OFFICIAL REPORT

OF THE

STATES OF DELIBERATION OF THE ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Tuesday, 3rd November 2026

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Present:

Ms J. E. Roland, Bailiff and Presiding Officer

Law Officers

H. Pullum (H.M. Comptroller)

People's Deputies

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

Representatives of the Island of Alderney

Alderney Representatives E. Hill

The Clerk to the States of Deliberation

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

Absent at the Evocation

Deputy C. P. A Blin (*relevé à 9h 58*) ; Deputy H. L. de Sausmarez (*relevée à 9h 35*) ; Deputy S. T. Hansmann Rouxel (*relevée à 9h 58*) ; Deputy A. S. Sloan (*relevé à 9h 35*) ; Alderney Representative E. A. J. Snowdon (*relevé à 14h 55*)

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States of Deliberation

The States met at 9.30 a.m. in the presence of
His Excellency Lt Gen Richard Cripwell
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey

[THE BAILIFF *in the Chair*]

PRAYERS
The States' Greffier

EVOCATION

CONVOCATION

The States' Greffier: Billet d'État XVIII of 2026. To the Members of the States of the Island of Guernsey, I hereby give notice that a meeting of the States of Deliberation will be held at the Royal Court House on Tuesday, 3rd November, 2026 at 9.30 a.m., to consider the items listed in this Billet d'État, which have been submitted for debate.

Billet d'État XVIII

POLICY & RESOURCES COMMITTEE

1. The States of Guernsey Annual Budget for 2027 – Debate commenced

Article 1.
The States are asked to decide whether, after consideration of the Policy Letter entitled "States of Guernsey Budget, 2027", they are of the opinion:
1. To agree the amount of tax relief in respect of mortgage interest paid on a principal private residence as £2,000 for 2027, £1,000 for 2028, and zero for 2029 and future years.
2. To increase the amount of bank interest exempt from tax, as provided for in section 40(kk) of the Income Tax (Guernsey) Law 1975, from £50 to £75.
3. To increase the limit on the amount of income tax payable by an individual resident in Guernsey in respect of qualifying income from £160,000 to £171,000, and in the case of an individual in respect of both qualifying and non-qualifying income from £320,000 to £342,000 and in paragraph I of the Sixth Schedule to the Income Tax (Guernsey) Law, 1975 – (a) for "£160,000" in both places appearing substitute "£171,000" (b) for "£320,000" in both places appearing substitute "£342,000"
4. To increase the limit on the amount of income tax an individual resident in Guernsey can pay under paragraph 3 of the Sixth Schedule to the Income Tax (Guernsey) Law 1975 (the "Open Market Tax Cap") in line with inflation to £65,000 for 2027 and, to provide certainty for those claiming the cap, to agree subsequent increases of £10,000 for each of the next 3 years (increasing the amount

payable to £75,000 for 2028, £85,000 for 2029 and £95,000 for 2030); also increasing the amount of document duty (or anti-avoidance duty paid under the Document Duty (Anti-Avoidance) (Guernsey) Law 2017) needing to be paid on the purchase of a property on Part A of the Open Market Register, (or the purchase of all the shares of a relevant company or other relevant transaction for the purposes of the Anti-Avoidance Law), by RPIX, from £50,000 (where the level has been since the caps introduction in 2018) to £70,000, for properties purchased (or shares purchased or in respect of any other such relevant transaction) on or after 1 January 2027.

5. To agree to increasing the Tax Caps that an individual resident in Guernsey can pay under paragraphs 1 and 3 of the Sixth Schedule to the Income Tax (Guernsey) Law 1975 (the Open Market Tax Cap, the cap applicable to qualifying income and the cap relating to worldwide income) by RPIX on an annual basis in future years.

6. To endorse the intention of the Policy & Resources Committee to introduce an "Entrepreneur Tax Cap" into the Sixth Schedule of the Income Tax (Guernsey) Law 1975 as soon as practicable, the details of which will be worked up with the Committee for Economic Development.

7. To increase the maximum aggregate amount of donations that may be made to Guernsey Registered Charities and be exempt from income tax in any year of charge, specified in section 64B(1)(d) of the Income Tax (Guernsey) Law 1975, from £10,000 to £50,000.

8. To agree:

a. to amend the definition of "dependant" in Section 158 of the Income Tax (Guernsey) Law, 1975, in relation to Part XIII (pension schemes, retirement annuity schemes and retirement annuity trust schemes), to that as set out in the Revenue Service Practice Notes on occupational and retirement annuity schemes;

b. to introduce the term "nominee" into Part XIII of the Income Tax (Guernsey) Law, 1975 with the meaning of an individual nominated by a member of a pension scheme or an individual nominated by the scheme trustee or scheme administrator, who may receive an annuity on the member's death;

c. to introduce the term "successor" into Part XIII of the Income Tax (Guernsey) Law 1975 with the meaning of an individual being assigned as a successor by a dependant, a nominee, or by the scheme trustee/administrator to receive an annuity on the death of a member (where the nominees have died); and

d. to introduce into Part XIII of the Income Tax (Guernsey) Law 1975, a hierarchal structure for the payment of death benefits, on the death of a member of a pension scheme. The order to be dependant, nominee then successor.

9. To approve the draft Ordinance entitled "The Excise Duties (Budget) Ordinance, 2026" and to direct that the same shall have effect as an Ordinance of the States.

10. To direct the Committee for Home Affairs to exercise its statutory powers in order that a duty-free relief of 50ml for vaping liquid is brought into force to coincide with the commencement of the "The Excise Duties (Budget) Ordinance, 2026".

11. To include recommendations on the appropriate differential between vaping liquid and tobacco products in the 2028 Budget Report for consideration and approval by the States of Deliberation, so that the agreed approach can inform future duty-setting decisions.

12. To approve the draft Ordinance entitled "The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2026" and to direct that the same shall have effect as an Ordinance of the States.

13. To approve the draft Ordinance entitled "The Document Duty (Rates) (Amendment) Ordinance, 2026" and to direct that the same shall have effect as an Ordinance of the States.

14. To approve the draft Ordinance entitled "The Document Duty (Anti-Avoidance) (Rates) (Amendment) Ordinance, 2026" and to direct that the same shall have effect as an Ordinance of the States.

15. To approve the draft Ordinance entitled "The Motor Taxation (First Registration Duty) (Guernsey) Ordinance, 2026" and to direct that the same shall have effect as an Ordinance of the States.

16. To approve Committee Net Expenditure Option A for 2027 totalling £700.4 million as set out in Table 11, paragraph 6.27.
17. Notwithstanding whether Proposition 16 has been approved –
a. where it has been approved, to rescind that resolution, and
b. to approve Committee Net Expenditure Option B for 2027 totalling £716.1 million as set out in Table 11 paragraph 6.27, and
c. to rescind Resolution 10 of Billet d'État No II, 2026, and
d. to direct the Policy & Resources Committee, working with all committees and service areas, to continue to identify and implement recurring expenditure savings with a cumulative value by 2029 (or as soon as possible thereafter, recognising that savings need to be sustainable and deliverable without undermining agreed service outcomes) of £20 million each year (with 2026 as the baseline year) through a structured programme including priority-based Budgeting and other savings and efficiency measures, and to report annually on progress in the annual Budget.
18. To agree the allocation of £5 million from the existing £25 million unallocated Routine Capital Allocations for 2025 to 2028 to support the development and implementation of Spend-to-Save initiatives.
19. To agree a multi-year Budget of £15 million for the period 2027 to 2029 to fund the economic growth initiatives set out in paragraphs 6.98-6.109 of the 2027 Budget Report.
20. To agree that funding from the Channel Islands Lottery (Guernsey) Fund be provided to support the operation of Beau Sejour Leisure Centre for the period 2027 to 2031, at up to £700,000 per annum, indexed annually for inflation and capped at the Centre's operating deficit.
21. To approve provision within the 2027 Budget for a transfer from the General Reserve to Guernsey Ports to fund its 2027 cash requirements estimated at £1.1 million.
22. To authorise the Policy & Resources Committee to make annual transfers from General Revenue to Guernsey Waste, from 2027 onwards, equivalent to the forecast operating losses of Guernsey Waste excluding inert waste and depreciation, subject to a cap of £2.3 million in 2027, with the cap increasing annually thereafter in line with inflation.
23. To approve the following Budgets for the year 2027:
Guernsey Ports
Guernsey Water
Guernsey Waste
States Works
Guernsey Dairy Superannuation Fund Administration
Committee for Employment & Social Security – Contributory Funds.
24. That,
a. subject to the provisions of the Income Tax (Guernsey) Law, 1975 and to the provisions of this Proposition, the allowances claimable for the Year of Charge 2027 by an individual solely or principally resident in Guernsey by way of relief from income tax at the individual standard rate, shall be the allowances specified in the First Schedule to this proposition;
b. the allowances specified in the First Schedule to this proposition shall only be granted to an individual who has made a claim in accordance with the provisions of the Income Tax (Guernsey) Law, 1975 and who has proved the conditions applicable to such allowances and prescribed in the Second Schedule to this proposition have been fulfilled;
c. "Family Allowances" means Family Allowances payable under the Family Allowances (Guernsey) Law, 1950 as amended; and
d. "the Income Tax (Guernsey) Law, 1975" means that Law as amended, extended or applied by or under any other enactment and includes, where relevant, any Ordinance, regulation or Resolution of the States made under that Law.
25. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.

The Bailiff: Good morning, everyone. You should have before you the Order Paper, and before I ask Deputy Burford to open on behalf of the Policy & Resources Committee, once we have done the opening of the debate we will then go to the motion to vary, although is that dependent on Deputy de Sausmarez being here?

Deputy Burford: No, I can do the motion to vary; I think Deputy Parkinson will be ...

The Bailiff: Okay. Deputy Parkinson, you are opening on behalf of Policy & Resources?

Deputy Parkinson: Thank you, ma'am.

The Bailiff: Sorry, I am just checking that you are in fact doing that given that Deputy de Sausmarez is not now; I had not been told that you were dealing with it. I am just telling everybody about the Order Paper so that everybody knows what is happening.

Once Deputy Parkinson has opened, we will go to the motion to vary and then the first amendment in fact will be Amendment 31 now, because that is the new amendment put forward by P&R, which you should all have copies, and then in terms of the order, the only change at the moment to the Order Paper is that Amendment 1, which is on the second page of the Order Paper, about halfway down, that will fall to the last amendment.

Alderney Representative Hill.

Alderney Representative Hill: Excuse me, madam, but my colleague, Deputy Snowdon, has been unable to come here this morning because of problems with crew and technicals with the aeroplane. We have an amendment in, which is number 13. Could I possibly ask for it to be put forward until he can get here?

The Bailiff: That is Amendment 29 you are talking about?

Alderney Representative Hill: Yes.

The Bailiff: What I will do is we will see how the progress goes, but if it needs to be moved down the list we can move it down the list in due course to ensure that the Alderney Representative Snowdon is here at the time of the amendment.

Deputy Sloan, do you wish to be relevéd?

Deputy Sloan: Yes, please, madam.

The Bailiff: Deputy de Sausmarez, do you wish to be relevéed?

Deputy de Sausmarez: Yes, please, madam.

The Bailiff: Greffier, would you like to formally open the business, please?

The States' Greffier: Yes, Madam.

Article 1. The Policy & Resources Committee, The States of Guernsey Annual Budget for 2027.

The Bailiff: Deputy Parkinson.

Deputy Parkinson: Thank you, madam.

It is my pleasure to present my fifth Annual Budget for the Assembly. The economic background seems to be robust, despite the problem that we have concerns because we do not have up-to-

date GDP figures. Moreover, the outlook is clouded by geopolitical uncertainty and we must necessarily be cautious.

What we do know is that Guernsey continues to enjoy full employment, that property transactions and visitor numbers are up, and that many businesses are reporting healthy profits, and that after a couple of years of stagnation, house prices have started to rise again.

Our public finances are being bolstered by Pillar Two revenues at higher levels than some were expecting, and the decisions taken recently to reform our tax system will bring greater stability to our revenues in the future. We are currently generating revenue surpluses, but expect Pillar Two revenues to erode over time. We also need to increase the amount we invest in capital assets, and these factors mean that in the medium to long term, we estimate that we have a funding gap.

But, madam, the picture is not entirely rosy. The historic underinvestment in our infrastructure has contributed to a record of anaemic growth stretching back almost 20 years. Our underinvestment in housing has resulted in a housing shortage and rents which are increasingly unaffordable. This in turn is pricing local people out of Guernsey, adding to the problems caused by an ageing population.

In this Budget, we will be making a decision about expenditure Budgets for our Committees in 2027. One option would result in a real terms reduction of 1% in spending. The other would increase public spending by 1.3% in real terms. Even this is lower than the increases seen over the last decade and gives Committees less than half of the additional sums that they had requested. Taking our investment income into account, both would likely produce a Budget surplus. I want to emphasise that we are still committed to achieving recurring savings of £20 million per annum by 2029.

The way I look at the spending issue is this. An increase in public spending of 1.3% would not matter if our economy was growing at 1.5% or 2%. The size of the state would then be shrinking as a proportion of our total economy. But our historic growth rate in recent years has been more like 0.5%. So to me, the central problem is a lack of growth.

This Budget seeks to stimulate growth in several ways. Firstly, we propose to create a new economic growth fund using a small part of the anticipated receipts from Pillar Two. The object will be to support projects which have the potential to boost growth and encourage diversification based on a finite and time-limited investment. Proposals can come from outside Government or from any States' Member or Committee. They will be assessed by the Committee *for* Economic Development and approved by P&R. If this fund is successful, we hope to be able to increase the funding available.

Secondly, we propose to create an entrepreneur's tax cap designed to attract serial entrepreneurs to come and establish their next startup in Guernsey. This will offer the certainty of a fixed modest tax contribution to investors who have a credible business plan to establish a new business in Guernsey. They will have to show that the new business will employ a certain number of people locally within a certain timeframe. The Committee *for* Economic Development will help us to refine the criteria and, of course, can also support start-ups in other ways. Applications to the tax cap will be vetted by the Policy & Resources Committee.

Thirdly, Guernsey has an enormous amount of social capital. Local benefactors give generously to charitable causes, including some that support our economy. A recent example has been the development of the Victor Hugo Centre, which will have educational and cultural benefits, but which will also support our tourism industry. We want to encourage more of this investment, and propose to increase the limit of such giving which qualifies for tax relief five-fold to £50,000. This can be viewed as a form of matched funding. For every gift of £50,000 to a Guernsey charity, the States will add another £12,500, provided the donor has paid at least that amount in tax.

Fourthly, we propose to support our hospitality sector by reducing the duty payable on draft beer, wine and cider. In addition, we propose to freeze the Tax on Real Property (TRP) bills on hostelry and food outlet properties, effectively providing them with a real-terms cut. The TRP rates on retail and warehousing will also be frozen.

Just as importantly, by running a balanced Budget, we will help to protect our reserves and free up capital to be invested in our infrastructure. The States have agreed a substantial major projects

portfolio, and we are now seeing progress on projects like the Guernsey Institute site at Les Ozouets and the Children's Services Hub. Both of these projects will free up other States' properties for housing developments, helping us to tackle the biggest problem facing Guernsey, the shortage of affordable housing.

Working with our colleagues at the Committee *for* Housing and the Guernsey Housing Association, progress is now being made at Court Falaise, the former C.I. Tyres' site, at the Overlands and at the Mallard. Together, these sites will provide more than 150 additional units. We have undertaken demolition work at Leale's Yard and begun the masterplanning process, which together with the incidental purchase of properties in the Braye du Valle area, will create the potential for around 1,000 new homes. In addition to the States' efforts, the private sector now has more than 400 homes under construction, the highest number in the past decade. Development is inevitably slow, but we hope to make a real difference to the cost of housing before the end of this States' term.

Madam, eliminating waste in public expenditure remains a top priority. I am pleased to report that our trials of priority-based budgeting have proven successful, but we acknowledge that in some cases, investment in systems and processes is needed to achieve a cost reduction. We propose to support this effort by creating a spend-to-save fund of £5 million out of the existing unallocated routine capital allocations Budget. To qualify for this funding, any investment will be required to show a short-term payback period, and the savings must be delivered.

Expenditure on consultants has reduced from £15.5 million in 2024 to an estimated £10 million in 2026. New requests for consultancy services are now subject to intense scrutiny by the Chief Executive.

Madam, this is not a typical Guernsey Budget. Most Budgets focus on the personal allowance and increases in duties and TRP. So for the sake of completeness, we are proposing to increase the personal Income Tax allowance to £15,850 for 2027, in line with inflation. The supplementary personal Income Tax allowances will also increase by RPIX, which is 4.3%.

The tax caps were last increased in 2024, apart from the Alderney property tax cap, which was only introduced in 2025. We are proposing to restore their values in real terms. On advice from the Committee *for* Health & Social Services, we propose to increase the duties on alcohol by RPIX plus 2%, but we are, at the same time, introducing a tax relief which will reduce the duty on sales of draft beer, cider, and wine sold in hostelries, as I have mentioned.

Under the Combined Substance Use Strategy 2027–2043, the duty on tobacco will increase by RPIX plus 5%, which in 2027 means 9.3%. In the 2026 Budget Report, the States agreed to introduce a duty on vaping liquid, which should come into effect next week on 9th November.

Madam, looking at the wider financial context for this Budget, there are three issues to which I would wish to draw the attention of Members. Firstly, in an ideal world, we would be proposing a Budget in the context of the Fiscal Policy Framework and a Medium-Term Financial Plan. The necessity for the States to have a Budget for 2027 has meant that this Budget has come ahead of those wider policy documents, but they will follow over the coming months. In the meantime, the Budget seeks to progress towards the existing core principles.

Secondly, the States have substantial investment portfolios, about £400 million of which are regarded as our money, the rest being social security funds, etc. However, all of these funds are included in our consolidated balance sheet. For Budget purposes, we assume a return on these funds of CPI plus 3.5%. For the year to date, the return has been approximately 7%. We therefore estimate that our share of the investment income will be about £24 million, which is not included in the quoted surplus of £4.2 million under option A, or the deficit of £11.5 million under option B.

It is therefore quite likely that 2026 and 2027 will show Budget surpluses. But at the same time, 2026 is likely to show a cash outflow. The reason for this is primarily that we are accounting for revenue from our anticipated Pillar Two receipts in the years in which they were earned, but we have not yet received the money. This does not present the States with a financial problem because we have significant reserves invested in financial markets, and we have adequate financial facilities

to manage any shortfall. In any event, the problem is likely to be temporary because the tax due under Pillar Two should start to be received in the middle of next year, 2027.

Thirdly, the Public Sector Employees' Pension Funds are currently undergoing their triennial actuarial valuation. The results of which will become known in 2027. These funds do not form part of this Budget, but the movement of interest rates since the last valuation suggests that the actuarial valuation may show a surplus. In that event, the surplus would not be taken into the States' revenue accounts, but the States might choose to reduce the employer's contributions to the funds going forward. This matter will be addressed in our 2028 Budget.

Madam, in summary, the States of Guernsey are in rude financial health, but we have problems of an economy growing only slowly and a historic underinvestment in our infrastructure. This Budget makes a determined effort to address those problems. Building on the tax reform package, this Budget presents a step along the road to achieving our long-term aims, as set out in the Government Work Plan, and I commend it to the Assembly.

Motion to vary.

To vary Rule 17A(1) of the Rules of Procedure of the States, to the extent necessary, for the purposes of debate on P.2026/82, The States of Guernsey Annual Budget for 2027, to facilitate the following:
i) Speeches made in respect of opening and closing on secondary propositions to be limited to seven minutes and thirty seconds; all other speeches on amendments and speeches in general debate (excluding opening and closing on the original proposition) to be limited to five minutes.
Or, if (i) shall not have been carried:
ii) Speeches made in respect of opening and closing on secondary propositions to be limited to nine minutes; all other speeches on amendments and speeches in general debate (excluding opening and closing on the original proposition) to be limited to six minutes.

The Bailiff: Thank you.
States' Greffier, would you read out the motion or the heading to the motion, please?

The States' Greffier: Motion proposed by Deputy de Sausmarez and seconded by Deputy Burford.

The States' Greffier read out the Motion to Vary.

The Bailiff: Deputy de Sausmarez

Deputy de Sausmarez: Thank you.
P&R is bringing this motion simply on account of the number of amendments lodged and the need to reach a decision at this sitting in order to avoid operational impacts, especially the issuing of coding notices and giving employers sufficient time to amend their payroll systems.

