you the 26(1) motion to guillotine debate on amendment 36. States' Greffier, would you kindly open the voting?

5400

There was a recorded vote.

Carried – Pour 16, Contre 18, Ne vote pas 3, Did not vote 3, Absent 0

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

The Bailiff: There voted in relation to the 26(1) motion to guillotine debate on amendment 36: pour 16, contre 18, and there were 3 abstentions, 3 Members were no longer in the Chamber at the time of the vote. Therefore we will continue the debate.

5410 Deputy de Sausmarez.

Deputy de Sausmarez: I thought Deputy Sloan had won the fastest trigger finger there. Thank you.

5415 I would really like to seek some clarification. I am very confused on a number of details on this. I am also quite surprised to see that a member of the Committee *for* Housing is seconding it but then we will never know why. But it is correct that this amendment seeks to direct P&R to investigate. But actually, if Members scoot to the end of the amendment text proper, it says:

And to lay a comprehensive report before the States, no later than June next year, detailing the legislative, administrative, and enforcement mechanisms required for its operation, including the matters set out in the explanatory notes.

5420 So it is a foregone conclusion. But really the reason I wanted to get up and speak – and I am not replying on behalf of the Committee, it is just because I have been very involved in housing and, in particular, with the Open Market over the last few years – is because, first of all, I am not at all clear about whether the eligibility criteria here set out, so:

required to implement a High-Net-Worth Residency Scheme for new high-net-worth individuals who ... use an Open Market (Part A) property as the basis for taking up their own residency in Guernsey ...

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And then it states the eligibility criteria based on a minimum global net worth of £5 million. So I am not – I am confused as to whether this is just a scheme for anyone who happens to meet those criteria and happens to be – yes, I will give way to Deputy Goy.

5430 **The Bailiff:** Deputy Goy.

Deputy Goy: Thank you.

Thank you very much to Deputy de Sausmarez for giving way. Yes, I just want to clarify. What this is, is that this is for newcomers to the Open – sorry, newcomers who use the Open Market Part A property as a route to residency rather than through the working permit route or the family connection route.

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Deputy de Sausmarez: But what I was seeking clarification on, is it anyone who uses Open Market? Would the person moving into an Open Market property – I am happy to give way to Deputy Goy.

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The Bailiff: Deputy Goy.

Deputy Goy: Basically, for example, if I want to come to live in Guernsey and I have already gained employment elsewhere, I am actually using the employment route. So that would not apply to me even though if I live in the Open Market property. If, for example, I am going through the family connection route and I so happen to live in the Open Market property, that also does not apply to me. It is only applying to those who use the Open Market Part A as the sole route to residency.

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Deputy de Sausmarez: Okay. So my question is, if I am someone who does not have a global net worth of £5 million, if my global net worth is £4.9 million or something and I move into an Open Market property, am I caught by this scheme or can I live happily in an Open Market property?

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The Bailiff: Deputy Goy.

Deputy Goy: If you look at the framework, it actually says there is a pre-resident vetting so you would not even pass in the first place. So you will not get to come and live in Guernsey if you are not actually going through the employment route or the family connection route. If you are coming to live in Guernsey, the framework is basically saying that we will vet you if – that you actually have the financial capacity to fulfil the HNWRS scheme.

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Deputy de Sausmarez: Wow. Okay. So this is a really helpful clarification because it sounds as though this is a vetting process for anyone who would like to live in an Open Market Part A property.

5465

Deputy Goy: No. As a residency, not just to live. So say, for example, if I am local, I do not need a residency in Guernsey. I can live in Guernsey. Okay? So even if I – for example, if I go and live in an Open Market, that does not apply to me. It is for newcomers. Newcomers. It is very similar to Guernsey's high-value resident programme. If you are not familiar, I suggest you look it up. This is actually modelled after Guernsey's HVR programme, if that helps.

5470

The Bailiff: Deputy de Sausmarez.