It might seem a little bit counterintuitive because we do have four days available to us for this debate, but I would like to quickly outline why that time is easily eaten into. If we assume that we need a couple of hours for debate on the ESS policy letter on the non-contributory benefits after the Budget debate has concluded, and that opening and closing on the Budget takes a total of, say, 30 minutes - we have had about half of that already - that perhaps half of the Assembly wants to speak in general debate, and let us assume maybe an average of five minutes each, that would take a little over an hour and a half. There is quite a lot of time that is taken transitioning between amendments, so the bookend-y bits, as I like to think of it, including their announcement and sometimes kind recital by the States' Greffier plus the vote itself, and the announcement of the vote, etc.

Actually, just on the sheer number of amendments, that is likely to take somewhere in the region of an hour to possibly even an hour and a half, if you just assume a couple of minutes apiece; two or three minutes apiece. Proposers, of course, will want to spend a little bit of time setting out their

arguments and closing on debate. So if we assume that they take about 15 minutes for both parts of that process, that in itself is over a day of debate. That is probably in the region of about eight hours. P&R would obviously want to set out their views on each, and we will try and keep that really short. But even if we just give a few minutes of that, then really the time that is left to debate each amendment is quickly whittled down to possibly in the region of 20 minutes or possibly even less on average.

Some amendments, I am sure, we will fly through, but others will of course generate much more significant debate. If we are thinking about it in terms of apportioning time, if there are any lengthy speeches then that obviously compresses the time available to debate other amendments, for example. So it does quickly rack up.

It really is on account of the number of amendments lodged that we have decided to lay this motion, which gives the Assembly a couple of different options, as has been kindly outlined by the Greffier.

The first is one that we will be familiar with, because this was what we used in the Tax Reform debate, and it allows for seven and a half minutes for speeches opening and closing on amendments, secondary propositions, and all other speeches on amendments and speeches in general debate to be limited to five minutes. But there is a more relaxed option as well, which is nine minutes for opening and closing on secondary propositions, and six minutes for general debate.

At the end of the day, it is entirely a matter for the Assembly. But as a Sponsoring Committee, we thought it would be the responsible thing to do to offer these options to the Assembly if the Assembly chooses to make use of them, to ensure that we can make the most efficient progress possible through this debate and ideally reach decisions that will avoid any consequential impacts on employers and other people expecting coding notices.

Thank you.

The Bailiff: Deputy Burford, do you formally second that motion?

Deputy Burford: I do, madam.

Thank you.

The Bailiff: Who wishes to speak on this motion?

Yes, Deputy Matthews.

Deputy Matthews: Thank you, madam.

I will not be voting for this motion. There are some amendments in this debate which have consequences that are quite complicated and difficult to explain. I have got one of my own that is due up very soon, and it is very difficult to try and cut down speeches in such a way that these complex arguments can be represented in a short space of time.

I do appreciate the intention is to cut out repetitive and very waffly speeches on less consequential amendments. But it has this negative effect on more complicated amendments as well, and ones which have far-reaching implications.

I think some of the debates, madam, can just descend into an almost farcical state where Members are trying to express very complex arguments into short snappy sound bites, and I think that that is not helpful for the debate. For that reason, madam, I will not be supporting the motion.

Thank you.

The Bailiff: Thank you.

Deputy Vermeulen.

Deputy Vermeulen: Thank you, ma'am.

The President of P&R will be aware that I did not guillotine her speech as she was trying to lay it there. And you probably will not catch me tabling any guillotine motions or ever voting for any. Now there is a reason for that. The reason is, you have all been voted in. The public think you are important enough to be heard. The reason that I will not be supporting shortening any speeches is, in part, the feedback I have received from the general public. They were horrified to see the shenanigans that went on during the GST debate; the shortening of the speeches and worse still, the guillotine. It was wielded far more frequently than the French Revolution perhaps. It was left, right and centre. We did not cover ourselves as an Assembly in glory, in debating in such a way. That is such a shame.

I have huge admiration for Deputy Parkinson, who cantered through this Budget in just over 10 minutes. Now if he can do that and cover all the points, which he did, I am sure we can do that ourselves, as long as we stick to what we are supposed to be doing. So I am not going to be supporting these amendments. I want to see full and proper debate on these very technical amendments, as it has been alluded to. The stuff we have got from Home to cover, you cannot do in five minutes, you cannot do that properly. I want to see things done properly.

Ma'am, if we are running out of time, through you, well I am sure you are more than capable of scooting things on without any amendments needed.

Thank you very much.

The Bailiff: Deputy Camp.

Deputy Camp: Thank you.

I did not vote for the motion in the tax debate, however the motion that Forward Guernsey brought forward was fairer than the one that is presented to us today, in that Forward Guernsey did also include a suspension of Rule 17A(4), which means that what we are doing here is not a carbon copy of the motion that Forward Guernsey brought. It does not make fairness, equality, parity, whatever words we like to use, across everybody's speeches. Rule 17A(4) provides circumstances where no time limit shall apply, and those are being preserved here.

I do not like the manner in which this motion has been brought, and I certainly do not like the manner in which it has been drafted, so I will not be supporting it.

The Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

As Members know, ma'am, I am normally very supportive of short speeches. I think they are far more impactful, and I do believe that is what people will remember. However, can I just flag that I think this debate on the Budget is very different to the GST debate that we had. When we think back, we had debated those issues over months. This is a four-day focused debate and, as my colleague, Deputy Matthews, has flagged, some of these amendments are really quite complex and need more time than we would normally give. Perhaps to the surprise of P&R, I too will not be supporting this amendment.

I do think we need to be disciplined. I think we need to be focused, but I think that is a skill that we all need to learn, and I think we can get through the 30 amendments, if we are rigorous, but we do need to be flexible when we need to be, and that is why I will be backing Deputy Matthews just in call for us to resist this.

The Bailiff: Do you wish to be relevéed, Deputy Hansmann Rouxel?

Deputy Hansmann Rouxel: Yes, please, ma'am.

The Bailiff: And Deputy Blin, while I think about it, do you wish to be relevéd, as well?

Deputy Blin: Yes, please, ma'am.

The Bailiff: Thank you.
Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Just a short intervention. It is not shenanigans to use these motions in debate. That is the very nature of our legislature, is to use the rules given to us. But, however, I will not be voting for this, because I do believe that we are capable of holding restraint and keeping our speeches to that minimum. However, if that proves not to be the case, I will lay a motion, and that makes it unfair for those who have had their time taken up by others.
So, please, Members, this is your choice. Let us get through this debate and be disciplined.

The Bailiff: Who else wishes to speak in debate in relation to the motion? No? In that case, I will turn to Deputy de Sausmarez.

Deputy de Sausmarez: So as not to take up any more precious time, I thank Members for the debate. It is absolutely a matter for the Assembly and, either way, I hope we can crack on.
Thank you.

The Bailiff: Thank you.
Members, we will put, as the motion is effectively a cascade motion, two votes. We will start by an *aux voix* motion. Those who support the motion –

A Member: Ma'am, can I ask for a recorded vote, please?

The Bailiff: Yes, you can. States' Greffier, would you put the first part of the motion on SEV, please?
Deputy Sloan.

Deputy Sloan: Sorry, madam. I am not connected. I am now.

The Bailiff: Okay, thank you. States' Greffier, is it possible to remove the 'or if (i)" on the – thank you. Thank you very much. If nobody else has IT issues, I will ask the States' Greffier to open the voting on the motion.

There was a recorded vote.

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

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

Leadbeater, Marc
Matthews, Aidan
McKenna, Liam
Montague, Paul
Oswald, George
Ozanne, Jayne
Rochester, Sally
Sloan, Andy
Strachan, Jennifer
Van Katwyk, Lee
Vermeulen, Simon

The Bailiff: There voted in relation to part (i) of the motion: pour 13, contre 26. I therefore declare the motion has not passed.

States; Greffier, would you put the second part of the motion? Members, you now have part (ii) of the motion, which is in relation to speech is being limited to nine minutes. States' Greffier, would you open the voting on that, please?

There was a recorded vote.

Not carried – Pour 19, Contre 20, Ne vote pas 0, Did not vote 0, Absent 1

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

The Bailiff: There voted in relation to the second part of the motion: pour 19, contre 20. I therefore declare that that motion has not passed either.

What is our next item of business, States' Greffier? Amendment 31. I think we will deal with the new Amendment 31.

Amendment 31.

To insert an additional proposition as follows: "To agree that all committees of the States are accountable for the staffing of their service areas, meaning that recruitment to all roles (both to fill vacancies and the creation of new roles) of SO1 pay grade or equivalent and higher, or regarding of existing roles to or above that grade, must be approved or ratified in principle by the sponsoring committee; and further to direct P&R to create a standardised reporting template that each committee will complete annually.".

The Bailiff: Deputy de Sausmarez, do you wish the States' Greffier to read Amendment 31?

Deputy de Sausmarez: No, thank you, madam. In the interest of time, I will explain it.

It is an amendment which has had as much discussion as possible in the period of time since we started sharing it with colleagues, and I have made a point of making sure to have conversations with as many colleagues as possible, but especially the Presidents of Committees. But before I get stuck in, I would like to actually give special mention to two colleagues who, whether they know it or not, have helped to shape this amendment, and that is Deputies Helyar and Inder.

Deputy Helyar brought an amendment to the 2025 Budget Report that was debated about this time two years ago that sought to introduce some discipline in relation to long-running vacancies. Now, his amendment was approved but it was not adopted by the P&R of the day. I think it probably found itself in the too-hard basket, or maybe too-inconvenient basket, I am not sure. This amendment actually seeks to give that resolution a new lease of life, but within a broader context.

The second muse, if I can call him that, because I do not very often, is Deputy Inder, who a few weeks ago shared a draft amendment that sought to do much the same as that previous 2024 amendment resolution. When he asked for feedback, it happened that I had been discussing these issues with the Chief Executive and Head of Public Service and my colleagues on P&R. So Deputy Inder was very receptive to that feedback and actually gave us the green light to go ahead and present it in the way that we thought was going to be the most effective. So here we are.

But really what it is all about is giving more accountability to Committees for their staffing. In my experience of 10 years-plus in the States, my observations on it, I think there is a high level of variability to that; the control, the visibility, and the accountability that Committees currently have over the appointment of more senior roles. This really seeks to provide them with exactly that. I think it depends often on a number of different factors. It will depend on the type of Committee and the type of service areas it has under it, but it will also obviously depend on the style of the Committee themselves.

But at the end of the day, there is no way that we can or indeed should delegate accountability for what is for many Committees the most significant portion of their Budget, which is in the form of pay costs. Obviously, the pay rates themselves are not negotiated or set by individual Committees, but they do have some control over the roles that are appointed to their service area. Really this is just about making sure that recruitment to all roles at or above a particular level, and we have set that here as SO1 pay grade or equivalent and higher, have to be approved or ratified in principle by the Sponsoring Committee. The amendment, should it carry and should it be successful as a substantive Proposition, will further direct P&R to create a standardised reporting template that each Committee will complete annually.

In the explanatory note, we provided some indication of the type of information that we anticipate will be captured in that reporting mechanism. I have deliberately not been too prescriptive in the amendment itself because I think it is important that we work with Committees to make sure that it is something practical and workable. I think that is actually where Deputy Helyar's amendment possibly fell over, not for any fault of his, but just in not clearing that kind of user friendliness. We do need to make sure that we are not creating a new paperwork industry in and of its own right. It is really important that this does not become a bureaucratic exercise. But it is really important that Committees are accountable and can be held accountable for these decisions.

Too often we know that while there are some Committees that are absolutely all over it, other times the first a Committee might hear of a role being advertised is when they are asked questions online or by the media, and that is really not an acceptable situation to be in.

I think a special mention here does go to the Committee *for* Health & Social Care, and I spent some of my time discussing this in some detail. I am very grateful to him, with Deputy Oswald and his Chief Officer. I would say that this fits particularly well, this reporting mechanism, with the restructure that we are moving towards with the Chief Officers, and if I can give his Chief Officer credit for welcoming it with open arms and helping to modify, adapt some of the wording to make sure that it was going to be workable in an HSC context.

I hope Deputy Oswald will contribute to the debate. They have got a particular challenge because of course their workforce is by far and away the largest within the organisation that is the States of Guernsey. The sheer volume and also the nature of some of those roles does mean that it would not be practical for the Committee to be approving individual roles in isolation of that wider information.

That is why we have included the ratification option. I think that is probably particularly pertinent to HSC. But, as I say, the specific details are something that we can work out with Committees to make sure that it is practical.

But at the end of the day, it is all about providing Committees with greater visibility, more control, and ultimately more accountability over the staffing in their service areas. I hope that it will be supported.

Thank you.

The Bailiff: Do you formally second that amendment, Deputy Burford?

Deputy Burford: I do.

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

Deputy Oswald.

Deputy Oswald: Thank you, madam.

I thank Deputy de Sausmarez for her comments, particularly in relationship to HSC, which are particularly pertinent. With total staffing of the Health & Social Committee now over 2,500 employees, the HSC Committee could be particularly affected by the outcome of this amendment. As Deputy de Sausmarez points out, we should perhaps distinguish between pure civil servants who remain under the writs and care of the Chief Executive Officer in the States of Guernsey and those clinicians or technical staff on agenda for change pay scales, which is relevant to us, who would also be covered by the SO1 or equivalent pay scale.

This is equivalent to a ward manager, band seven nurse or similar, allowing for progression through bar points. We have currently 437 full-time equivalent budgeted frontline staff at this grade, or its equivalent or above. The vacancy rate for budgeted posts is 10% at this level. Bearing in mind the numbers involved and the recognition of the need to control recruitment to new posts, as indeed is the ethos of this amendment, a strict scrutiny process is already in place at HSC.

This comprises ongoing process of challenge through a weekly challenge process of pay controls. The challenge process is scheduled for every Monday, with a challenge panel made up of the Director of Care Delivery, the HR Business Partner and Finance Business Partner. The panel assesses requests to change the permanent staffing establishment and budgeted full-time equivalents, requests for grading and review and agency cover requests. Service managers and responsible officers are regularly invited to explain and justify their requests through challenge.

The challenge panel seeks to manage and mitigate the financial pressures across HSC's pay Budget, with all submissions needing to be clearly and consistently evidenced. The HSC undertakes robust scrutiny of all vacancies and appointments via the Recruitment Control Panel, a process that has been in existence for a number of months, involving members of the Corporate Management Team. The new issue is that following the implementation of these revised and strengthened governance arrangements from September of this year, information from the Recruitment Control Panel will be provided to the Committee via the Regular Chief Officer Report, which is now a standing item on the HSC Committee agenda. This will provide the Committee with full oversight of the panel's activity and decisions for ratification. This process allows the Committee to have appropriate oversight and scrutiny supplementing the appropriate clinical and care consideration of recruitment activity to ensure the safe and effective delivery of services.

We will endeavour to inform fellow Committee Presidents of the success of this approach, which may act as a model for other Committees to follow, as indeed this amendment encourages.

Effectively, we feel on HSC that we have now already set up process to match the expectations in this policy letter and urge other Committees to follow suit.

Thank you.

The Bailiff: Deputy Gollop.

Deputy Gollop: I thank Deputy de Sausmarez and Deputy Burford, who were relating to an earlier amendment and the work Deputy Inder has done. I am in danger of losing my voice, so maybe that will curtail my speech just a bit.

I take Deputy Oswald's point as well, and it is astonishing that his Committee has over 500 people at senior officer level whereas some Committees we are on, we only maybe have one, which shows the scale of it. I will support this with a degree of reluctance. I think it is a game-changer. Unfortunately, Committees do not get involved in pay negotiations or human resources issues generally, which is perhaps a flaw in the way we manage things. This is a better option than just crudely cutting the Budget, salami slicing. But it will involve all Committees in a more operational relationship with the Civil Service because it will oblige, if carried out, that any post created or filled an existing vacancy of senior officer level will have to be approved or ratified by the Sponsoring Committee.

Presumably from a Home Affairs perspective, like Health, it would apply potentially to senior officers in the uniform sectors as well. Maybe in Education it would apply to senior headteachers and so on. It does not specifically say, but I take that as a sense of the amendment.

So it will require, too, that the Civil Service supporters who help us will have to be very transparent about employment issues, and who is going where, and what posts are actually needed, rather than us just directing them to get on with the service area. Will it save money? Will I live through the staff number limitation policies, which came and went and other things? I do not know. I think it is definitely worth a try, because I think a flaw in our system has been the lack of control politicians have had over perhaps elements of the Civil Service.

But in a way, the amendment also gives the game away that this is a problem that has potentially been happening of senior officer posts being created without political oversight or knowledge. That may have led to, as Deputy Parkinson and others have observed, a gradual increase in States' expenditure compared to the private sector.

But I think there are a few details that we need to know about how it will be done and what kind of posts are excluded from it, if any. That should come as soon as possible, assuming this is successful.

The Bailiff: Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Thank you, madam.

I will be brief. It is just to clarify the point that Deputy Gollop was making about operational. I think the operational policy divide, there is a structural problem that has developed in the way that we are operating in Government, and that is that politicians are told not to interfere in operational, which is true. However, our job, our key function, is to ensure that the operational delivery is matching the policy intentions. That is what this amendment seeks to do. It is not to interfere in operational, but to give better oversight of the operational delivery of policy that we are accountable for. So I will definitely be voting for this.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, madam.

The point made by Deputy Gollop before and articulated the reason behind it to make sure that the operational matches the policy, I understand that, but Home Affairs have got to have a protocol in place with the Head of Law Enforcement, for example, that sets out the barriers between the

operational and the political interface. So I would just like to know how this would sit with that because I would not like to impose myself on to a statutory official if they think that they are to discharge their functions, because they carry all the risk, they need this person at this grade. I do not want the Committee, after getting in the middle of that, that is the nervousness I have.

I am going to be supporting this if Deputy de Sausmarez can give me some reassurance that we can find a workaround for that because so far this term I have been all over the newspapers and social media for operational problems, for employment-related problems that I knew nothing of - nothing of whatsoever - and I am the one that is carrying the responsibility. But this is asking me to be accountable, and I think I am already, to be honest.

But if I am going to take some accountability and some responsibility, I want further involvement, I want further knowledge, I want to know what is happening, I want to understand. Because if I am going to get a camera stuck in my face or a microphone put in front of me asking me questions and I clearly have no idea, and I am getting pressured on social media constantly about ... things about the former administrator of property issue management, who paid for his flights, all this; I have got no idea. But people out there assume that I do, and I am getting the flack for it. If I am going to get the flack for it and take responsibility, I want to have some knowledge and understanding and some say-so.

I think that my Committee members would share my opinion on that, but we will wait to see what they say when they speak in debate. We need to do something because we cannot continue like this because all it is doing is creating more and more divide, and the public out there think we have not got a clue what we are talking about because we are allowing these civil servants just to run all over us, and we are useless, and X, Y and Z. We have to square this circle, and if this is the way to start having that conversation I do not think we need to support it.

Thank you, madam.

The Bailiff: Deputy Camp and then Deputy Matthews.

Deputy Camp: Thank you.

I understand the spirit of what this is trying to do but again I just have an issue with the way in which it has been crafted. I can understand Presidents of Committees standing up and saying they want this accountability and they want this oversight, etc., but I wonder if they are reading the terms of the amendment, which are actually quite light. So it must be approved or ratified. We will approve; that is lovely. Ratified is after the event. But it is all in principle because it is non-binding, So whatever you say, it does not have to be listened to or acted upon by the civil servants that have brought this to you. I wonder what it actually does. It feels a little bit like virtue signalling when I look at the wording of the amendment.

Thank you.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, madam.

I will be supporting the amendment, and I am generally supportive of the policy direction. I have served on the Committee *for* Health & Social Care, and I have been in the position where the Committee has found out about an appointment to a position in the answer to a press question rather than through channels. This is clearly an issue. I think members of the public, madam, assume that Committees have a very direct control over what happens in terms of staffing on Committees, and it can be quite different to the public perception.

I think it brings us a step closer to where we should be. But actually, as Deputy Camp said to some extent, I would probably have brought forward reforms that could go even further than this, madam. I think it is worth noting that this is actually an amendment to the Budget brought by P&R. As the President of P&R said, there are an awful lot of amendments in this debate. I think there

could have been some broader discussion amongst Members prior to bringing this and actually might have ended up with a different amendment, it might have actually even been stronger.

But I will certainly be supporting the policy position as it is here. But I think, madam, it could certainly go even further than it is.

Thank you.

The Bailiff: Deputy Inder, then Deputy Sloan.

Deputy Inder: Thank you.

Sort of in response to Debbie Camp - I think she remembers - some of this is inspired by the meeting a couple of us had with the Head of Public Services. This allows him to affect his desire to transform the Civil Service. What looks like it happens, one single individual trying to control 6,000 people just in reality is not going to happen. So that control via something that Deputy de Sausmarez is putting forward, is the responsibility is now really at the Committee stage. I think the bigger service Committees are going to have a lot more control over the value of the appointment of the FTEs.

Where I part company with Deputy Matthews, my view is quite simple. The one thing that you, as Members, control is the budget. You may not control the appointment of individuals, but you do control your budget. My message to him, as I have said to him privately and I have said to him publicly, you need to hold your budget holders to account. You simply cannot keep coming to the States and blaming everyone else and saying, 'Everything is wrong, costs of health is going up. Please control your budgets.' That is Member's jobs; it really is.

The original conversation that is missing from this, even though I will be supporting the amendment, I personally wanted, amongst others, was if the post remained vacant for 12 months, is it really unreasonable to ask whether that is genuinely required? If a service has operated successfully without that position being filled for an entire year, should we not at least challenge the assumption the establishment must automatically remain in place? It may actually now come as a consequence of this amendment. Me, being my usual brutal way, I would have got rid of the lot of them. If a department knows that the vacant post can remain on the books indefinitely, there is no incentive to review those structures; none whatsoever. They stay on the books, they stay in position, the cash limit remains within the Budget and it may or may not get filled. I personally do not think that is a particularly efficient way of handling public money.

The amendment itself does not go as far as I would like it to, but it moves significantly in the right direction by increasing that transparency and strengthening Committee ownership. I get that. And requiring much greater scrutiny of that workforce numbers. I get all that.

In the private sector, what slightly concerns me about this is the way public finances work. In the private sector if there is a benefit to the whole budget that money would either go back to the directors or the shareholders or be used in the following year. What I have detected in the past is that Committees have found positions that have not been filled and, in short, raided that position to be used elsewhere, and that should concern you. HR positions should be absolutely separate and be used for one thing only. They should not be raided to be used for other wheezes that any Committee might want to decide off the back of a two-hour meeting. It should concern me.

My view is quite simple. That money, if it is not spent, goes back to the shareholder, and the shareholder of the tax-paying public of Guernsey. They should not be held in reserve as a glorified slush fund in cases to run away and go off with other plans. That effectively is what many people support in what they would call zero-based budgeting. That is where you would start. I generally do not believe that money should be used elsewhere.

But in short, I lost that, and Deputy de Sausmarez shared it, I assume, with the main Committees. This is as far as they can support it. I assume it is the big service committees that would have had some concerns over that. Let us see how this goes for a year, and maybe we can revisit it next year. So in short, I will support it.

The Bailiff: Deputy Sloan.

Deputy Sloan: Thank you, madam.

For a moment I thought I was going to sound in a similar mind to Deputy Inder, and that it would be all three of us, but clearly not this morning, unfortunately.

But, madam, there is a point of principle at stake here that I cannot support. I have got very much sympathy for Presidents who say they are unaware of what is going on in their Committees. Obviously that sympathy is not unlimited, and there are occasions when one is expected to know what is going on, particularly with matters of a great import.

But I do believe, madam, we are straying a little bit into the weeds here in terms of recruitment to every SO1 grade and above. There is a clear boundary between the political and the administrative. The political broadly, primarily, is to determine policy. The administrative is to determine how that is enacted. Clearly, as Deputy Hansmann Rouxel made clear, in maintaining accountability for how that administration delivers that policy is a bit of a grey area. That is where we are in the difficulty here.

It is an issue that the pay and rations element of people's budgets is the large majority of budgets, and we did raise that at the SMC and we asked about this. 'Is it fair on Committees to be in charge of budgets if effectively they are not in charge of pay?' It was made the point that the Committees are in charge of the numbers of posts. Well, actually, this is not the number of posts. This is recruitment to a position. It is asymmetric, because there are no powers to make redundancies. We asked that at the SMC, 'Are you planning on giving powers of redundancy to Committees?' and that was not in the plan.

But, madam, that is not the point of principle that actually bothers me about this amendment. It is not about whether it could effectively be recruitment and effectively approval of civil servants, which it could be used in the wrong hands, I believe, because of the opacity of the wording.

The point of principle is, I do not really like being bounced through an amendment on a Monday morning to a Budget that has been months in the pressing. I would have liked to have seen, if this was such a particular issue, a policy letter in its own right or a particular section in the Budget in its own right with proper evidence base and a coherent argument made to me.

Because personally, I also do not like being briefed by Matt Fallaize on a Saturday morning. I would have liked to have seen those proposals and given the time to actually read them, and maybe, with more consultation, there could have been some of the wrinkles that other people have concerns about being addressed.

I appreciate that probably, with the number of Committees, they will see this is a proxy for being in charge of their own budgets, and they will vote for it. I am not entirely convinced that it is. I think there is a bit of the detail in the grey area that should be better thought through. I do believe it is a bureaucratic solution to a problem that ought to be addressed in any event. I will not be supporting the amendment, madam, but thank you very much.

The Bailiff: Deputy Rochester, and then Deputy Gabriel.

Deputy Rochester: Madam, I agree with Deputy Sloan, and I will not be supporting this amendment. Those that have worked with me on HSC and Environment & Infrastructure have been very supportive of ring-fencing time to oversee operational delivery under both of those Committees, and I think we still have work to do in improving the governance of that oversight and improving the information that we receive at Committee to meet the requirements that are imposed upon us.

I think a quite important part of this jigsaw puzzle is the publicly-stated intention to implement a Chief Officer role under each Committee, which will make, I think, a significant difference to Committees' confidence in delivery of the operational obligations, but only if we give those individuals appropriate latitude and independence to deliver that operational plan. I think as a Committee it is incumbent on us to set out clearly what we expect in terms of operational delivery

and, as Deputy Inder says, to agree the Budget within which that should be delivered, and then through a political term to oversee the effective delivery of that operational plan.

Inevitably there will be decisions made by those with subject matter expertise in relation to that operational delivery that we may not be familiar with, but I think that is part of our role. If we are putting in place appropriate oversight and we are, on a routine basis, looking at reports from HR and our Chief Officers about people matters, about appointments, about vacancies, then I think we have done our job. I do not think we need to be approving or ratifying. I think those two words are very different words. Approving is to prevent a post being created, ratifying is to say we think we have got it wrong after the event, and I think we should be conscious that those two things are very, very different things.

So I absolutely understand why this amendment has been put forward, but I think it is seeking to compensate for what should be business as usual good governance by Committees, and I am sure we all accept that we have work to do on that front, but that we can do that work without this amendment.

Thank you.

The Bailiff: Deputy Gabriel.

Deputy Gabriel: Thank you, madam.

A lot of people have said my thoughts already, but I will try and put them in as briefly as I can. I agree with Deputy Leadbeater in that we seem to have all of the responsibility but no accountability, and that we are responsible for things we do not know about because effectively we are not at the forefront of the operational delivery and people have mentioned, including Deputy Gollop, which was a good speech which I resounded with, that operational delivery does not necessarily lie with Committee, and it should not do. We have excellent staff in place to deliver policy which we are creating.

But again I sympathise with Deputy Oswald who has got – I think he quoted 2,500 staff, something like that, and it must be very hard to monitor what those staff are exactly doing and where they are. But one thing that we do have power over is vacancy control rather than pay costs. We all have our own budgets, of course, and the pay costs are not necessarily in our control because P&R set those increments every year. But we do have vacancies control at our fingertips, albeit not redundancies, as Deficit Sloan made-up. But if a position becomes available and we are replacing that and a vacancy is created, then at Committee level certainly we do have that opportunity to go back and say, 'Deliver in this Budget envelope', and that is what we should be doing in the lack of Chief Officers, and which brings me on to Chief Officer posts.

I am hoping that this amendment, if passed, is an interim position because, in my view, the Chief Officer should have the autonomy to be controlling this, controlling the expenditure around delivery of services operationally. Perhaps even a Responsible, Accountable, Consulted, and Informed (RACI) analysis needs to be done about who actually is responsible and accountable.

Thank you.

The Bailiff: Deputy Curgenven and then Deputy Ozanne.

Deputy Curgenven: Thank you, madam.

I was not initially going to speak, it is just a quick one. I do sympathise with Deputy Sloan, madam. I was not particularly too impressed to read about it by *The Guernsey Press* through Matt Fallaize, rather than our colleagues, and having time to think about it. But that being said, I will be supporting this amendment because I think it is a step in the right direction. It is not perfect; I absolutely sympathise with Deputy Rochester and Deputy Sloan. It is absolutely not perfect but I believe it certainly is a step in the right direction because everything that we have – well, not everything. Sorry that is a bit of an over-exaggeration; a bit of hyperbole.

A lot of what we do is not very good, especially our management of capital projects. We read about what our Committee staff do in the paper, or Deputy Leadbeater sometimes on social media, so I think that this amendment again is a step in the right direction of giving us a bit more control and making the Civil Service a bit more accountable.

The Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, madam.

I too will be supporting this amendment and the spirit of the amendment, as I read it, be it in *The Press* or indeed in our inboxes, was of a P&R that was trying to respond to the needs of Committees that have been voiced in this place, albeit doing it perhaps at the last minute without all the insights that we need, but still trying to set a new tone and a new responsive way of working with us, the Assembly. It is true that for many of us, on our Committee, staffing is the biggest part which we have no control over, and I saw this as a step in the right direction. It does not go as far as I would like it to, but I want to embrace the fact that there is a desire to work with us.

I think to Deputy Inder's point, many of us have not filled places that have been free for over six months, let alone over 12 months. Indeed, many Committees have been parred right back to the bone. In fact, there is no more flesh to cut. It is bones that we are, in a sense, breaking and trying to remake the structure of many of our departments. That requires leadership and that requires us being able to have a say in the higher grades that we are trying to appoint.

I will fully support this. I recognise it is not perfect but I do think it is setting a new way of working with the Committees and the Assembly. and I think that should be applauded.

The Bailiff: Thank you.

Deputy Collins and then Deputy Blin.

Deputy Collins: Thank you, madam.

I am a bit torn over this amendment. As many said, in my mind I spent the last year listening to parts of this organisation tell me they have had to apply to a budget in order to recruit somebody before they can recruit them, go through a recruitment process, and now we are possibly going to add on an approval of a Committee. That is what really worries me; the extra step that do you have to wait formally the two weeks for the Committee to meet, is it going to be delegated to the President, is the President then thinking, 'Well, actually I will just delegate it to an officer', as Committees can do that? So it does worry me.

The point that Deputy Inder made about pay and non-pay is something I have mentioned a couple of times at finance lead meetings. The ability to be able to spend on pay on non-pay items and vice versa, and some parts of me think, 'Well, no, in other organisations I have been in that would not be allowed. That is a way you control your headcount.' The other way, we are an organisation where I know from again my experience of EDDIAC, one organisation ran out of money, could not do any more photocopying. There has got to be a little bit of flexi one way or the other.

As I say, I do not really want to say this, but it is a bit like Christmas is upon us and on the top of my to-do list is send out the lunch menu for Christmas. So I am a bit worried about P&R, that old saying of beware of the gifts that you are going to get. As a Committee, I really probably should support this because it gives us more control. But I am really worried that it just adds another layer. Listening to Deputy Oswald saying the number of people in his committee, 2,500, the 50 or 46, 50-odd people a year that will go through this process that the Committee will have to ratify or approve. I just really do not want to get in the way of a Civil Service or public sector worker, getting on with recruitment.

I have heard so many times actually, it is really difficult to fill vacancies in Guernsey, in some of our posts. As I say ma'am, I will not repeat myself, I just find it something I will probably agree to, but not overly happy about, but thank you.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, ma'am.

This is a subject very dear to my heart on the recruitment aspects, such a key part. I totally see the train of thought on this amendment. We must be questioning staffing costs, particularly at the senior levels. But I have got a few little concerns on how this could work. What is interesting in the amendment and the notes is that it goes further than just looking at posts that have been vacant for six months, because it is on all the SO1 positions as well. That is actually really important, not only just left but needs replacing.

I am just wondering, like others have said, if we are not entering into operational decisions, that should be really left to the people responsible. I will have a question for the summing up, which should be really important. What happens, for example, if the Committee says no? If officers tell us that the position is essential but the Committee decides not to approve it, who then takes responsibility of the service that offers or do we end up spending more money finding something else? That is a really important part to say. The sentiment of the essence is right, and I would really appreciate the answer on that.

Now I have got another point as well. Are we also looking at the right things if the objective is the value for money? I will give you a little example. I do not know if others have experienced this, but I have spoken to, over the last term and the beginning of this term, many individuals, including public servants. I have had several times the same situation. There are roles undertaken in some areas where the person undertaking the job is much more senior than required to be, whether it be through promotion and money, and there are people who are on lower grades who should be doing that, but it has just ended up like that. Will this amendment pick that up as well? Because this is another, in effect, assessment that is required.

Perhaps it is proposed in the annual reporting, if it could include some assurance that these senior posts are still appropriately graded and needed; that is the key. Then hopefully with our Committees becoming involved in the individual staffing decisions. I will give away to Deputy Inder.

The Bailiff: Deputy Inder.

Deputy Inder: I have done work on a big service Committee. To give an example, in our own Committee over the last few months – and I think it is more about leadership and style than anything else and it is not necessarily a criticism – we have lost a senior figure. As soon as I knew that was happening I wrote to the Head of Public Services and my senior officer asking them not to replace that figure. Now, that will be a figure that is over £100,000 and that is not included in this year's 1%. That will be to the benefit of next year, but we will not be recruiting. That is the intention because I – we – control the budget. You may not control the full-time equivalents (FTEs) but you do control the budget, and I will continually repeat that. Through you, Madam Deputy – I am sorry, I demoted you *(Laughter)* – Madam Bailli to Deputy Blin, I think if we pay attention, if Committees really pay attention and they are focused, they can do it.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, Deputy Inder.

Just to go a bit further, Deputy Inder referred to the point of the Committee controls the budget and therefore that is where the key is, but I would like to just partly challenge that. That may be where the cost is and the budget is, but it is actually the operational team doing the work where they are choosing who is working and what is going where. That is actually beyond the budget. The budget is a number; it is a line across. What they do within that budget, that is where I believe if we could have the opportunity to analyse that to see the right roles are in the right places, that would make a difference.

So, to be very frank, through you, ma'am, I am not convinced this amendment as drafted has got the strength, but I support the sentiment of it. I do think it is a well-chosen amendment subject area to make the changes there, so I will be listening very carefully in the summing up to see if I can actually fully support this.

Thank you.

The Bailiff: Thank you.

Deputy St Pier.

Deputy St Pier: Madam Presiding Officer, I just begin with Deputy Blin's observations. I think this amendment, with respect to Policy & Resources, has been quite badly drafted. I think that is probably as a result of the many pressures that they are under. I agree with Deputy Sloan. This is not really a Budget amendment. It has appeared in the Budget not least as a result of an approach by Deputy Inder. I participated in an early part of that conversation and I have to say I think I preferred Deputy Inder's draft to this version. I think I need to explain why.

One observation I want to make, to draw attention to because nobody else has yet, is in the explanatory note there is this interesting paragraph at the bottom of the first page which says there is an extant resolution from 2024 that directs that any post that has been vacant for six months – not 12 months, six months – or more should be deleted and should be reinstated only if a case can be made that the role is essential. That resolution was not enacted by the P&R of the time. That is really interesting. That is really interesting. So this explanatory note is telling us that the P&R of the time chose to ignore the direction of the States of Deliberation.

I wonder whether that was truly the case because, of course, the P&R of 2024, there are no members of that Committee who are currently on P&R. Certainly, in my time back on P&R from 2025 I do not remember this matter ever being brought to us for a decision. I may be wrong, but I do not remember the new P&R ever being asked, 'Do you wish to continue with the previous P&R's decision to ignore a direction of the States of Deliberation?' I suspect the reality is that this was ignored by the people who were supposed to act upon it, namely the officers and the Civil Service, rather than it being a conscious decision of P&R, but we shall see. No doubt, if I am wrong in that assumption the President will advise us so.

Deputy Curgenven and Deputy Ozanne have said this is a step in the right direction. I think when I heard about this amendment I wanted to believe so. It feels like perhaps it is a bit more of a sop. The first part of the Proposition is very bold: to agree that all Committees of the States are accountable for the staffing of their service areas. Wow, that is a huge shift. There is me thinking that the Head of the Public Service is accountable for the structure of the Civil Service. Now, suddenly, we are shifting all that accountability to politicians.

We then go on to say we do not really mean that. We only really mean they are accountable in relation to recruitment of all roles above an SO1 and so on. So we are certainly not responsible for the number of SO1s. Many have tried over the years to say, 'Can I have an organisation chart?' *(Laughter)* Laughter around the States. Can I have an organisation chart that shows me the number of SO1s? You will still be waiting by the end of this term to see that. So the Committees are not in a position to say, 'I only want three SO1s. I want to axe some SO1s.' This is only about a very narrow part of the accountability which is around recruitment, and it is shifting that responsibility to the politicians.

Others have picked up on this question of approved or ratified, and again particularly this question of ratification, if it is not ratified, if the Committee refused to ratify, so what? It has happened. A position is employed. The contractual commitment is made. The employee is employed. You want to get rid of them. You cannot do that. That is not part of this remit.

I think the other issue, yes, it is interesting about this ratification because again in the explanatory note it says – I am referring to the third paragraph:

> this amendment will give committees more visibility of and control over the workforce in their service areas by requiring committee approval (or, where appropriate – for example in the context of certain clinical roles in healthcare ...

Now, you might think, okay, that kind of makes sense because as politicians none of us are in a position to challenge whether a clinical role is needed or not, so we cannot approve that. The best we can do is simply approve somebody else's decision that a clinical role is needed. Where does that line get drawn? How many other areas are there where there are lots of – and Deputy Leadbeater has touched on this and said these are statutory roles. There are lots of other roles where there could be a specialist environmental pollution officer that is essential to discharge a piece of environmental pollution legislation. We are not in a position to challenge whether that role is needed or not.

So I think the ratification goes well beyond whether there is a statutory official involved or not. It actually strays much beyond that, and that is given away by the reference to certain clinical roles. Because that seems like an obvious one, but where are all the ones that are not quite so obvious?

Then the final point just sent shivers down my spine. At a minor level this refers to the drafting issue. The Proposition talks about a standardised reporting template, but actually the explanatory note talks about a standard reporting structure or just a reporting framework. So we have three different references to some kind of reporting. I think what left me feeling slightly anxious was what this framework is going to contain:

> It is anticipated that the reporting framework could collate information such as the total number of FTE roles; the number of roles at SO1 grade (or equivalent) and higher; vacancy data (including information where the cost of covering vacancies is higher ... the number of FTE roles deleted and/or created within the reporting cycle, and any changes anticipated over the forthcoming report cycle.

Oh, my goodness, what kind of monster are we potentially creating with this standard reporting template?

So I started off feeling that this was helpful. I am left, partly through this debate but partly through greater analysis of both the amendment and the explanatory note, actually feeling quite concerned about it simply being a reaction. I really want to know what has happened to that 2024 resolution, clear direction of the States, still extant. It has not been rescinded. It is not rescinded by this. So maybe we just ignore this and say P&R can get on and act upon the extant resolution which is already there as a starting point. If that does not work, then they need to come back with something that does and they need to cancel that extant resolution.

The Bailiff: Thank you.

Does anybody else wish to speak on this amendment? In that case I will turn to – Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Madam, I think that has been actually a really good debate. I am certainly clearly in two minds about it because I think that some of the arguments that have been advanced by Members today are really interesting.

I was certainly coming into the debate on this amendment thinking that this was the right direction of travel in terms of the sentiment of what we are trying to do. In particular, the speeches made by Deputy Rochester and Deputy Sloan as well really tried to highlight that perhaps this is trying to compensate for something that is missing. This is trying to impose political oversight and micromanagement to some extent potentially of the Civil Service, and that is not how over time we will get the efficiencies, the accountability, the responsibility that needs to be embedded throughout the Civil Service. We are not paid to do those jobs. All of those people will be paid significantly more to be running the Civil Service through the policies and direction that this Assembly indicates. Certainly, the introduction of the Chief Officer is absolutely that crucial step that we are trying with the Chief Officer to re-establish, for those people to have that ultimate accountability at operational level to run the Committees. To some extent, this amendment

potentially pulls the rug in terms of that accountability and responsibility that Chief Officers are supposed to have, so we are potentially emancipating those jobs ahead of them starting.