5475 **Deputy de Sausmarez:** I am very familiar with the Jersey system because I was very involved with the Open Market in my role as President of E&I and involved in all things housing last term. There is a major problem in that case with this amendment, and that is it seems to conflate the Open Market with high-net-worth individuals, and that is a – it may be a common misconception, but it could not be more wrong.

5480 **Deputy Goy:** Actually, it is not. As I have stated, it is actually a route. So it is not conflating high-net-worth with the Open Market. It is basically saying anyone who is using the Open Market Part A route to gain residency in Guernsey, which is what a lot of high-net-worth people use, then unless they are going through the employment route or the family connection route, they will have to go through the HNWRS route.

5485 **The Bailiff:** You cannot – Deputy de Sausmarez is speaking. You cannot give – Deputy de Sausmarez, please continue speaking.

5490 **Deputy de Sausmarez:** Deputy Sloan was – I think the point is made. I think most of the Assembly understands the very significant implications of this, so I will not take up any more time. Thank you.

The Bailiff: Deputy Sloan.

5495 **Deputy Sloan:** It just goes to the importance of debate, because actually that exchange did clarify that. I do believe my colleague, Deputy Goy, does not understand how the Open Market works. I declare a special interest, I live in the Open Market, although I would not be impacted by this because I am already a resident and you are confusing, on occasion, Jersey with this, and the comments from Deputy Helyar earlier about it would be a way to find a better route. A specific approach, unfortunately, conflates – or would be built up against people's existing property rights. I can sell my property to any other person who can buy that property. So their existing property rights should be impinging on.

5500 So whilst the sentiment is a nice idea, it really does not work in practice. But it was useful to have a debate about that, because actually I think a lot of people were looking at it going, "You know what, I quite like that"? Even Deputy Kazantseva-Miller, "Do not worry, we are looking at something just like this. There is work being", no, we are not. Not like this, we are not. *(Laughter)*

5505 So that exchange is very useful.

Deputy Kazantseva-Miller: Point of correction.

5510 **Deputy Sloan:** Thank you very much, ma'am.

The Bailiff: Yes, Deputy Kazantseva-Miller, what is your point of correction?

5515 **Deputy Kazantseva-Miller:** I was making reference to looking at the high-net-worth and caps, and I said this was way too prescriptive to be looking. So I did not absolutely say that something like that is being looked at; just for clarity.

The Bailiff: Deputy Sloan, you are still speaking. It was a point of correction.

5520 **Deputy Sloan:** That was my contribution.

The Bailiff: Thank you.
Deputy Helyar.

5525

Deputy Helyar: Thank you, ma'am.

Following on from the conclusion I think we reached from Deputy de Sausmarez, which is that this amendment seeks to shut Class A of the Open Market completely unless you have a qualifying financial criteria. I am just slightly confused about how this would apply to family members of that person that has moved. Say that person does qualify because they have £5 million net worth. Their family moving with them, I assume, would qualify because they have a family connection. But how does this differ between somebody who brings one person with them and somebody who brings 20 children with them, all of whom go to school, need to be funded by the state, etc.? I will give way to Deputy Goy.

The Bailiff: Deputy Goy.

Deputy Goy: Thank you for the question, Deputy Helyar.

So the HNWRS applies to a household. Basically, just like the Jersey HVR, it is the household that pays the minimum tax. So, for example, if I am from the UK and I want to live in Guernsey, I currently do not have family connection in Guernsey, neither am I going through the employment route, what I will have to go through is that I have to go through a vetting to make sure that I can use the HNWRS route. Once I pass that vetting, I can then bring my family members with me to basically establish residency in Guernsey via the Open Market Part A route, which is the HNWRS route.

The Bailiff: Deputy Helyar.

Deputy Helyar: Thank you.

That has made it even worse. *(Laughter)* So you can move to the Island with a very large family and because you are then not a newcomer anymore, if say the spouse and husband get divorced and the high-net-worth husband leaves the Island, leaving the house to the wife with all the children, they can continue to live in it even though they are making no contribution whatsoever? I will give way to Deputy Goy.