So I think Deputy St Pier also highlighted from a technical perspective there are quite significant issues in how the amendment is drafted, and certainly having re-read it again I do think there are issues there. It was quite heartening to see the direction of travel that the Committee *for* Health & Social Care is actually already taking. It is doing something that is custom to the Committee with their new Chief Officer and establishing the practices that are working for that Committee. So this is an example of something that we can start making happen without a specific direction of travel.

So I am still very much at odds with it. Because as the Committee *for* Economic Development we are about to hopefully recruit to the Chief Officer position, I feel this is fundamental that they have the responsibility to run with the mandate of the Committee within the constraints that will be imposed by this Assembly and by the Political Oversight Group. There will be instances when the political Committee disagrees with what the Chief Officers might be doing at that micro level, but it is ultimately their job to run with it.

Deputy Helyar is actually quite good within the remit of his mandate in pushing back operational responsibility to the boards of the trading assets and the directors who run that. Obviously, that is not the same position with political committees, but he has been quite good in actually helping delineate what is political responsibility of the STSB and him as President versus what is actually operational responsibility of the management of the teams that run certain service areas. I think that delineation is helpful.

So I am of two minds because the direction of travel is correct and potentially we could give it a try, but I am also concerned that that is not a sustainable measure. It is trying to compensate for something that is missing in terms of creating the responsibility and accountability within the Civil Service to execute the direction of travel that this Assembly through policy and budgets sets. So I am still of two minds and I will be listening carefully to Deputy de Sausmarez in summing up.

The Bailiff: Does anybody else wish to speak before I turn to Deputy de Sausmarez? No. Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, madam.

It has been a very interesting debate. A few running themes that I will try and pick up, as well as picking up any individual comments or questions.

I was very grateful to Deputy Oswald for starting this debate off with a description of the system that they have in place. I think he would agree with me that that has come on leaps and bounds, and really they have their Chief Officer to thank for putting in such good governance and oversight roles that they have already. I would reiterate that in conversation with both Deputy Oswald and his Chief Officer, his Chief Officer says this aligns perfectly – to Deputy Kazantseva-Miller's point – with the system that they have been rolling out. She thinks that it is a really helpful additional step.

I am just going to pick up immediately on that point. The one thing that the HSC system as described by Deputy Oswald does not give us at the moment is transparency. If anyone is trying to find this information, it is absolutely true to say that the Committee increasingly has a much better grasp on these issues, but where is anyone else, either in the States or within the organisation or in the community, supposed to find that? What we absolutely do not have is any comparable like for like information that will allow us to get a sense of what is going on across the organisation as a whole.

I would also start with the point that the Chief Executive and Head of Public Service, I think Deputy Inder referred to the fact that one man cannot do it all. We have a committee system of government. We have that authority devolved to our Committees. That is the executive. Our Committees are the executive function or part of the executive function in our system of government. It is really important that they can exercise the autonomy and the controls that they would seek to have.

To pick up a few points that were made earlier in the debate that the public absolutely expect us to have, I have been President of a Principal Committee, and I really sympathise with those who shared their experiences of the first they had known about a particular issue being in the pages of *The Press* or in online forums or whatever. The public do expect us to be accountable for what goes on in our Committee areas. The rule of thumb that I very quickly learned on joining the States more than 10 years ago was that everything is operational until it goes wrong and then it is absolutely political. Because at the end of the day it is our heads on those blocks and we have to be accountable and we should be accountable. This is what this amendment is moving us more towards.

I am the first one to accept that it is not perfect. I am also the first one to accept that in an ideal world we would have had months and months of consultation on it. Just to remind Members about the context in which the Budget Report was published, it was published literally the next day, the next working day following the Tax Reform debate. So we were very busy in the run-up to that. Deputy Ozanne is quite right. This did come as a response to the concerns that were being voiced and talk about other amendments that were being laid. This is an attempt to bundle all that up together and move it forward in a way that is actually more holistic and I think more effective than the original.

I am not doing this in any particular structured order, but I will talk about what Deputy St Pier raised about that extant resolution, as it is. Oh gosh, I hope he is all right. *(Laughter)* It is addressed in the explanatory note. To be fair to officers, I asked to see the work that was done on that resolution. It was agreed as an amendment. Deputy Helyar brought it. It became a resolution. It sat on the books and I did ask to see what work had been done. Basically, the very strong impression I get from talking to people involved in that was that they tripped over their own feet trying to work out the definition of a vacancy. So that is why there was a lot of consultation between different officers and different committees, and that is why we have been clear that we need to find a pragmatic way through this. This needs to be workable and we will be working. The reason we have not brought every fine detail in prescriptive format is to recognise exactly that. We do not yet know exactly what is going to work but we will be coming out and working with individual committees to make sure we can get it right.

To pick up a couple of other points, there was one area of concern – I give way to Deputy St Pier.

The Bailiff: Deputy St Pier.

Deputy St Pier: I am grateful to Deputy de Sausmarez for giving way.

I am just wondering, having undertaken that work and the knowledge of its existence, what the current Committee's position is in relation to it because it does remain extant. Does the current Committee continue to regard itself as following the previous policy, which is to ignore it, or is it intending to rescind it at some point, or what is the current Committee's position in relation to that previous resolution?

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: I thank Deputy St Pier. I will refer him to the penultimate – well, the last full paragraph on the first page of the explanatory note, which is quite explicit about that. It says this resolution was not enacted by the P&R of the time. He quoted that bit. He forgot to quote the next bit. So this amendment seeks to encompass it within that broader context and looks beyond just vacancies. The reason it looks just beyond vacancies – and this was the feedback I gave to Deputy Inder, was that I do not believe and P&R does not believe that vacancies is the extent of the issue here. I think it is a big part of it and I absolutely agree with Deputy Inder that every senior vacancy that comes available does need to be challenged. Other Members have picked up on this, too. Deputy Blin mentioned this. We do need to consider whether that seniority of role is still the

most appropriate, whether it is still the right fit. I think it is absolutely right for Committees to be providing that challenge.

There is a reference to deletion of roles as well in the potential information captured by the reporting because I think that is a really important part of it. I do think Committees need more visibility and they need to be calling these shots. Ultimately, these decisions are made by someone; all of these decisions, all the processes that people have described. I cannot remember, I think it was maybe Deputy Collins was saying, well, is this going to add time, people have to go and request budget? No, all of these decisions are already being made. There is already process around it. It is just that Committees often are not sighted on it.

So this is the question: do we want to actually take responsibility and be accountable for those decisions, put ourselves in the driving seats of our Committees to a greater extent, or are we all absolutely okay with some decisions being made that we are not even sighted on? So really that is what this comes down to.

I would say to Deputy Camp's point and anyone else who is wondering about the specific detail, there was a lot of focus until Deputy St Pier actually stood up about the first part and what is approved and what is ratification. I did explain when I opened, and it is also explained in some detail in the explanatory note that the reason we added the words 'or ratification' was precisely so that we were not holding up important appointments that already have really good and appropriate governance structures around them; for example, in Health. There are other statutory roles where that may well apply, but it is also really important that the Committees have visibility on them. Frankly, what I would say is that if the Committees have confidence in those governance structures, happy days. Happy days; so they should, and they should be happy to put their name alongside of that. So ratification to that extent is not a problem.

For those that say a ratification is by the by, it has been and gone, what is the point, the point is that Committees will be reporting all of this and so they can be held accountable for those decisions. In a way, it does not even particularly matter how Committees choose to make those decisions as long as they are happy to be held accountable for them. They cannot hold up their hands and say, 'Nothing to do with us, we did not know'. That is the point. It is what the reporting actually brings us. It is that transparency and that accountability and that comparability, and that is really what this amendment is driving at.

Hopefully, I have picked up many of the points. I did have a conversation with the Law Officers and I am grateful for their input, but again the words 'in principle' were included to make sure that there was not operational interference that some Members have rightly voiced concern about.

To Deputy Rochester's point, I thought hers was a good speech. In an ideal world, yes, we would absolutely all be there. All Committees would have Chief Officers and this would all be completely unnecessary. All Committees would be completely comfortable that they know everything, all of these decisions that are being made, but we are not there yet. Two points that I would make. This will accelerate it. This will actually help Committees get to that place more consistently and more efficiently and effectively. The second really important point is I come back to this issue of transparency and reporting. It is all very well for Committees to be comfortable in their own skin, but how is anyone supposed to hold them accountable if we do not actually more widely have visibility on what is going on? That is really what is at the heart of this amendment.

I am just going to quickly scoot through my notes to make sure I have not missed any questions that have been asked. I would also just say while I am doing that that I did talk about this. I made many phone calls to talk with Members about it. It was discussed at a meeting about this States' Meeting that all Deputies were invited to, and it was emailed to Deputies ahead of being shared publicly. Deputies did, of course, have plenty of opportunity to feed back, but the point is that process will continue. We are not proposing a fully formed solution. We are proposing a right step in the right direction and we want to make sure that we continue efficiently along that path.

I would say that Deputy Inder, who says he has not won the bit about vacancies, I hope I have reassured him that he absolutely has because that extant resolution will be honoured. It is just part of this wider process.

Apologies, I am just making sure that I have not missed any individual questions. I think it really just comes down to making sure that Committees, who are ultimately and rightly held accountable by the community, do have appropriate oversight of the senior appointments in their areas. Members are quite right to say this should be done already, but the fact is it is not.

I give way to Deputy Gabriel.

The Bailiff: Deputy Gabriel.

Deputy Gabriel: Thank you, madam.

Does Deputy de Sausmarez envisage this to be an interim position or any devolving of that responsibility which the amendment cites back to Chief Officers or what is her interpretation of the Chief Officers' role when they are appointed?

Thank you.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: As I mentioned before, we have one Chief Officer in post at the moment and I am very much at the forefront of those who rue the day that Chief Officer roles were ever actually removed. I think that was one of the key moments where accountability started to get very, very fuzzy. I actually really regret the restructure that took place at that time precisely – and Deputy Gabriel will know because he has served on a Committee with me that I have long been vocal about the erosion of that accountability and the fact that, as I have always put it, the political accountability and the officer accountability seem to work on parallel tracks that ne'er the twain shall meet at times. This is really about bringing that together.

The one Chief Officer that we have got in role at the moment is strongly supportive of this because in her view it absolutely aligns with that accountability that she is bringing. This is about Committee visibility, as I say, so I do not think there is any kind of conflict whatsoever.

Similarly, to Deputy Leadbeater's points, I do not think there is any conflict, having checked it out with the Law Officers, in terms of any potential for interference in statutory obligations at all. We have worded that bit quite carefully in consultation with the Law Officers.

I think this will strengthen the tools available to the Chief Officer and ultimately at the end of the day I would very much hope that Committees will have confidence in their Chief Officer and actually therefore it will be about visibility and making sure that everyone is on the right page. This is ultimately a really good tool to ensure that is the case. It could actually spot problems much sooner than otherwise might be detected without it.

So for all of those reasons I very much respect those that have taken the time to really study this and voice any potential misgivings, but I would encourage them to go with the spirit of the amendment because this is a step in the right direction for greater visibility, greater transparency and ultimately greater accountability.

Thank you.

The Bailiff: Thank you.

I will now ask the States' Greffier to open the voting on Amendment 31.

There was a recorded vote.

Carried – Pour 29, Contre 9, Ne vote pas 1, Did not vote 0, Absent 1

Pour	**Contre**	**Ne vote pas**	**Did not vote**	**Absent**
Blin, Chris	Camp, Haley	Curgenven, Rob	None	Snowdon, Alexander
Burford, Yvonne	Collins, Garry			
Bury, Tina	Dorrity, David			
Cameron, Andy	Humphreys, Rhona			

de Sausmarez, Lindsay
Falla, Steve
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
Montague, Paul
Niles, Andrew
Oswald, George
Ozanne, Jayne
Parkinson, Charles
Strachan, Jennifer
Van Katwyk, Lee
Vermeulen, Simon
Williams, Steve
McKenna, Liam
Rochester, Sally
Rylatt, Tom
Sloan, Andy
St Pier, Gavin

1130

The Bailiff: There voted in relation to Amendment 31: pour 29, contre 9, and there was 1 abstention. I therefore declare that the amendment has been passed.

Amendment 30.

To delete Proposition 7 and substitute therefor:

"7. To authorise the Policy & Resources Committee to make annual allocations from General Revenue to the Policy & Resources Committee for the purposes of the Commissioning functions in the Policy Resources, from 2027 onwards, of £350,000 in 2027, increasing with inflation each year. Any unspent allocation shall be treated in accordance with the States' normal financial rules and procedures and to direct that this funding shall be available primarily to the States' Commissioning function, with expenditure to be prioritised and approved through appropriate governance arrangements determined by the Policy & Resources Committee in consultation with the relevant Principal Committees to support:

a) new or expanded commissioning initiatives involving charitable and third sector organisations;

b) initiatives which contribute towards the priorities and outcomes of the Government Work Plan;

c) initiatives capable of demonstrating measurable community or social benefit; and

d) opportunities for States funding to facilitate or attract additional charitable, philanthropic or other non-government funding.

7A. To direct the Policy & Resources Committee, working with the appropriate States committees and representatives of the charitable sector, to take forward measures intended to encourage charitable giving and improve access to the existing charitable donations tax repayments arrangements, includes consideration of:

a) simplifying and, where appropriate and cost effective, digitising the existing CH1 and CH2 processes for donors and charities;

b) improving public awareness of, and guidance on, the existing charitable donations tax repayment arrangements;

c) investigating options to facilitate and encourage a payroll giving scheme, including engagement with employers and introducing any facility needed to deduct from gross income of the donor;

d) improving engagement between charitable organisations, new residents and prospective donors; and

e) measures to improve information concerning community need, charitable impact and social value,
and to direct the Policy & Resources Committee to report to the States during 2027 on progress on its implementation and;
a) the opportunities arising from dormant assets; and
b) the potential community benefit funding mechanisms."

The Bailiff: We now turn to Amendment 30. Deputy Strachan, do you wish the States' Greffier to read out Amendment 30?

Deputy Strachan: No, I think we are okay.

The Bailiff: Thank you.

Deputy Strachan: Thank you, madam.

I welcome the fact that Policy & Resources has recognised the need to provide additional support for Guernsey's charitable sector. Their Proposition 7 seeks to do this by increasing the maximum level of tax-exempt charitable donations from £10,000 to £50,000. Under the current scheme, charities can reclaim 25% on donations from local Income Tax payers, although this relies on a manual claims process requiring both the charity and donor to complete relevant forms. Earlier this year I encouraged P&R to raise or even remove this cap based on my experience in the US with charitable tax donations. However, having engaged further with the charitable sector, I have come to the view that there is important groundwork still to do before this change to the scheme can deliver its full potential. That is why Deputy Laine and I have brought this amendment.

Amendment 30 proposes that the estimated annual cost of the Budget proposal, approximately £350,000, should instead be made available through the States' commissioning function to support services that align with the Government Work Plan priorities. At the same time, it asks Government to work with the sector to improve charitable giving by simplifying and promoting the existing tax relief scheme, exploring payroll giving, digitising processes, and considering other measures that could increase participation.

The central question for Members is therefore simple. If we wish to provide additional support for Guernsey's charities, what is the most effective way to do it? Before addressing the amendment itself, I want to acknowledge the extraordinary contribution of Guernsey's charities and the volunteers that work for them. They support vulnerable families, older Islanders, carers, young people, those facing mental health challenges, and people with disabilities and many others in need. They complement Government services, prevent problems from escalating and help deliver outcomes that this Assembly values. I recognise this particularly in my role serving in the Health & Social Care Committee as well as the Overseas Aid & Development Commission. Their contribution makes our community stronger and they deserve our support.

Although the proposal is well-intentioned, representatives of the charitable sector have questioned whether increasing the cap will provide the broad-based support that many charities need. The evidence suggests their concerns are valid. Treasury estimates that increasing the cap will reduce Income Tax receipts by around £350,000 annually. That estimate is based largely on an assumption that around 35 existing donors, who already claim at the £10,000 limit, will increase their claims up to the new threshold when donating to the same charities. There is no certainty that these additional donations will materialise, nor is there certainty that they represent genuinely new giving rather than donations that would have occurred anyway.

Currently, only around 40 donors claim the maximum relief and only around 600 to 700 people, which is about 1% of our population, use the scheme at all. Yet we know charitable giving is much wider than that. The Association of Guernsey Charities and the Guernsey Community Foundation have pointed to low awareness of the scheme and the burden of the application process. They have highlighted interest in an easier payroll giving approach that would be linked to the rebate scheme.

If those closest to the sector have doubts about the effectiveness of the proposal, it is reasonable for Members to consider an alternative. This amendment uses the same level of support identified in the Budget but directs it through the Government commissioning function rather than through forgone tax receipts. This creates a predictable funding stream that can be directed toward identified needs and measurable outcomes. It allows support to be distributed more broadly across the sector rather than relying on increased donations being channelled through a small number of large donors. Most importantly, it enables funding to support priorities already agreed by this Assembly through the Government Work Plan. Commissioning is valuable because it focuses not only on spending money but on achieving results. It allows Government to identify needs, set objectives and work alongside organisations that often possess specialist expertise and strong community connections.

Some Members may argue that the Budget proposal could generate a larger financial return. The theory is straightforward. Raising the cap could potentially stimulate up to £1.4 million in additional charitable donations and the financial impact would be only 25% of that or the £350,000 of forgone tax receipts which would be rebated to the charities. However, that outcome depends on several assumptions. It relies on donors increasing their giving and those donations representing genuinely new contributions. Treasury's own modelling assumes that the same donors will give more to many of the same charities. If that happens, a small number of organisations will benefit significantly but it will do little to address the wider challenges facing much of the sector.

When Deputy Parkinson laid the Proposition he defended it by giving me an example of the Victor Hugo Centre, but he will know that this project was match-funded by Government and that it was outside of the tax cap scheme. This will still be possible to replicate on a case-by-case basis. This method can ensure that such matched funding can be targeted at Government priorities.

By contrast, this amendment seeks to improve the mechanisms that support charitable giving for everyone. Greater awareness, simpler processes and wider participation should strengthen fundraising across the sector rather than among a small number of organisations. In addition, commissioned funding often has benefits beyond the grant itself. It can strengthen governance, increase credibility and help charities attract additional funding from trusts, businesses and private donors. So it is not a choice between a multiplier and no multiplier. It is a choice between concentrating support among a limited number of charities or creating conditions that strengthen the sector as a whole. I believe the second approach offers greater long-term value for the community as a whole.

This amendment would also strengthen the States' commissioning function. In 2024, 24 charities delivered 32 commissioned services worth around £5.7 million. For 2025, approximately 28 charities are delivering around 40 services valued at over £7 million. This additional £350,000 to the commissioning service would increase the resources available to them by around 5%. Importantly, these funds would sit within the commissioning function itself. All currently commissioned projects are funded from individual Committee budgets, meaning that they can be some of the first victims of budget cuts. A new direct budget would provide greater certainty for new and expanded initiatives and create opportunities to leverage additional non-government funding. That gives us a stronger platform to deliver the Government Work Plan priorities in partnership with the charitable sector.

This amendment also asks P&R to work with the charities sector to simplify existing tax relief processes, digitise the systems where practical, improve awareness of available reliefs, and explore these payroll giving arrangements. It would also strengthen links between charities and potential donors, especially new residents, via Locate Guernsey and improve information on need, impact and social value. These are practical reforms proposed by the sector itself and are likely to have lasting benefits for charitable giving. The amendment also asks P&R to consider dormant assets and other community benefit funding mechanisms that could provide additional support without placing further pressures on general revenue.

Having listened carefully to the charities sector and looked at the limited numbers currently using the scheme, I have concluded that improving the charitable giving system must come first.

I still believe that increasing the cap on the charity rebate scheme is a good idea, but before we do this we should ensure that more people understand it, can access it easily, and are encouraged to use it. This amendment seeks to do that whilst also strengthening the States' commissioning function and supporting delivery of Government Work Plan priorities. It is a more targeted, more accountable and ultimately more sustainable approach to supporting Guernsey's charitable sector. For these reasons, madam, I ask Members to support Amendment 30.

Thank you.

The Bailiff: Thank you.

Deputy Laine, do you formally second that amendment?

Deputy Laine: Yes.

The Bailiff: Thank you.

Deputy Hansmann Rouxel and then Deputy Ozanne.

Deputy Hansmann Rouxel: Thank you.

I would like the proposer, or perhaps P&R when they get round to adding to the debate, for some clarification about the proposed allocation to the commissioning function. I welcome the principle of strengthening our third sector and recognise the enormous contribution charitable and community organisations make to the Bailiwick, but I am conscious that we already have the Social Investment Fund established specifically for investment in the third sector and improved partnership working between Government and charitable organisations. Indeed, this was introduced via Budget in 2018, so SIF already has an established grant-making framework. The criteria based on measurable community benefit provides both project funding and multi-year support. Its mandate also includes contributing to the strategic outcomes of the States. Indeed, we have seen specific funding rounds supporting arts, culture, heritage and sport, all of which I have underneath the mandate at Education, Sport & Culture.

I recognise that the commissioning function is different, so my question is whether we are making the best use of the structures we already have. Has consideration been given to whether this funding or elements of it could be administered through the Social Investment Fund? If the intention is to strengthen the commissioning function, could we have some clarity about what additional capability or expenditure is required that cannot be delivered through the existing arrangements? I recognise the commissioning of service is not necessarily the same as awarding the grant, but the proposed purposes of this allocation seem to overlap considerably with SIF's existing mandate. I would simply like to understand how it is envisaged that the two could work together and how we could avoid unnecessary duplication of functions or administrative cost, which I am sure everyone would agree we are trying to get away from.

The Bailiff: Deputy Ozanne.

Deputy Ozanne: My microphone needs to be on. Forgive me, ma'am.

As I have already communicated to Members, ma'am, I am really quite surprised and indeed disappointed that the amendment seeks to replace the proposal to increase the tax-exempt limit. I think there is much in what Deputy Strachan has said that we should applaud and we need to be doing, but this particular debate is about money, not just about processes. The question is whether we should be encouraging Islanders to give generously, as they already are but at limits perhaps that we have not already seen, or whether we should be creating a more centralised pot which not all charities will have access to or indeed be involved with. The AGC does not represent every single charity on the Island and some will find it quite difficult to influence it.

Many Members know that a significant part of my background was indeed in fundraising, and I appreciate that was not on the Island but many of those principles remain the same. I have held

international roles with Oxfam, the Girl Guides and with Tony Blair's Faith Foundation, and the principles around the world remain the same. Government's role is to create an enabling environment with tax incentives to try and encourage major donors, which in today's world is quite a significant part of the funding pyramid that most charities have, and that we should not be constricting or trying to centralise fundraising. I fear that actually the corollary of this particular amendment is to centralise rather than to liberalise, and that goes against all my principles.

At the risk of giving people a fundraising lesson, typically when you are trying to raise significant money – and on an Island like this I would say over £100,000, perhaps £200,000 – for a long-term project, you will look at a fundraising pyramid. You will try and find a donor who will give, let us say if it is £150,000, a £50,000 gift. You try and find two donors to give £25,000, four donors to give £10,000, and then you would have many people supporting it. It is that primary starting gift, that major donor, who you will seek to find who will become the anchor for the project. The reason that donor will get involved is because they obviously are sympathetic with the cause but they also believe in the person trying to deliver it. They have great confidence and it is a relationship that needs to be fostered.

That is why I want to support P&R's proposal because in raising that limit to 50 grand, I hope that we would be finding donors from a broader donor base who would want to give to large projects, which goodness, we as the States need the third sector to step into, and that would create an enabling culture and an incentive to do so. I wish we were in a position that we could take a lot of what Deputy Strachan is suggesting, all the good working practices, which I hope we would be doing anyway, and add them to P&R's proposal, but I do not want to see that tax incentive removed at the cost of a centralised movement.

So I am very sorry to Deputy Strachan and Deputy Laine but I cannot support this proposal and will be supporting P&R's.

The Bailiff: Deputy Gollop.

Deputy Gollop: Thank you.

Deputy Ozanne makes some powerful points and ideally I would not want to see an either/or because I think the original Proposition to expand the tax-free amount and this amendment would work side by side. But if I had to choose, and maybe Deputy Strachan can expand on these points, I will support the amendment because I said I would, and I do go to a large number of charity workshops and events and conferences and I think I understand that the people at the sharp end of the movement want this amendment to succeed.

I think they would also be very supportive of the point Deputy Ozanne made and Deputy Hansmann Rouxel made about identifying entrepreneurs and philanthropists, but this amendment – which almost says too much in some ways but that is a strength of it really – directs Policy & Resources to work with appropriate bodies to improve public awareness and guidance on existing charitable donations tax requirements, but also to facilitate and encourage a payroll giving scheme, which might be a lot of money, but also to engagement with new residents maybe coming here through Locate Guernsey or some other route or professional relocation, prospective donors and measures to improve information concerning community lead, charitable impact and social value.

That is the big strength of the amendment, but I think the main body of the amendment's point is about States' commissioning. I was on Policy & Resources working with the then Deputy Heidi Soulsby with the third sector, and we were proud that we had a full-time commissioning officer, who has now expanded. I am aware, as Deputy Gabriel and other Members are, of work that is being done to look at commissioning, not centralise but maximise the utility of different organisations to get them to work together and in some cases to look at new need. I think this amendment is flexible enough to provide for new community needs that may be something that the States no longer wants to do, and £350,000 is not a lot of money.

What I think it also highlights is commissioning is a concept that everybody supports and, of course, it does happen, especially for the more larger medically-based charities, but it has not quite taken off as we would hope. It needs kick starting, and I think if there is a general view across the Chamber that Government should focus on the knitting, on the core things, and not try to do everything, then commissioning with the third sector is not only desirable, it is essential. I would like to see Policy & Resources give more enterprise and support to commissioning because increasing of inflation each year, any unspent allocation – hopefully it would not be unspent – I think £350,000-plus which was guaranteed would expand commissioning initiatives and maybe would make the difference. Because it would actually be a project, a fund, that would need to find a purpose rather than just a general and vague desire.

I believe the charity sector in Guernsey is evolving quite rapidly at the moment. I think in the future it will be even more professional. There may be less charities. There will be more collaboration. I would hope, and I think they desire, that there is a greater understanding across the community of everybody participating and the States not only valuing the sector but really working on the commissioning model. This amendment is surely worth supporting today.

The Bailiff: Deputy Sloan and then Deputy Oswald.

Deputy Sloan: Madam, thank you.

I am reminded of a speech given by the gentleman to your right, madam. It is a luncheon in the beginning of their tenure when they mentioned the fact – it was at the Old Government House (OGH) – that Guernsey had an awful lot of charities. The person in question said they had been surprised at quite the number, but I never quite understood what the rationale for the concern was. Was the rationale or the thought process that Guernsey had an awful lot of charities because there was unprovided for care, or was the cynic in me going there are an awful lot of middle-class people looking for things to do? It could have been one or the other. That is not to speak against the charitable sector because they do a very good job, and that is not what this amendment is about. It is about looking at what the amendment proposes to do as an alternative to what the Budget proposes. I object to the amendment on two grounds. One is philosophical and one is practical.

Practical – sorry to talk pounds, shillings and pence – it is not equivalent and this is the argument that I relayed to the Chair of the Association of Guernsey Charities in an email. Only Deputies will have seen that email because I do not copy in others to those emails. The point I made was they are not fiscally equivalent. P&R propose providing tax relief so there will be revenue forgone. The amendment proposes to increase expenditure, so we increase the expenditure. The two are not equivalent. I am ever so sorry. No matter how the Chair wanted to argue it, you could not refute that point. If we are looking at a time of constraint it does not matter the particular cause, P&R have made a proposed Budget and I will be supporting them in their Budget.

On the philosophical grounds, they are not equivalent either because one, as Deputy Ozanne pointed out, allows support to an individual's choice in terms of charitable giving and the other actually takes that choice away and gives it to Government and gives it to those actors – and I say that in an economic way, where you have bureaucrats, and I do not mean it in a pejorative sense. You have the charitable actors who have a vested interest in funnelling expenditure into their particular preferences; it is entirely rational and there is no emotional condemnation of their actions, it is entirely in human nature. It is not the same. It is not the same as supporting an individual's charitable choice, which is what the Budget is doing.

What we see here as an alternative – and I hear what Deputy Gollop said, madam, that, 'I would like to have both'. Well, we all would like to have both. Unfortunately, Government is about hard choices, the point being that it is not going into the same activities. It is commissioning frameworks. It is going into bureaucracy. It is not going into direct charitable giving, which is what the Budget proposal hopes to support. Now, whether it works or not is another matter, but I am prepared to give P&R the benefit of the doubt and to support the Budget in this respect.

Thank you, madam.

The Bailiff: Deputy Oswald.

Deputy Oswald: Thank you, madam.

I echo Deputy Strachan's ethos in trying to provide a regular source of income to the AGC and I certainly support Deputy Gollop's view that we need to do more commissioning to the third sector to divert some of the work we have to do to that charitable sector, but I echo Deputy Ozanne's and Deputy Sloan's concerns about this matter.

My particular concern is that we have had some discussion with HSC about direct support to charities against donation support. Some of the message coming back from charities is that if it is seen that Government is providing direct support to charities, then their own donation income will go down. So I just wonder whether this move is counterproductive and that, okay, we will be guaranteeing a third of a million pounds to the AGC on a regular basis, but the public may see the Government is now supporting charity; therefore, we do not need to make the effort we are currently doing. So I am finding it difficult to support my colleague Deputy Strachan's amendment.

Thank you.

The Bailiff: Deputy Laine.

Deputy Laine: Thank you, ma'am.

I am delighted to second this amendment. Clearly, this is not a debate about –

The Bailiff: Can you turn your microphone on, please, Deputy Laine?

Deputy Laine: Clearly, this is not a debate around whether we support charity; of course we do. It is not a debate about whether generosity should be encouraged; clearly, it should. We have a much more practical question: how we take the resources we are prepared to commit and make them work hardest for our community. The Budget proposes increasing the maximum aggregate amount of tax-exempt charitable donations from £10,000 to £50,000, with an estimated reduction in tax receipts of approximately £350,000 in 2027. Our amendment takes a different approach. It retains the existing £10,000 limit and instead provides £350,000 for commissioning and wider measures supporting Guernsey's charitable sector.

There is a fundamental difference between hoping an incentive produces an outcome and investing deliberately to provide one. The concern is not just ours. It comes from the charitable sector itself. Representatives have questioned whether raising the cap will actually broaden charitable giving, and they have raised concerns about the lack of consultation before this proposal was made.

So the challenge is straightforward. We want to help charities. Let us ask what will help charities. Not just those best positioned to attract very large donations but the small organisations with good ideas and community groups that deliver genuine social value that a charity contribution or commissioning could help. This amendment provides for exactly that. It supports commissioning aligned with the Government Work Plan priorities and measurable community benefit while creating opportunities to attract additional philanthropic and non-government funded. That is not Government replacing generosity; it is Government helping generosity go further.

Being candid, we are talking about people fortunate enough to have the means to make very substantial donations. We should welcome that generosity. We should celebrate it. We should encourage more of it, but we should also ask a reasonable question. If someone has both the means and desire to make a substantial donation to a cause they believe in, are we persuaded that this is a substantially meaningful incentive? Because that is the behavioural assumption at the heart of this proposal. We cannot have direct evidence of what increasing Guernsey's cap from £10,000 to £50,000 will do because we have never done it. Perhaps people will give substantially more. I hope they will, but hope is not evidence and an assumption is not an outcome. Indeed, the £350,000

estimate itself depends upon assumptions about donor behaviour. I want those with the greatest capacity to give to give generously, but where public resources are involved we must ask whether our intervention creates additional benefit or simply provides additional relief where giving might have happened anyway.

Now, there is a legitimate financial criticism of the amendment and we should address it. The two approaches are not identical. Under the Budget proposal £350,000 is an estimated reduction in tax revenue dependent on donor behaviour. Under the amendment, £350,000 becomes a defined annual expenditure allocation increasing with inflation. The amendment itself acknowledges that the two are not precisely financially neutrally in outturn terms, so let us not pretend otherwise, but that is where the policy choice lies. One is an estimate of what might be forgone; the other is a decision about what we will invest. Giving is also about friction, forms, awareness and connecting someone who wants to help with an organisation that needs that help. So this amendment looks at simplifying and digitising the CH1 and CH2 process, improving awareness, investigating payroll giving, connecting charities with prospective donors, and examining dormant assets and other community benefit funding.

Colleagues, this is a fundamental choice. We can raise the ceiling or we can broaden the foundation. We can concentrate on the size of the individual donations or we can create an environment in which more people give, more organisations participate, and more good ideas have the chance to succeed. This is not less support for charity; it is broader support. It is not Government versus philanthropy; it is Government and philanthropy working together in the service of our community. We can raise the ceiling or we can broaden the foundation. I believe the amendment broadens the foundation.

Now, when it comes to the original policy from P&R I do have some additional observations. I may have, in fact, supported it and maybe the charities would if it was worded differently. The consultation never took place, and I know that P&R have effectively apologised for that and it all happened very quickly.

What is, in effect, a public match-funding as described by Deputy Parkinson, if that match-funding followed a different model, where the States has provided to put match-funding alongside every pound donated – that is as described by Deputy Parkinson – I would rather see that public contribution distributed through commissioning charities delivering services on the Island rather than simply added to the donation made to one's individual chosen charity. We have some very well-known charities which are understandably successful at attracting donations and, in some cases, already receive significant public funding. We also have many smaller charities doing vital work in our community, which are constantly struggling for funds and do not have the same profile, fundraising reach or access to wealthy donors. My concern is that this policy risks widening that gap. It could have the perverse consequence that some charities actually receive less private funding as larger donations become increasingly concentrated on a relatively small number of high-profile charities, where donors know that their contribution will attract a greater match funding from Government.

If we, as taxpayers, are effectively providing the match-funding, I believe there is a strong argument that the public element should be distributed more fairly across the charitable sector, supporting the breadth of good work taking place across our Island rather than simply following where the largest private donations already go. So in the event that our amendment does not pass, I would ask P&R to consider the distribution model in that it goes to the same commissioning cause as described in this amendment rather than just being lumped on to the chosen charity of the donator. That would be a much fairer distribution of Government funds and would actually, if the giving matched the levels predicted by P&R or hoped for by P&R, have a greater contribution.

Thank you.

The Bailiff: Deputy Inder and then Deputy Kazantseva-Miller.

Deputy Inder: Just briefly, ma'am. Initially I supported Deputy Strachan and Deputy Laine because I had not read the amendments. *(Laughter)* I thought it was going to be the amendment that we discussed at the original Budget debate where Deputy Strachan quite wisely compared the Guernsey and Jersey gift aid, where Guernsey starts at a minimum qualifying period of £500 and goes up to I think £10,000, and Jersey starts at £50 and went up to 500K. Deputy Strachan I think at the time said, 'Why have we got any limit at all?' I think P&R could be braver but this, in my view, is not the response and I will give some reasons why.

If you actually read this, which I am now reading *(Laughter)* in its entirety, all this says is expansion of state. It really does: 7(a), 'new or expanded commissioning initiatives', more people; 7(b), 'initiatives which contribute towards', that says more people; (d) 'opportunity for States' funding to facilitate or attract additional charitable, philanthropic', more staff; 7A(c), 'investigating options', more people; 7A(d), 'improving engagement', more people; 'measures to improve information', more people. My view is quite simple. I think the charity trade in Guernsey has been absolutely fantastic. I genuinely think Government should get out of the way. I think this £350,000 will end up setting off a load more FTEs in employment, and what the bureaucracy is very good at is begetting bureaucracy. It is not very good at finding ways of reducing itself, as Deputy St Pier made mention of in a previous debate. Once it says, 'Oh, look, more work to do' it will be more people.

My preference would be for Deputy Strachan to possibly lay another amendment at some point in the future to do what she said initially to expand the gift aid up to at least match Jersey, if not take the cap off it completely and reduce it to the £50. That is the real benefit directly to the charities who have their own ways of marketing themselves. People do give to charities without giving reason. I just do not like the idea of Government deciding how charity should be given or how it should be expanded.

So with some regret, understanding what Deputy Strachan and Deputy Laine have said, my preference would be a different amendment that gets us to the same place. I just do not want Government anywhere near it at all.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Madam, I think Deputy Sloan has illustrated very clearly how this amendment is trying to look at completely different levers. The tax exemption policy affects the forgone revenue item, so that is the revenue, and will be fluctuating over time that the States does not earn. The amendment is suggesting a permanent and inflationary increase in Government expenditure. The starting point for me is also how this sits with the States' commitments in terms of the savings and 1% savings being articulated. Because it establishes a new baseline for expenditure and it is asking for that expenditure to be increased by inflation again on a continuous basis. Not inflation minus 1% but inflation on a permanent basis.

It is suggesting that the money is allocated to the States' commissioning function, which my experience with the small function that exists is that they do not go and themselves commission services. They work with the Committees of the States to improve commissioning from those Committees. In essence, then, if there is any commissioning services, it is effectively from the Committees themselves that those services are effectuated.

So I think technically the amendment is trying to put the Budget into a commissioning function to give them authority to commission services, but I think that is technically incorrect because it is ultimately the Committees themselves that will potentially be going through commissioning projects. Those budgets and consideration whether commissioning should be undertaken should be held at the Committee level and the Committees should then work through the Budget process we have, through the commitments to savings and efficiencies, to then determine is that the right thing to do or not.

So I think if in principle the States would like to increase the expenditure base for spending more with the charitable sector, maybe there is a really good policy base for that, but I think it needs to be brought through probably a proper policy letter that determines if we increase commissioning

this is going to deliver benefits in delivering public services. Obviously, we do not have any of that in the amendment, so at this stage we are just committing to a permanent and inflationary expenditure base without actually realising what the benefits and deliveries would be.

So I am afraid I cannot support this amendment as currently drafted, and I think the principle of a tax relief, it is enabling people. This is the power of the people to make their own decisions in terms of how they want to spend their money. It is a completely fundamentally different proposal to say we will allocate everyone's taxpayer money into what we think is right. I think that is fundamentally, philosophically, completely the wrong approach. I think there is value in both and I think we should disentangle them and look at them separately.

The Bailiff: Who else wishes to speak?
Deputy St Pier.

Deputy St Pier: Madam Presiding Officer, this amendment and this debate has certainly flushed out some different aspects of this issue, and I am certainly at this point very much on the fence. I would be grateful for some information from both the proposer and, indeed, P&R in responding to debate.

Clearly, it gives pause for thought to receive communication from the Chair of the Association of Guernsey Charities asking Members to support this amendment. Certainly, that was a surprise to me. In my experience as the Treasury lead, year after year after year we were lobbied by the AGC to constantly raise the tax concession. So I am curious to know where P&R's original Proposition emerged from, whether it was something that was pushed for by the charity sector or has come from another source.

I am curious also that it was presented by Deputy Parkinson in his opening speech on the debate as linked to this being an economic growth Budget and this is one of the economic growth measures. Given that the revenue forgone if the original Proposition succeeds is £350,000 in an economy of three point something billion, that is less than 0.01% of the economy. In any event, that additional benefit for the charity sector, it is not obvious how that would necessarily feed through to economic growth. I think it is a real stretch. So I think there is a little bit more justification required from P&R to defend and explain why they feel that this move is the right move and, indeed, what the origin of it was.

The other thing from my experience of dealing with this issue over the years is it is clear that there are actually not that many people who make use of the concession. That I think is something that comes out through the amendment. There are a small number of donors and a small number of the pool of charities who truly benefit from it. I think that does possibly raise the issue of a lack of awareness of the existence of the opportunity. Again, I think that is clearly what the amendment is seeking to address and, indeed, that actually is something that I will touch on later on in presenting another amendment around downsizing relief, about how well known that is and whether that is part of the challenge. I think in this area a lack of awareness is clearly an issue and I think that is a reason for supporting the amendment, possibly.

I think Deputy Laine closing his speech saying if this is not supported then I hope P&R will do something different in order to help ensure that this £350,000 is better distributed, that is frankly pie in the sky. I do not see how P&R could possibly give that commitment in responding to the debate. This is a tax measure and the tax measure is clearly set out in legislation. If the criteria are met, then the charity receiving the donation will benefit whilst I understand Deputy Laine making that call, I think he really is whispering in the wind if he thinks that that is likely to happen.