The Bailiff: Deputy Goy.

Deputy Goy: Thank you, Deputy Helyar.

That is a great question. I want to basically say this, this is actually an amendment to ask P&R to investigate. There are a lot of finer points. I tried to cover as much as I can in the framework. If you look at the explanatory note, there is a lot covered in there. But I must say that it is not 100% perfect, and it cannot be because I do not have the data that P&R has, so it is an amendment to ask P&R to investigate the finer points and then to come back to this Assembly with a report.

Thank you.

The Bailiff: Deputy Helyar.

Deputy Helyar: This is an amazing occurrence. Deputy Goy and I actually agree with each other on something; this has not been thoroughly investigated and does not work. So I could not possibly support this. It is absolutely full of holes. I think it would completely devastate our Open Market, and we should absolutely reject it.

The Bailiff: Does anybody else wish to speak in debate on this matter?
Deputy Matthews.

Deputy Matthews: Thank you, ma'am.

Deputy Goy originally asked me to second this amendment, and actually when I first had it described before it was written down, I declined partly because I think I am already up to or over

my quota of amendments that I have agreed to second, but also for the similar sorts of reasons that I did not want to support the very Ozanne amendment because it – I give way to Deputy Collins.

The Bailiff: Deputy Collins.

Deputy Collins: I thank my good friend for giving way. If he recalls, he did ask me to share the burden, which I did.

The Bailiff: Deputy Matthews.

Deputy Matthews: Yes, indeed. In a later conversation with Deputy Goy, he explained that what he was aiming for was to emulate the sort of approach that Jersey takes, where Jersey asks for a greater contribution and ensures that those who make use of – I must admit, I am not familiar with Jersey's housing market or immigration rules or housing rules. I know that they have some rules that are similar to but different to ours, but my understanding is that Jersey does have various categories where you are required to make a minimum contribution or meet some criteria, and Guernsey does not have an equivalent scheme.

On that basis, it sounds much more reasonable as a concept because I think that it is known that Guernsey's Open Market was set up with that intention, that we would invite people to be able to come and reside in the Open Market on the basis that they would be high-net-worth or affluent individuals and would therefore contribute to our overall economy by living in Guernsey, by residing in Guernsey, and that over time that is a bit hit and miss about how successful that is. We know that there are some people who have obviously moved over and have contributed greatly to our economy and to our local tax collection. Is that universally true? Perhaps not. There may well be some people who have moved over and are simply living off capital and may not be contributing in quite the same way.

So a type of scheme as Jersey has, which requires a contribution, might well be worth investigating. I do think that the format, and I think the exchange with Deputy de Sausmarez may have demonstrated that the format of the amendment is over-prescriptive. I will give way to Deputy de Sausmarez.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: I am really grateful to Deputy Matthews for giving way. I think another important thing to remember in this context is actually because the homes on Part A of the Open Market register are for a much broader range of people than I suspect Deputy Goy had in mind. Many people who would qualify for this, if it were ever to get off the starting blocks, would have no interest in living in many of the types of properties that are on Part A of that register. I think that is an important thing. So we could not even move to that kind of scheme without tearing it all up and starting the Open Market right from scratch, because there are so many homes that are just utterly inappropriate for that kind of purpose.

The Bailiff: Deputy Goy, you cannot speak on a give-way.
Deputy Matthews.

Deputy Matthews: I thank Deputy de Sausmarez for that. I think that that is an important distinction between the Jersey and Guernsey operation. Jersey has developed historically very differently from Guernsey. I think this is one of the quandaries that you face when you are writing an amendment is, do you write something that is very generic, which just says, "Can you look at something to introduce a scheme similar to Jersey?" Or do you try and be a little bit more prescriptive about the detail about how you want that to do? Going too much along the former line does sometimes lead to disappointment, because Committees can say, "Well, we have looked at it

5630 and decided not to do it". Whereas I think we are seeing with this one that there is a downside to being prescriptive and attempting to model it too far and striking that balance is difficult.