I think, finally, it is worth perhaps Deputy Strachan making it very clear because I think there is some uncertainty and ambiguity around the impact of this amendment that in some way this is the Government who will be determining which charities benefit and that this is replacing the social investment planned or there is another group of civil servants who will sit around and decide how this £350,000 is carved out. That is not my understanding of the amendment, but I think it would

benefit those who are supporting it to make it very clear what the impact of the amendment will be truly be.

So, hopefully, madam, I have raised a few additional points for Members to think about as this particular debate draws towards a close.

The Bailiff: Does anybody else wish to speak?

Deputy Falla to reply on behalf of P&R.

Deputy Falla: Thank you, madam, and thank you to all those who have engaged in this useful debate on a topic, which I think we all agree, is important.

I was having a conversation earlier with my colleague Deputy Parkinson about Budget convention and of course one thing that is always top of mind when it comes to the Westminster Budget is the Chancellor having a tipple of choice while delivering his Budget, and it would have been a bit early probably for Deputy Parkinson today. But the other one was that, apparently in the past, the States of Guernsey would applaud the then Treasury lead following the delivery of the Budget, and I regret that Deputy Parkinson did not earn that standing ovation. However, I was inwardly applauding, I would like to reassure him.

In a way, we are all right. We all want to see charities thrive. We all recognise how important they are in our community and we should do all we can to support them. I thought Deputy Laine in particular made a very good speech, albeit I do not agree with *(Laughter)* but I need to explain why P&R does not support this amendment. While well-meaning, so was P&R's original proposal.

The amendment seeks to remove the proposed flexible increase of the tax exempt allowance for donations to Guernsey registered charities demand-driven up to a ceiling of £350,000 and, instead, authorises a standalone inflation-linked allocation of £350,000 a year from general revenue to support a range of state-defined funding initiatives. The £350,000 calculation in P&R's proposed Budget measure was an estimate and is likely to be highly variable based on the number of claims of very high value made in any given year. And, yes, it assumes behavioural change resulting in welcome increased charitable giving.

This amendment converts the estimate into a recurring fixed expenditure commitment. The £350,000 estimated assumed an increase in donations by those who give to charities at the existing £10,000 cap of roughly 40 individuals, as we have heard, with the assumption underlying the estimate being that 35 individuals might increase their donation leading to an additional £1.4 million in donations plus the £350,00 Gift Aid repayment, so a total of £1.75 million going to charity.

But without operating the scheme, there is no way to calculate what the actual figure is. If we are given the opportunity to do so, then we will know more but, fundamentally, compared with the Budget proposal, this amendment would place greater emphasis on Government-directed funding rather than enabling individuals to determine which charities benefit from an enhancement of their donation.

As a correspondent to the Deputy's emails made this point this morning, agency is taken away from the individual and surely charitable giving is a matter of personal choice. It is accepted, regrettably, that there was no consultation with the AGC, for which I have the greatest respect, ahead of publishing the Budget. With the main focus being on other elements of the Budget, it was assumed that this would be viewed as a good news Proposition.

In 7A of the amendment, the Committee is directed to work with other Committees and the charitable sector on digitising the tax relief scheme, better communication about the availability of the scheme, payroll giving, donor engagements and measures around community need and social value. These are all suggestions that have come from the AGC. While these measures may, and almost certainly do have merit, officers advise that there would be a resource implication, and this draws to Deputy Inder's point. The digitising of the forms would come at a cost. Yet it is not clear how this would be funded.

More crucially, the prioritisation of this work would move some resource away from the Revenue Service Recovery Programme. The States are actually commissioning notes that the practical arrangements would require further development ensuring that relevant Committees retain a say in funding priority, and these questions are not considered insurmountable, but would need to be resolved later in the detailed implementation. In short, there is a willingness to work further on some of these things and potentially bring change in a future Budget but not through this amendment.

The notion that there is a £350,000 pot available for distribution is not reflective of the true position. This would not be a donation from Treasury. It would be lost revenue and this is a Budget debate after all. P&R does work with the Association of Guernsey Charities and we enjoy a good, if robust, relationship and dialogue and also with the Director of Commissioning, with whom I meet regularly.

In response to Deputy Hansmann Rouxel's question, 'Are we making the best use of existing function?', my response is that they all work together as a suite of charitable giving measures. The tax relief is just one of them. We are not looking to deduce something new just to add value to what is already there. Deputy St Pier asked, 'Where has this come from?' I wish I knew the answer, but I suspect it may have been written in his own handwriting on a 'to-do' list in times gone by.

Madam, I invite Members to consider should individual donors be incentivised to support charities through P&R's proposed multiplier effect or should a potentially meaningful element of taxpayers charitable funding be placed at the discretion of an appointed body? By increasing the tax allowances proposed in the Budget, we are inviting generous individuals in our community to be even more generous in supporting the causes they believe in to the multiplied tune of £1.74 million.

Thank you.

The Bailiff: Deputy Strachan.

Deputy Strachan: Thank you very much.

A fascinating debate and I really appreciate all the contributions. There are a few things I just wanted to go over in terms of clarification and also for their explanation, but my starting point is this. There are only 40 donors who are hitting the cap right now and we expect only 35 of them will continue. There are only 650 about who actually take advantage of the scheme at all. These are not the numbers of successful schemes, and I do not think we can lay the blame for this at the door of individuals to solve.

At the same time, we need the charitable sector to be as strong as possible, and this is a really good method of getting charitable donations in. So I agree that ultimately we do want this cap to raise and, ideally, we want the floor to be lowered. Reference was made to Jersey. Yes, their lower limit is £50 compared to our £500. Their maximum is £500,000. So other jurisdictions certainly are putting onus into this scheme.

I just want this scheme to be better before we roll it out because if we do not put any energy into making this work better – and there are many things Government can do – then we are not actually achieving all these goals that people have talked about of having all these individuals with all its agency because all these individuals currently in Guernsey have that agency. They are doing it. They are just not claiming their tax. So we are not prohibiting that, no matter what we do with the current scheme, but the fact that it is not digitised means that we are limiting the number of people who use it. It is cumbersome and it is awkward and, yes, people do not know about it and that is why the initiatives in 7A are there to really make this work better before we just allow those 35 people to claim.

I come back to the amount of 35 people. We do not know how many will, and I agree it is effectively a 'Try it and see what happens'. That is the nature of donor behaviour. I think Deputy Sloan's point that this is forgone Income Tax and it is not equivalent and we said in the

amendment that it was equivalent to the support that we want to direct to the Commissioning Service.

Deputy Hansmann Rouxel mentioned the SIF. The SIF is a fantastic starter. It is a seed funding but we, on the Committee *for* HSC, have already seen SIF give grants for a few years and then stop. The idea is that charity should be on its own at that point and that really poses problems for us because we have a service that is being carried out in the charitable sector and now, all of a sudden, they need money from the HSC budget.

That goes to Deputy Kazantseva-Miller's point. There is no intention that the commissioning service, upon receipt of the £350,000, would actually have any more control than they have right now. They are directed by the individual Committees. HSC has directed a whole number of initiatives that we would like for them to do, but we do not have the funds to allow them to carry it out, and I imagine we are not alone in having initiatives that link to the Government Work Plan that we do not have the funds to do.

£350,000 is not really going to move the dial in a lot of those initiatives, but that is where there was a targeted effort to just having a small pot that the commissioning service would have itself to either enhance or create new initiatives that the individual Committees wanted but could not fund. I wanted to say in terms of a Proposition 7 replacement, there is no intention, as some Members have noted, for more staff. It is simply additional money that the current staff would be allowed to make an impact with that they do not have already.

Deputy Ozanne noted that pyramid of giving. I completely agree and the fact is amazing that we have already tremendous major key donors who contribute to projects as is. I would argue that many of them probably do not pay any Income Tax so would not be able to benefit from this increase in the cap from £10,000 to £50,000. Ideally, I agree with a couple of you who said, 'We want both'. I would like to see that these initiatives are put in place and I would like the cap raised, but if the choice is between the two, then I would prefer the initiatives in the amendment.

Deputy Oswald, I just wanted to correct something. The money is not going to the AGC. The proposal is for the £350,000 to go directly to the commissioning function which is, as we will know on the Committee, carrying out some very important work for us. It is always possible that a grant fund or co-funding or grant matching does decrease some giving, but I think for some of the projects that we are working on, we are actually talking about new initiatives by charities to do things that they were not doing before because they are carrying out some of the goals that Government has not yet.

We believe that the charitable sector can actually do these better than we can. They are closer to the ground and I think we should do everything we can to make sure that they have the resources they need to carry out those initiatives. Deputy Inder, again I addressed. I do not think there is any more money for any more staff required for initiative 7 and, potentially, if we get 7A right, there will be a lot more Income Tax that we will not get because there will be a lot more giving because people will be aware of the scheme. They will have an easy way to engage with it or even via a payroll scheme that we support on the Income Tax side and the employers put in. Maybe it will have that financial impact but we do not know. Back to the question of behavioural change; we do not know what that change will be.

Finally, Deputy Falla, thank you for your comments. You made a comment about a ceiling of £350,000. There is no ceiling of £350,000. We will forego all the Income Tax that is chosen. I give way to Deputy Falla.

The Bailiff: Deputy Falla.

Deputy Falla: My reference to the ceiling was –

The Bailiff: It is a point of correction?

Deputy Falla: Yes, a point of correction. My reference to the celling was within the P&R proposal in that it ratches up according to the number of private donations that apply for relief up to that level.

The Bailiff: Deputy Strachan.

Deputy Strachan: Okay, I do not quite understand that, but I think just to be clear, there is no limit to what this level could go to. If, all of a sudden, hundreds of people start choosing to give £50,000, that number of forgone income tax will be much higher. We talked about individual choice, Deputy Falla and others. I think that this amendment does not at all take away from individual choice.

It is currently very much the case that, because most people are not taking advantage of this scheme, things will continue as they are right now unless we do something to strengthen the system, to make it easier to use and to encourage people to use it. I do not think that this is all Government's role either. I think that this is very much something that the charitable sector itself needs to engage in, and my understanding is that they are very willing to do so.

Finally on the resources point, I did touch on that, but I think that it is exactly these resources that we need in 7A. I do not think that there are lots of people to be added. It is small projects that could be added. I made reference to Locate Guernsey. Locate Guernsey already are doing some work on this. They would not need any more numbers of staff to maybe host one more event or reach out to those that are interested, so I am very doubtful that really there is very much a financial impact at all on this. So I think that is all I had.

Thank you very much, everyone, for this, and I hope you will be able to support it.

The Bailiff: Thank you.

Members, you have on your SEV screen Amendment 30. States' Greffier, would you kindly open the voting on this amendment?

There was a recorded vote.

Not carried – Pour 12, Contre 26, Ne vote pas 1, Did not vote 0, Absent 1

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

Vermeulen, Simon
Williams, Steve

The Bailiff: There voted in relation to Amendment 30: pour 12, contre 26 and there was 1 abstention. Therefore, the amendment has not been passed.

Members, before we turn on to Amendment 24, can I kindly ask that you all ensure that your phones or other devices are on mute? At various times during the last debate, it sounded like we were in a submarine *(Laughter)* so please can you kindly check that you are on mute? We should not be able to hear audible pinging during a debate. It is not fair on the people who are trying to listen to it at home and nor does it facilitate concentration on what is being said, so I shall be very grateful if you would all check your technology is appropriately muted.

Amendment 24.
To delete Proposition 1 and substitute therefor:
"1. To agree that the amount of tax relief in respect of mortgage interest paid on a principal private residence remains at its present level of £3,500 and to cease the phased withdrawal of tax relief provided on mortgage interest in respect of principal private residences.".

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

Deputy Matthews: Yes, please, madam.

The States' Greffier read out Amendment 24.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, madam.

Madam, this is the worst possible time for the States to consider phasing down and ending the tax relief on mortgage interest payments. (**A Member:** Hear, hear.) Many existing mortgage holders will be watching the news nervously to see if we really do resolve to end this relief. It will directly affect the household budgets of hardworking families who have bought their own home.

As Members will know, since it is mentioned elsewhere in this Budget, all Income Tax allowances are progressively withdrawn after an income of £85,000, so this allowance is not a benefit for very high income individuals. The phasing out provides a mechanism of an automatic means testing such that it remains targeted at those in the middle income bracket.

Since the level of interest that is claimable is currently capped at £3,500, the amount of relief provided is modest. Proportionately, it will have the greatest effect for those who have relatively modest homes. This is not a great benefit for millionaires who have bought a palace but for ordinary homebuyers – the backbone of our economy – and this relief is only available for a principal private residence. That is to say a home to live in and not for second homes or investment properties.

Again, this feature demonstrates that the relief is already, to an extent, targeted at those existing homebuyers and prospective first-time buyers where the effect is needed most and not a scattergun benefit that can be exploited by the very wealthy. A feature that may not be so obvious is that the relief will automatically fade away towards the end of a repayment mortgage.

For those who recognise how a home loan is amortised will know, over time, the proportion of a monthly payment that is interest compared to capital will decrease such that, towards the end of a loan, most of the repayment is capital and will not be reduced or affected greatly by mortgage Income Tax relief. So very longstanding homeowners getting towards the end of their mortgage who have likely seen gains in their property values already do not benefit from the relief. These features explain why, in its current form, the relief remains a useful feature of our tax system.

It is not – as some of the literature from around the world may describe equivalent mechanisms in other jurisdictions – a relief that helps millionaires or mainly benefits those already wealthy

homeowners. Over time, changes made for relief here in Guernsey have helped to ensure it is, to a fair degree, targeted. This is something that should be borne in mind by anyone who has read criticisms of the mortgage interest deduction from the point of view of, say, the United States or the United Kingdom as it was once available or elsewhere.

Tax relief available in Guernsey has already been modified to remove some of the features that critics find most objectionable about mortgage interest deduction from other countries and for those local homeowners who do find their relief useful, watching the news nervously will not be a new phenomenon. Global news affects our lending rates directly, whether we like it or not. Geopolitical events around the world have not been helpful. Most of our mortgage market is not locked in to long-term fixed rate mortgages but will be variable or up for renewal every three or five years.

Members will be aware – and do not need me to go through – that news from around the world has not been helpful in recent months and years. Interest rates for mortgage products are approaching new high watermarks as recently reported that products below 6% are becoming very hard to find in the UK, and this will be reflected locally. This will be a nervous time for homeowners looking to the end of their fixed rate and a requirement to re-fix their rate. It means it is the worst possible time for the States to consider ending mortgage Income Tax relief.

Have no doubt this is no minor measure that will sit through unnoticed. This will be felt very directly by those affected by it. That includes of course those who have recently bought homes and prospective first-time buyers; the very groups we say we wish to help in these difficult times. The proposed ending of the relief comes on top of the decision by the States to implement a Goods and Services Tax.

I have to say, madam, I was stunned to see that, immediately after this Assembly voted to approve a Goods and Services Tax, GST, persuaded by the arguments that the regressive nature of the consumption tax would be counteracted by provisions of mitigations in the form of allowances to protect those on low and middle incomes, the Budget proposed to remove some allowances from middle income households. The timeframe of the announcement almost overlapped.

For Members, the vote to approve GST happened on a Friday and we found out about the Budget proposals the following Monday. Just as the timeframe for their effects will overlap for taxpayers; as soon as the relief for mortgages is phased out, GST will be introduced. Have no doubt, this will be noticed very much by those who are affected by it, but these reasons alone should not be enough to consider retaining the relief. I will describe why this is just simply bad policy, bad housing tax policy and will have terrible repercussions for housing market fairness.

This may come as news to those who claim that ending the relief is a necessary virtue and that this is a move to help fairness in the housing market or that the tax relief does nothing to help those renting is just false and wrong. In fact, as our tax landscape is currently set up, it is counterintuitive a benefit towards fairness and towards anyone currently renting their home. This is because the tax allowance for let property, which landlords can claim, remains in place at 50%.

This is a departure from the logic proposed by P&R itself in 2022 for the 2023 Budget where mortgage relief and let property relief would be phased out over the same period of time although in a different mechanism in each case. The phasing down for let property relief was halted because of the damage it can do to the private rental market and to landlords. The Budget does not resume the phasedown of let relief and there are no current plans, as far as I am aware, to resume it. I have my doubts about the practicality of phasing down tax relief for let property for the simple reason that there is a loophole where sophisticated landlords can simply relocate their tax jurisdiction to another jurisdiction.

An obvious example would be Jersey which, coincidentally, recently voted to keep tax relief for landlords in place in full in March this year. Their arguments were very similar to those of our own Treasury in 2016, which argued that the removal of the relief for let property would be damaging to the rental market presented by the then T&R Minister GA St Pier *(Laughter)*. Leaving our tax relief for landlords in place partially or fully leaves our tax system dangerously unbalanced. It systematically structurally favours buyers looking to let property out as landlords over prospective

owner occupiers. This ability to effectively outbid ordinary buyers using a taxpayer subsidy effectively is highly toxic for housing fairness.

For an example of how this can go badly wrong, simply look to the UK. When their version of MIRAS or Mortgage Income Relief at Source was abolished in 2000, the economic narrative promised that it would cool the market and make housing fairer. Instead, it triggered an unprecedented disaster and it priced out owner occupiers and catalysed an explosion in the buy-to-let market. In a saturated market with more people unable to buy, even if they want to, that adds upward price pressure to rents at a time when we do not need it.

Members, make no mistake. The removal of mortgage interest relief is very bad news for anybody currently renting their home. I urge all Members to support the amendment and take a considered look into the housing tax policy as approved in a tax debate. P&R is already under resolution to consider changes to mortgage interest relief including other forms of tax relief with the Committee *for* Housing, but this work has clearly not completed or indeed started at this time.

With this in mind, resuming the phased removal of mortgage interest relief appears to be potentially against the actual wording of the resolution itself of Proposition 1A of the 2026 Budget and, in addition, there was also a resolution for P&R in the 2026 tax reform debate, Proposition 12E, which refers to mortgage interest tax relief directly. So it is not the case that this amendment would result in the issue being dropped. There are resolutions already with P&R to look into how housing tax can be reformed and be more successful for the objectives that we want it to achieve.

So I urge Members to support the amendment and a considered look into housing tax policy as approved in a tax debate and not a kneejerk re-shape and re-hashing of an old policy that is unsuited to current times and our recent knowledge of how tax housing policy works.

Thank you, madam.

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

Deputy Goy: Yes, I do.

The Bailiff: Thank you.

Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Thank you, Madam Presiding Officer.

I will be supporting this amendment. When I was convinced the last time that such an amendment came through in the last debate, this time I enter this debate fully intending to support it. I want to draw Members' attention to paragraph 5.7 of the Budget policy letter, which explains that the Committee *for* Housing has recommended reinstating the phased withdrawal of mortgage relief with that revenue intended instead to be used to provide more targeted support for first-time buyers. It also tells us that the Committee *for* Housing is actively working on these proposals with the aim of bringing them forward to the Budget in 2028.

I welcome that work. I absolutely agree that we need to do more to support first-time buyers and younger homeowners, but I think we also need to recognise the climate we are living in. All around us, the ripple effects of what can only be described as blunderbuss politics on the global stage are hitting ordinary people, and Guernsey is not immune, as pointed out by the proposer of this amendment.

We have just been through a debate in which hundreds of Islanders wrote to us, sharing their very real pain at the cost of living. (**A Member:** Hear, hear.) We heard from people who are struggling, people who are doing everything they can to make ends meet, and people who are telling us quite plainly that they cannot take any more. I do not believe that being financially responsible to the very last penny at this point in the present climate necessarily serves the people we are here to represent. There is no need to do this now. Yes, retaining the relief will mean approximately £1 million less revenue. I take that seriously, I recognise that, but we cannot keep squeezing the middle.

We talk a great deal about supporting those in the lowest incomes, as we absolutely should. We talk about helping first-time buyers, again, quite rightly, but somewhere in between is a very real squeezed middle: working households, families paying mortgages, people whose incomes may look reasonable on paper, but whose disposable income has been eroded by rising costs. They are telling us they cannot take much more.

There is another element of this Budget that I find somewhat incongruous. We are proposing to maintain the downsizing relief. I can see the merits of encouraging people to downsize and freeing up larger family homes, but the policy letter itself acknowledges at paragraph 5.10 that although the relief has been utilised, there is no way of capturing how many transactions were directly influenced by the relief as opposed to those who would have happened anyway. Yet at paragraph 5.117, P&R concludes that the relief is nonetheless likely – likely – having a positive effect. Well, why do we not apply the same reasoning to mortgage interest relief? We may not be able to measure precisely the difference it makes to every household, but it does not mean it is not making a difference.

Let us remember that the relief is limited. We are talking about a maximum of £3,500 of eligible mortgage interest, not £3,500 handed back to every homeowner. The actual tax is considerably smaller. Furthermore, those on higher incomes already have their allowances and reliefs progressively withdrawn, as pointed out in the explanatory note, so this is not some unlimited giveaway to wealthy homeowners.

I look forward to the Committee *for* Housing bringing forward its proposals ,and I hope those proposals recognise the pressures across the whole housing market, not only the difficulties facing those who are trying to get on to the property ladder but also those struggling to stay on it. In the presence of the economic climate, I think we have a responsibility to look at every measure that might help cushion the blow for Islanders.

While those on the global stage continue to behave as though they are auditioning for some particularly farcical 'Carry On' film with an unprecedented degree of political chicanery, we have a duty to provide what stability we can here at home. That means recognising that sometimes the responsible financial decision is not necessarily the one that extracts the last possible pound of revenue. It is the one that recognises the reality of the people who are paying it. I will be approaching amendments through this Budget debate with that consideration firmly in mind, and for those reasons I will be supporting Amendment 24.

Finally, for transparency, I wish to declare an interest in that mortgage interest relief on my jointly-owned family home is claimed by my soon-to-be-ex-husband.

The Bailiff: Members, we have now reached the time to adjourn for lunch.

The Assembly adjourned at 12.32 p.m.
and resumed its sitting at 2.30 p.m.

The States of Guernsey Annual Budget for 2027 – Debate continued

Deputy Humphreys: Madam, on behalf of the Committee *for* Housing, I would like to flag the work the Committee is doing in relation to first-time buyers. This work has indeed started. Support for first-time buyers is a priority of the Committee *for* Housing, which is why we are recommending a gradual phased withdrawal of mortgage interest relief to provide more targeted support for young people and families on the Island who are struggling to afford to buy their own home and may feel like they have no option but to leave the Island to find somewhere more affordable to live.

At last year's Budget debate, the Policy & Resources Committee was tasked to work with us to consider changes or alternatives to mortgage interest relief to better assist first-time buyers and

homeowners in greater need of financial support, and to revert to the States with recommendations no later than the 2027 Budget report.

What has happened and what are we planning to do? The Committee has been reviewing options, looking at both supply and demand measures to identify ways in which we can complement our existing support for first-time buyers and homeowners in greater need, which is currently provided by the Partial Ownership Scheme administered by the Guernsey Housing Association. We are working on a package of measures to help first-time buyers, with a plan to increase the scope to other groups in phases so that no one gets left behind.

Measures which will make it immediately easier to buy a home are likely to have an inflationary effect when demand is so high. Therefore, part of the reason we are not in favour of bringing detailed proposals right now is because we think there is more pressing work to be done on the housing pipeline if we want these measures to have a tangible effect.

It is our ambition to establish a tax-free savings scheme for the Bailiwick similar to the UK Independent Savings Account (ISA) products, which will help people save for a housing deposit. We are carefully considering eligibility criteria and rules to ensure we help those who need it most and to determine how the implementation of a new scheme could work. I would love to say more but this is an evolving policy area and we still need to work through the practical steps and have discussions with P&R ahead of the next Budget debate to consider legislative requirements. You will recall that this was backed up in the Tax Reform debate alongside investigating additional earned allowances.

In addition, we are appraising options for changes to Document Duty, which can be a significant cost when buying a home and a barrier, in particular for young people and families seeking to buy even at the lower end of the market. Historically, I benefited from a benefit which allowed you to buy your first house without paying those fees. I am not saying that is what we are doing, but we are investigating these things. Document Duty on a one-bedroom flat priced at £285,000 currently incurs Document Duty of about £6,252, and a modest three-bedroom family home priced at £650,000 incurs Document Duty of £19,100. They are large sums of money to find in addition to a 5% or 10% deposit. We are comparing measures taken in similar jurisdictions to establish what would work best in our unique Guernsey housing market. Whilst I think it is fair to say that the Committee *for* Housing are open to supporting the idea of revised bandings, that will be better suited as part of this package.

Turning now to assisted purchase schemes, the Committee is actively considering a few models, either discounted at the point of sale or through a shared equity scheme not dissimilar to those in force in Jersey and recently announced in the UK. However, these are also clearly linked to supply, so getting properties built must be our first priority. In considering these measures, we want to make sure we get things right, and deliver change which meets the community's needs in the most effective way.

So why not leave mortgage interest relief in place until such time as we are ready to bring the proposals forward? This is the debate members of the Housing Committee have been having actively between them, and you may see us all vote differently. Personally, very simply, I consider that mortgage interest relief has been withdrawn to a place where it is a relatively small sum already, and the phased withdrawal over the next two years is potentially easier for mortgagees than a cliff-edge removal in one go.

For that reason, I will vote against the amendment and in favour of reintroducing the reduction of mortgage interest relief. I look forward to being challenged this time next year with regard to proposals to assist first-time buyers.

Thank you.

The Bailiff: Thank you.

Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, madam.

Before I forget, I think I need to declare an interest. I would benefit if this amendment were to carry and then to be supported as a substantive Proposition, but I do intend to vote against it nonetheless. I am not responding on behalf of P&R. My colleague, Deputy Niles, will do that at the end of the debate. I just wanted to follow on from Deputy Humphreys and I would like to echo the thanks on behalf of P&R as well for the work that the Committee *for* Housing have done. I have seen that work and it is very thorough and I think some of the options that they are exploring are indeed very interesting.

Notwithstanding the very sensible warning that Deputy Humphreys gave about the need to avoid overheating an already overheated market – in other words making it easier to buy when supply is already short and therefore exacerbating a range of existing options – I think it is fair to say that the Committee *for* Housing, and indeed P&R, are very cognisant of avoiding those risks.

But really the main reason I wanted to very briefly contribute was to point out that actually, depending on the scheme, it is possible that measures could be brought in mid-year should they be ready. Again, I am not in a position to pre-empt any of the work that might be brought forward and it does need to be done properly, but for some measures such as tax allowances, the changes need to happen on 1st January. But for other measures, they could indeed be brought in partway through the year. I thought that information might be useful.

Thank you.

The Bailiff: Deputy Vermeulen and then Deputy Gollop.

Deputy Vermeulen: Thank you, ma'am,

Did Deputy Matthews not nail it this morning? I welcome seeing this amendment back in the Assembly, especially in these difficult times. But his speech; I can only say he has improved with time, a bit like a fine wine. No, he really nailed it. I think in the UK they are talking about, 'Since COVID, since COVID'. If you look at the last six years, since COVID, they are saying that over the last five years we have experienced 30 years' worth of inflation, 27.2%. Now, to make things better in Guernsey, we lobbed in GST. So if people are struggling and are moving off the Island to find cheaper housing in the UK, it never used to be like that.

We used to have an Island where there was tax allowance on your mortgage. Better than that, some years ago you could apply for a States' loan if you and your loved one were setting up home or buying a plot and going to build. The type of people that bought that land were hardworking Guernsey folk. The husband might be a carpenter, a block layer, an electrician, whatever. His wife was working too; both working. With the assistance from the States, they had some help towards that. Nowadays, young couples are operating in a much harder reality in Guernsey at the moment. I am going to support this amendment.

I would advise everybody else to support it as well, because we have got to try and hold on to our young people over here. We are losing far too many professionals, qualified, going overseas now. I am seeing it all the time. I have a relative who is gaining experience overseas, and I hope to see them back. It is quite upsetting. When I look at my grandchildren and what future hopes they are going to have, I hope we do not make a mess of it. So we have to make it attractive to homeowners to buy their own homes, affordable as well.

We should be doing a lot more than what we already are. Sticking to something we decided three or four years ago to get rid of that might have seemed great at the time, but we are operating in very different times, and this will affect the other amendments you are seeing coming through. If you have got that 30% inflation going on over the last five years, that is the reality of what you are dealing with.

Now you lump in the Strait of Hormuz and Ukraine as well; you have got a couple of big wars going on. There is talk at the moment of preparing for a war in 1,000 days. That is not even three years. So we have got to go very careful with what we do. The changes we should make should be small and positive, not negative. I will be supporting this amendment.

Thank you, ma'am.

The Bailiff: Deputy Gollop, then Deputy Ozanne.

Deputy Ozanne: Thank you, madam.

The Bailiff: No, Deputy Gollop and then Deputy Ozanne.

Deputy Ozanne: I am so sorry, I misheard you, ma'am.

Deputy Gollop: I am willing to give way to Deputy Ozanne if she wants to.

I am just saying I entirely concur, I think, with what Deputy Vermeulen was saying. I think that bearing in mind the outcome of our GST debate and other factors, there is a sense that life might be harder for some people. Certainly a lot of feedback we have had from people is they certainly claim that there is a real danger of a brain drain, of younger adults leaving the Island. Deputy Vermeulen knows from his family that getting a house today is even harder than it was a generation ago.

I was a running mate with Deputy Matthews in an earlier election, and I think he very much has matured like fine wine but he has also very much put across, I think, the views of middle Guernsey. He said earlier today in speeches that he did not want long rambles, so I have to learn from that.

Mortgage tax relief is a financial mechanism designed to reduce the net cost of borrowing. I think the nature of it, it is a gesture, it is a provision, it is a give-back from the Government. It is a targeted perk, you could say, in order to encourage home ownership, in order to give people, in certain situations, more of an advantage. It lowers the entry barriers, although of course you do need a steady supply, otherwise you just chase higher prices. I believe it would stimulate our economy and work to prevent people leaving the Island. It may also increase consumer spending. I think it ensures fairness in business taxation, because sometimes people who buy capital equipment if they are a business can get a tax release.

I think, I gather, I am assured that Guernsey has a maximum cap £2,500 for the charge here. No, actually at present level it is £3,500 in the amendment. But landlords and private property investors – and I do support landlords, I have been a landlord myself – are in the fortunate position, as I understand it, getting 50% relief on what amounts to buy-to-let.

I think you have a property on the market and you have two people competing for it, a young family – or a family that are already in the property but are struggling to pay the bills – and landlords. There is a chance, as we have seen in the UK, a possibility, that we get less and less opportunities for homeowners and more and more opportunities for other types of ownership. We do run the risk, indeed, of having a lot of – I support local landlords, but I would hate to see a situation where we become the target of billionaires from outside the Island buying up property en masse. I think we really have to work hard to ensure we have a vibrant community and that middle Guernsey feels accommodated.

I do support what Deputy Humphreys said about the work going on in Housing. I do not know what in-depth they are doing. But it is way down the line and it may well support certain kinds of people rather than others. I think mortgage tax relief was something that, in the era of Baroness Thatcher, the UK Government did well on the property-owning democracy. When it disappeared, it actually led to some of the situations you have seen of a reduction in the ability of people to buy their own properties.

I think if we have more ready statistics, I am of the understanding that the proportion of Islanders who own a home is actually dropping. We already are a lot less than parts of South Yorkshire and South Wales and East Lancashire. Effectively we are in danger of becoming a tenant society, and that will, in turn, change our politics and lead I think to more dissatisfaction and division. So this amendment gets my support until something better comes along.

The Bailiff: Thank you.

Deputy Ozanne.

Deputy Ozanne: Thank you, madam, and apologies for not hearing you the first time properly.

I feel very split on this amendment. As Deputy Matthews knows, I opposed his amendment last year on the basis of fairness, because I felt we were giving an unfair advantage to those who had mortgages, at the expense of those who were renting. I would suggest to my colleagues, Deputy Vermeulen and Deputy Gollop and others, please let us not kid ourselves. This will not solve the housing crisis. The housing crisis of young people – sorry, the crisis of people leaving the Island is because they cannot afford to save for a deposit for a mortgage because they are often paying such high rents and their monthly outgoing does not allow them to create the capital egg that they need to put a deposit down. This will not help that. This may help them, once they have got a mortgage, to decide to stay, but it will not help them on to the market.

So I am wrestling, because I think there is an inequality here. This gives a group who are already at a significant financial advantage because they are often paying half of what an equivalent couple who are renting would have to pay. The average rent on the Island is around £2,000 a month. The average mortgage, I understand, is about £1,000 a month. There is a significant difference, yet you are giving the people with £1,000 a month an added incentive. It is just not fair.

Having said all that, though, two wrongs do not make a right. I recognise that, particularly at the moment with the cost of living, families are feeling squeezed, and we do want people to stay and I do recognise that, and I am grateful that there is a tax cap on this at £3,500. It is those middle-income families who are feeling the squeeze more than anybody.

On balance, I may well end up, despite all my misgivings about fairness, voting for this amendment because I recognise the relief it will give to a group of people. But I do so knowing it will not address the core issues of whether young people will stay on this Island or not. I really want to call that out because I think that is a false argument in this debate.

Thank you, madam.

The Bailiff: Deputy Blin and then Deputy Sloan and then Deputy Gabriel.

Deputy Blin: Thank you, ma'am.

I will keep this short because I know we have a lot of amendments to go through. I will be supporting this amendment, but I did take on board particularly Deputy Humphreys's speech about the impact of what is going on. My point is just this, that we should have a more targeted housing strategy. We have a lot to do there to give the balance, because we have rentals and others. But where is that strategy? It is coming. It was only a year ago we discussed the same thing. I do not want to use the term 'flip-flop', but this is what is just happening. The principle is right, it is to make it better, but it is not here yet. It reminds me of the previous amendments we have had before.

I understand alternative measures are being developed but may not come until the 2028 debate. We have got to remember the wider picture, households already facing significant costs. We have all heard and we have all spoken about the impact of GST, which is an impact. I know there are mitigations. So let us develop that better strategy first and then consider what should happen, but not the other way around. So I will be supporting this and I am very grateful it was brought forward.

Thank you very much.

The Bailiff: Thank you.

Deputy Sloan.

Deputy Sloan: Thank you, madam.

I will be supporting this amendment for three reasons. One is it really was an excellent speech. I wholeheartedly agree with Deputy Vermeulen. That is the best speech I have heard from Deputy Matthews that I have heard him give.

The second was I would like to commit to the principle of doing what we already said we were going to do. We already had the example this morning of talking about resolutions that we have just ignored. We resolved last year to continue to do this until Housing came up with something better. I would like to stick to that plan, please. I just say to Housing, it is the 2027 Budget, it is the second Budget, we are halfway through. Get a move on, because you have only got two left after this one.

The third reason is basically the principle, and the principle of – I am quite in favour of tax breaks for the middle classes, and I have to admit to having an interest here. I am sure we claim the residual relief or whatever it is on our annual tax return too. But I remember a story, I got pigeonholed – I cannot remember whether he was actually a member of previous Policy Council, P&R, at Southampton Airport, a few years, maybe a decade back, and I said, 'Oi, Mister'. I said that a bit more deferentially than that, but not much. I said, 'My effective tax rate has more than doubled while I have been on this Island'. It might have been nearly 10 years ago, probably about seven or eight years ago. He went, 'But the thing is you were paying so little tax to begin with. That was your problem'. I went, 'Yes, fair point'.

But the point is the burden on the middle classes, on working families, has massively increased, not just since COVID but in the last 10, 15 years. I see nothing wrong with the tax break on home ownership. I see nothing wrong in being supportive of families and I see nothing wrong in being supportive of people that earn above the average. All I hear, the majority of my time in this Chamber, is people handing out welfare payments. I would like to have a fiscal system that is designed for all Islanders. Therefore, I am happy to support this amendment in the name of equity and fairness for all.

Thank you.

The Bailiff: Deputy Gabriel.

Deputy Gabriel: Thank you, madam.

I will be brief because Deputy Sloan and Deputy Blin have just pretty much taken all of my speech points. I agree with them and will be supporting it. More importantly, madam, I would like to ask a procedural question of you around your interpretation of all Rule 17(15) declarations of interest in this particular amendment, and also the rest and how we address it going forward, because when we get to the main Propositions they will affect likely every Member of this Assembly. As it is probably your first time presiding over a Budget debate –

The Bailiff: I do not think it is actually, Deputy Gabriel.

Deputy Gabriel: Okay, I said 'likely'. But your interpretation of Rule 17(15).

Thank you, and I declare an interest, I will benefit from this.

The Bailiff: Okay, thank you.

Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Madam, I just wanted to respond briefly following Deputy Sloan's comments because the Committee *for* Housing under Deputy Rhona's leadership for the specific first-time buyer section, together with, I think, Deputy Garry Collins, actually progressed quite a bit of work and submitted proposals to the Policy & Resources Committee in terms of the range of options that we are going to be looking. It does feel like something has been slightly lost maybe in translation over the last couple of months in that process, unfortunately, and we will want to pick this up, but some of the groundworks have been developed.

It is interesting to note that in the UK's Budget there are proposals to create a housing-specific ISA account rather than generic ISA accounts, and certainly so we can be looking to policies elsewhere and the research that is being done in the UK.

I think from my perspective what is really important is that we do find ways to respond to really the challenges also all Islanders continue to be facing with the cost of living. The Jersey Budget has been specifically framed around the concept of the cost-of-living support for the Island community. I feel probably where our Budget is currently failing on a number of points – because it was developed ahead of the tax debate, concluding, ahead of the Pillar Two receipts also being known – is that actually there is probably very little direct support for Islanders. There is no recognition that the cost of living is really affecting all Islanders across the board. Until and when we have a replacement policy, I think the minimum we can do is to continue with the existing mortgage interest relief. As I said, I think the Committee *for* Housing is fully committed and actually progressed quite a bit of work, and we will really get on to at P&R to finalise the options that we were working on.

The Bailiff: Thank you.

Deputy Inder.

Deputy Inder: Only briefly, and then coming out of left field a bit.

Deputy Vermeulen, the sort of the claim that he and others make is that people are leaving the Island because of the cost-of-living costs. I think he is in part right. I do not know the extent of it at all, but I do not think it is down to mortgage tax relief. I think it is the lack of housing. That really is we just have not built enough.

So I will not be supporting this, but I just want to give Members a bit of fair warning from some pretty bad maths. While one of the Members was on their feet, I went through these 30-odd amendments, which does not include the Rochester amendment of the free bus pass, which – 13, which I understand is going to be laid. The cumulative effects at the moment – until I got bored around Amendment 25 – if the States' Members vote for every single amendment you will be adding something like £20 million to the Budget.

In isolation nothing is ever wrong. Trust me, nothing is ever wrong. Everything is a good idea until you start adding it up. I committed, and I thought others do, to looking at some ways of reducing the cost of Government. I am trying to be consistent. It may be consistently wrong, but I am trying to be consistent, so I will not be supporting this for the reasons that I have laid out. I do not think it is necessary.

I will give away.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: I thank Deputy Inder for giving way.

Would he agree with me that there is a difference between forgone revenue versus additional expenditure? Because those are quite fundamental aspects in terms of the balance sheet. In this case, this is about continuing to forgo revenue that we are already foregoing. We are not adding additional expenditure to the Government.

The Bailiff: Deputy Inder.

Deputy Inder: That is a view, but I remain where I am. It may be accurate, but it is a view. In the main, I am committed to reducing the cost of Government. I think it is inefficient. I do not think this helps. The cumulative effect is not good if everyone votes for every single amendment put before them today. I just give them all fair warning.

The Bailiff: Alderney Representative Snowdon, do you wish to be relevé?

Alderney Representative Snowdon: I do, yes please.

Thank you.

The Bailiff: And welcome.

Deputy Parkinson.

Deputy Parkinson: Thank you, madam.

As noted in the Budget Report, I do not support Proposition 1 in this Budget. Members may recall that last year I voted for Deputy Matthews's amendment, so it will not surprise Members to learn that I am not responding to this amendment on behalf of P&R. I do not really need to explain the reasons why I am in favour of retaining mortgage interest relief, at least until the Committee *for* Housing has come up with alternatives, because I think Deputy Matthews has done an excellent job of explaining the arguments for that. Really the only reason I need to stand at all is to declare an interest that I have a small mortgage.

Thank you, Madam.

The Bailiff: Alderney Representative Snowdon.

Alderney Representative Snowdon: Thank you very much.