But I think that it is worth noting that there is some merit in looking at, and it was something that I mentioned during the Bury/Ozanne amendment, there is some merit in looking at what is the real value of our Open Market high-net-worth contribution, because we take it as read that there is some contribution; we do not really know exactly what it is. So I think there is some use in that, but I think this amendment has some weaknesses as well.

Thank you, madam.

A Member: Hear, hear.

Procedural –

Motion to start next day's sitting at 9 a.m. and finish when tax debate completed

5640

The Bailiff: That is where we are going to leave the debate on this amendment for this evening. But we need to decide what is going to happen tomorrow. At the moment, we have agreed that we are going to have a one-hour lunch break.

Deputy de Sausmarez.

5645

Deputy de Sausmarez: May I test the Assembly's appetite on starting at 9 a.m. please, madam?

The Bailiff: Those who support a motion that we should start at 9 a.m. tomorrow, please say *pour*; those against. (*Interjection by Deputy Goy*)

5650

Members voted pour.

The Bailiff: The Chamber has taken a vote, Deputy Goy. I know it is difficult. Lots of us have family commitments, but the Chamber has taken a vote, and it has decided that we are going to start at 9 o'clock tomorrow. So we will go from nine until one. I think we will need to have a little break in between, probably about 11 o'clock. Then the question is what time we should then finish. At the moment, we are due to be finishing at half past five.

5655

One option is that we go until we finish this matter and finish general debate. We still have a number of amendments, and there is a new one, amendment 59. Or we call it a day at, say, 6.30, or even 5.30. So I shall go first for the longest, which is a motion that we continue until we finish the debate – yes, Deputy Gabriel.

5660

Deputy Gabriel: Could you clarify when we finish? Could that be 11 p.m.?

The Bailiff: Well, I am saying we can go until we finish.

5665

Deputy Gabriel: Okay, so that –

The Bailiff: That could be 11 p.m. It could be two o'clock in the morning. I do not know. Again, it is up to you, ladies and gentlemen, to decide how disciplined you wish to be on debate or whether or not you want to reject the idea of going on until the late hours and finish at a respectable hour. Yes, Deputy Laine.

5670

Deputy Laine: Ma'am, given the prospect that we – you mentioned yourself, that we could be debating till two o'clock in the morning – perhaps unlikely – but I would advocate that we continue for longer this evening.

5675

The Bailiff: Deputy Ozanne.

5680 **Deputy Ozanne:** Ma'am, I wonder if you will make those two distinctions, the early morning and the evening; very different. The evening, I feel very passionately that having had such a long debate everyone should have a chance to vote, and if they have got commitments that they cannot get out of, I think to not be here for the final vote is very different to not being able to be here first thing in the morning.

5685 **The Bailiff:** Deputy Ozanne, I am going to put the motion to the Chamber, and it is ultimately up to the Chamber to decide. What perhaps we could do is say that those people who are not going to be available after 7 p.m. tomorrow evening stand in your places, and the Chamber can then get a sense of whether or not, taking that into account, they wish to vote. I know, to be fair to Deputy Leadbeater, he also would not be available. He has told me that already.

5690 To start with the longest option first. Members, if you consider that tomorrow evening we should continue until the debate on the tax debate has been completed, and then just deal with the schedule, then please vote pour; those against?

Members voted pour.

5695 **The Bailiff:** We will be starting at nine, going on until one, breaking for an hour, and then carrying on. All I can say, ladies and gentlemen, it is up to you to ensure that you are disciplined in your debate, that you think about how long you want to speak for, that you think about whether it is worth speaking, whether if you are repeating yourself, and it is up to you, Members, to be disciplined in the way you deal with this debate. It does not need to last until the early hours of
5700 tomorrow morning, but we will continue on the basis of that motion until we are done.

Thank you very much, ladies and gentlemen.

The Assembly adjourned at 7.03 p.m.