I was just going to say, I think this is actually a really important amendment and the timing of this amendment becomes even more important because so many people are facing high interest rates coming up. I think in the UK it was recently reported that 2.3 million people will be facing sharp rises in their interest rates as their fixed-term interest comes to an end in 2027. Anything that we can do to try and help people with the cost of living – there are a lot of Guernsey people and Alderney people that may have two to three jobs that are really struggling to try and support the mortgage and their families. I think this goes just a little bit to try and help those struggling people and it sends out the right message.

I think also something you need to take into consideration is that you want people and families to buy houses and start families on Guernsey and Alderney. At the moment I think you are also seeing companies that are starting to buy up quite a lot of property and it is very difficult for people to compete with the private sector when companies are buying up properties. So I think really this sends a strong message that we are trying to do a little bit to try and help those people that are going through a very difficult time with high interest rates. Some would say normal interest rates, but I think we have had money so cheap for so long that we are getting back to more difficult interest rates because the amount of property prices are going up so much that they are borrowing so much more money.

I do thank Deputy Matthews for putting this amendment here today and I will be supporting it. Thank you.

The Bailiff: Thank you.

Deputy Dorrity.

Deputy Dorrity: Thank you, madam.

I should first declare an interest; I have got a mortgage.

I must say that, like Deputy Ozanne, I have never felt very easy about mortgage interest relief, mainly because renters do not receive anything similar. We, on the Housing Committee, have been busy sketching out our first-time buyer plans, as described by Deputy Humphreys.

Further to comments made by Deputy de Sausmarez, it would be good to get a clearer understanding of timings if the mortgage interest relief is withdrawn. For example, would the pot be available for our proposals if, say, we were ready to move forward in March, or whether we would have to wait until the next Budget? I find that, if the latter, I will likely support this amendment.

Thank you, madam.

The Bailiff: Deputy Collins.

Deputy Collins: Thank you, ma'am.

Like many, I am just standing up to declare an interest. I have a mortgage, as you were not in the Assembly last year. I was a first-time buyer, ma'am. I got on to the market, bought my house with my wife, absolutely fantastic. I did the honourable thing, filled my form in, sent it into the black hole of Calcutta Revenue Services. Unfortunately, I have not got my relief yet. I am sure it will be winging its way to me, and that £58 a month would make a difference. Honestly, perhaps it would do.

Just in answer to Deputy Ozanne, I am quite happy to declare, ma'am, I have a £510,000 mortgage. Unfortunately, because of my age – I am 45 now – it is over 25 years and it costs me over £3,000 a month. That is substantial. It is 60% joint income. So it is very relevant, it is important and I echo that members of our Island are struggling on this, and I do worry about interest rates. As I have said before, I am very lucky. I come from a very supportive family, which I do not forget.

For me, last year, ma'am, I did not support this and I do not think I am going to again, because I think it should be removed. As we said, it is £58 a month, ma'am. I feel like Housing is getting a little bit of a kicking here, but we did propose and have several meetings with P&R. Because this is a Budget, it is secret, ma'am, but we did suggest to them some things and of course we are not aware of what they are finally going to propose until it is published. It is kind of like if we had have known perhaps we would have perhaps done some other things, but we have been busy working on some of these things.

To echo one of my close friends, house sales are through the roof. Conveyancing clerks are busier than ever. Document Duty is absolutely through the roof. I said this in the tax debate: receipts from Document Duty will be much higher again this year. We will see the benefit of that in the tunes of millions of pounds. So for me I do not think this is having an effect on people getting on to the ladder. Absolutely right, the point has been made, I had to find £19,000 in fees. I certainly was not worried about whether I was going to get £58 per month relief from tax. That was not at the forefront of my mind. It was saving that money in order to pay the fees and pay our 15% deposit, which we were lucky enough to do. So for me, ma'am, whilst asking Members not to support, if it does, I will be very happy to continue to receive my relief. But just to declare, ma'am, I do have an interest in this.

Thank you.

The Bailiff: Thank you.

Deputy Camp.

Deputy Camp: I will support this amendment for two reasons. The first, following on from and to challenge Deputy Collins's point, is that if Housing had something ready, they could have brought an amendment to this Budget and we could have been discussing all those options here today, but we do not have that. Those of us who are not involved in P&R or Housing only really have last year to look back to, where there was an expectation created that the tapering-off or removal of this would go hand in hand with another solution. That has not been brought today. I do want to see that properly committed to.

For the record, I do not have an interest in this. I do not have a mortgage anymore. It is lovely to be – I ditched all my Guernsey property. It is a lovely feeling.

The second point I think is another one that is getting missed, and I commend Deputy Matthews for his speech. It is the fact that we talk about renters and homeowners but we do not think about the disparity we are creating in respect of that landlord-ownership market. I think it is important that we keep two very healthy rental and ownership markets in place. While we are in a supply-and-demand crisis, because the States of Guernsey cannot get on and actually get that supply into the market, I think we have to do everything we can to try and maintain that balance between renters and owners. While some people say it is expensive for renters, I would suggest that having a healthy

ownership market as well does ultimately benefit renters because it does not create just a renting monopoly for us all to live in if we are not rich enough to be able to buy homes outright.

I will support the amendment. I think it is a good one, it is a timely one and hopefully this time next year we can have a real conversation about what the change might be.

Thank you.

The Bailiff: Deputy Curgenven.

Deputy Curgenven: Thank you, madam.

Just off the back, very quickly, of Deputy Collins's comment, it does not seem a lot in the grand scheme of things, I will admit, but it is a bit like a death from a thousand cuts, this Budget and the recent debate we had. It is just take here, cut here, cut here, cut here, cut here, and we are bleeding our population to death. Actually I might be accused of plagiarism here, so I hope that parliamentary privilege covers me, madam, but as Tesco says, every little helps.

Thank you.

The Bailiff: Deputy St Pier then Deputy Goy.

Deputy St Pier: Thank you, Madam Presiding Officer.

I feel mortgage interest relief has stalked me throughout my political career. *(Laughter)* I am of an age where I recall being able to claim interest relief on any borrowing, including credit card interest back in the day. Can you believe it? In fact, one of my earliest political conversations before I was in politics was actually with Deputy Parkinson when he at the time was Treasury & Resources Minister. I remember challenging him on mortgage interest relief. He, I think as is one of the traits of Deputy Parkinson, has been very consistent, because he rebutted my argument then, and here we are, however many years later, he is holding to his position.

Similarly, I probably feel I need to hold to my position. Having been elected in 2012, Deputy Collins and I, on the Treasury & Resources Department in –

Deputy Collins: Guilty.

Deputy St Pier: – in December of that year first attempted the removal of mortgage interest relief, on which we had to make a rapid reversal if we were not to severely impact the whole of the passage of that Budget. We then returned – Deputy Collins had left the Department by then – in April 2015 with the Personal Tax Pensions Benefits Review, with a decision to phase out mortgage interest relief, and so that journey began.

Of course, that was the time to do it when interest rates were ultra-low. I think it was probably under Deputy Helyar's watch there was a pause in that process. In fact, if that pause had not taken place, we would not be having this conversation today. So in a sense, I think there is a missed opportunity of if we had not made the decisions in 2012 and 2015 and subsequently, we would not really be where we are today. I have to commend Deputy Matthews, though, for his persistence, and he is indeed very persuasive. Again, like Deputy Parkinson, he has certainly been consistent and has held to his position.

I think the single greatest argument for the amendment was the resolution last year, which was to return this year with an alternative, which we do not have in front of us. Others have already made that point. But I did not support the amendment last year, so in that sense I do not feel an obligation to do so at this point.

I think the other factor which is very relevant is we are advised by both of the relevant Committees, namely the Committee *for* Housing and Policy & Resources Committee, that they do believe that this is the right measure, to proceed with the removal of mortgage interest relief. We have Committees with mandates that are advised by the relevant experts, and I think we do need to give due recognition to the advice that we receive from those Committees.

I think Deputy Niles, who I understand is responding on this particular amendment, I think it would be helpful to address the matter of the delay in not including anything relevant in this Budget, as was directed last year, and others have spoken to that, and also the question of if Housing are in a position to proceed more quickly, then is that going to be viable, which I think is a point which has been made by others.

Yes, it does feel like it has been a very long journey in relation to mortgage interest relief, and I really would rather wish that we were not here, but for the decisions that have been made in this Assembly with a different group of characters over the years. But here we are, but I certainly look forward to Deputy Niles seeking to respond to the debate.

The Bailiff: Deputy Goy.

Deputy Goy: Thank you, ma'am.

I want to start by declaring that I do have a mortgage, so I do benefit from this. With that out of the way, what I want to say is this. Back in the 1980s, house prices are between five to six times the median salary. Today, Members, we are looking around 14.5 times, possibly more, depending on what kind of property you get. The affordability has become beyond, way beyond, the grasp of many.

For this reason, a lot of countries in the world have two kinds of schemes. One is called the first-time buyer scheme – they call it first-time buyers' grant in some countries, like Australia; Singapore has it as well – where the country gives a lump sum of money to a first-time buyer so they can afford to get on the property. The other thing that many countries also have, especially countries where property prices are very high relative to the median salary, is something they call an abolition of Document Duty for first-time buyers.

In this Island we do not have either. Despite that, we still have people committing, putting a lot of their money – saving money and putting a lot of the money to be able to afford to buy a house, and they pulled the trigger. They bought the property despite the lack of help. I also say this, that there are many families who also just do not have the help of the Government to get on the property ladder. They also do not have the help of families for a deposit as well. For these people their mortgages are possibly even higher.

We currently do not have either help for first-time buyers. The least we can do for those who have already pulled the trigger to buy a house is to give them the mortgage relief. I think this is the least we can do, possibly until maybe Housing has come up with a better plan. I do not know when, maybe next year or the year after. This is the right thing to do and I think this is something that the public will be very grateful to continue to receive this relief.

Thank you. I encourage Members to support this amendment.

Thank you.

The Bailiff: Thank you, Deputy Goy.

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

What I will say in relation to Deputy Gabriel's question to me is that if you are likely to be a recipient or a beneficiary of this amendment directly in relation to tax relief, then I consider you should declare that interest. The fact you have a mortgage at all is not an interest you need to declare. In relation to the proposals that we end up with, we will see where we end up with and then I will give any indications if I think declarations of interest need to be made, but only if you are in the position that you are likely to be a recipient of this tax relief, should you declare that interest.

Yes, Deputy Strachan.

Deputy Strachan: I have a mortgage, but I have no idea whether I am recipient of it or not, but in the case that I might be, I declare an interest.

Deputy Curgenven: Exactly the same.

The Bailiff: Sorry, we have to do it in a coherent way so that people can hear it. So, Deputy Curgenven has declared an interest.

Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: I declare an interest.

The Bailiff: Deputy Bury.

Deputy Bury: Declaring an interest, please, ma'am.

The Bailiff: Deputy Blin.

Deputy Blin: Declaring an interest, ma'am.

The Bailiff: Deputy Burford.

Deputy Burford: Yes, I declare an interest.

The Bailiff: Deputy Rylatt.

Deputy Rylatt: Also declaring an interest, ma'am.

The Bailiff: Deputy Matthews.

Deputy Matthews: Also declaring an interest.

The Bailiff: Deputy Humphreys.

Deputy Humphreys: Also declaring an interest.

The Bailiff: I did not realise the tax relief was so broad, but that is another interesting factor to perhaps to factor into the debate.

Right, Deputy Niles, over to you, then, to respond on behalf of P&R.

Deputy Niles: Thank you, madam.

This is an interesting debate. I am very aware that it is quarter past three on the first day of our debate. We have completed two amendments and so I will try and be brief. I recognise precisely what Deputy Matthews and Deputy Goy are trying to do and to achieve in this amendment. In fact, I supported Deputy Matthews last year. But I think that we do need to think about a better plan and that is something that we have been working very closely with Housing on. To your point, Deputy St Pier, it is disappointing, perhaps, that we are not here with a fully-baked plan, but we are not. But it is something that officers are working on. Housing have come to Policy & Resources and it is something that we are in the process of being able to deliver.

Housing affordability is one of the most pressing issues that this Island faces, and I share all of your aims in in perhaps supporting this. Where we differ is whether this amendment is the right way to achieve it. Firstly, on the basis of cost, we must recognise that we have limited resources, and they are not our resources, they are the taxpayers' resources. When we spend them, whether directly or through the tax system, that money must be targeted at where our Island achieves the biggest benefit. We must, as Deputy Inder said, prioritise and target where we spend our taxpayers' money.

I personally believe that owning a property should be an aspirational goal that anyone – sorry. I personally believe that owning a property should be an aspirational goal for anyone who wants to achieve it, but mortgage interest relief is not targeted. It goes to every owner-occupier with a mortgage, regardless of their age, regardless of whether they bought their property last year or whether they bought it 20 years ago, and the benefit to any individual is modest. That does not provide the mechanism for a young Islander who wants to buy their first home. It simply spreads £1 million thinly across a whole ownership of property.

Secondly and more seriously, we have an already hot, expensive, inflated property market. Supply is constrained and prices are high relative to local incomes, as Deputy Goy pointed out. In those circumstances, broad support for owners tends to only be supportive of house prices. A measure meant to help affordability risks working against it. It only supports those who are already in the market. Where we have home ownership at over 60%, it does nothing to those that are trying to get into it.

Thirdly, opposing this amendment is not opposing help with housing. As Deputy Humphreys has said, Policy & Resources are working closely with Housing to try and build a better plan for those people that are trying to get into the market. Madam, this is about our priorities. This whole Budget is about our priorities. We want Islanders to be able to afford a home here. The question is how we use finite public money to get there, not through a broad, untargeted relief.

For those reasons, madam, I will not be supporting this amendment.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, madam.

I think we have had a good debate. I can try and go through some of the speakers one by one. I thank Deputy Hansmann Rouxel for noting, at the top of this debate, the real instability in global politics at the moment. I think that is going to be something that should weigh heavily on people's minds, that we are not dealing with a calm global environment where geopolitics are very straightforward. We are navigating some very choppy waters outside the walls of this Assembly, madam. Things are not quite as straightforward as they have been in previous decades. So I agree with Deputy Hansmann Rouxel that we should look at every measure that can help.

Deputy Humphreys talked about some changes that the Housing Committee might plan to do in terms of partnership work, partial ownership and that they were working on some plans and that there was a plan for a tax-free savings scheme that has not yet been brought forward but is under development.

Madam, I can say these are not straightforward things to bring forward. I am a member of the Committee, for example, for Education, Sport & Culture, and we will be looking at potentially loans for students as one of the options that has be brought forward. These are not straightforward things to bring forward, so it is not a 'snap your fingers and make it happen' type of scheme. While I wait with bated breath for these schemes to be brought forward, I would like to see something in front of me.

Deputy Humphreys also mentioned about Document Duty, which of course is one of the big issues that faces first-time buyers and used to be, under the old States' loan scheme, something that the States' loan paid for you, which we obviously have not had and is very much missed by many Islanders who would rue the day that that was withdrawn.

Deputy Humphreys went on to actually ask the rhetorical question: why not leave this in place until we have got some plans? I think the answer that she gave was we would like to see it phased down gradually so that the plans that we have got will come in and it will be phasing down while we are bringing in the new plans in. This, madam, is presupposing that the plans that are being brought forward will meet with the Assembly's approval. I have not seen the plans, I do not know what they are. I may not wish to agree with what the Committee *for* Housing brings forward. I might not think it makes a suitable replacement, so I do not wish to see anything phased down until we know what we might be phasing into. (**A Member:** Hear, hear.)

Deputy de Sausmarez talked about a concern about overheating the market. I think it is very difficult to try and explain the concept, even with our full allocation of time, but there is good evidence to show that phasing out a mortgage deduction does not bring down prices.

I will give way to Deputy de Sausmarez.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: I am grateful to Deputy Matthews for giving way.

Just to put some context around my comments, I was actually referring to the fact that the Committee *for* Housing were very cognisant of the risk of overheating the market with some of the schemes that were potentially under consideration, and that P&R was also mindful. I was not actually talking about what Deputy Matthews thought I was.

The Bailiff: Deputy Matthews.

Deputy Matthews: I thank Deputy de Sausmarez.

I did write very brief notes. I know that others have spoken about the anticipation that removing the relief will calm the market and will bring house prices down. I think the evidence shows that is not what happens quite often. I gave the example of the UK where in fact house prices did not come down as a result of removing MIRAS, they actually went up significantly, but it was just that the slack was taken up by, in the UK's case, buy-to-let mortgages or buyers in large part. The same thing has happened in Spain recently, about 10 years later on. They did the same thing and had almost the same results.

Moving on, Deputy Gollop had some concerns. I thank Deputy Gollop for supporting the amendment. He had some concerns that we are seeing a brain drain of people leaving the Island and that the current relief is a targeted perk to encourage homeownership, which it is. That is how it was designed and it is partially effective at doing that. I accept there could be other schemes that could do a better job, but let us see what those schemes are. We do not have anything in front of us today, madam, and I would like to see what they are.

Deputy Gollop has also mentioned a concern, and this is something that I share, about the possibility of billionaires outside the Island being able to buy up property. Whenever this is raised, the concern about that potential, I do not think we have the information to be able to know whether that is occurring or not in Guernsey. Certainly other housing markets have seen that, and that has been a feature of other housing markets where property funds have bought up properties and inflated prices and been able to take those gains and the profits from let housing away from housing market. I do not know if that is an effect now in Guernsey. It certainly has the potential and we should look to prevent that from being a possibility.

Deputy Ozanne. I do thank Deputy Ozanne for her speech and for her consideration. I know and I thought very deeply about Deputy Ozanne's concerns in the last debate about how this could be unfair to or perceived to be unfair to renters. I do accept Deputy Ozanne's logic that two wrongs do not make a right. I will offer Deputy Ozanne a chance for a cup of coffee and to sit down and explain how it is not as unfair to renters as it seems. Actually achieving balance in the market is something that is important, that benefits people who are currently renting, not just people who are renting and are looking to buy, but it benefits the market for renters as well. But it is difficult to explain that in the context of a debate.

Deputy Blin mentioned about the flip-flop, which is something where it looks as if we have supported one thing where we would say we would ask the Committee *for* Housing to bring forward some measures. We would look at those measures to see if they made a suitable replacement for mortgage income tax relief or if it could work alongside. We have not had those. We are just looking to switch it off in the meantime. I think Deputy Blin recognised the same issue that caused me a lot of concern.

I thank Deputy Sloan for his words. I agree that there is nothing wrong with providing benefits to support hard-working families. If the Government can do that, especially in times that are difficult, it ought to do that.

I also thank Deputy Gabriel for his words and also reminding me that I needed to declare my interest, which I have duly done.

Deputy Kazantseva-Miller spoke about some plans that the Committee *for* Housing have progressed and submitted and had concerns that this may have been lost in translation. It is more a case that we just have not seen anything. I have not seen any plans from the Committee *for* Housing for what might be a suitable replacement. I would like to see them, I would be very interested in them, but there just is not anything here. When the Committee *for* Housing is able to bring forward some alternative proposals, I will certainly consider them alongside what we have currently got. But, at the moment, there is not anything for me to consider.

Deputy Inder made a very good point that part of the issue is a supply issue, we just need a greater supply of housing. It is not the only issue, though, tax policy does play a part. But I do thank Deputy Inder for noting that he may well be consistently wrong on his views, and I will not pass comment on that.

I thank Deputy Parkinson for supporting the amendment and for making clear that he did not support Proposition 1 in the Budget.

Now, Alderney Representative Snowdon, I thought, gave a very cogent account of how this would affect people in Alderney. This does apply to Alderney as well as Guernsey, and people in Alderney have the same issues that we have in Guernsey. This is a universal issue. Helping struggling families is something that we should want to do in both Alderney and in Guernsey. But Deputy Snowdon also mentioned a concern about companies buying property and making it difficult for people to compete. Now, I do not know if that is a feature of Alderney. I do not know if that is a feature in Guernsey. It is certainly something that I would like our housing policy to be able to cope with, and I am not convinced that we have mechanisms to be able to deal with that.

Deputy Dorrity talked about this issue that renters do not receive the benefit. Now, I know this has been a concern for a number of speakers that it does not benefit renters, and it does not directly benefit renters. Of course, there is a relief for let property, which is not part of this amendment. In reality, and in the logic of the 2023 Budget, you should phase both out. Otherwise, you have an imbalanced system. Although you are not benefiting renters as such, or landlords as such, with this specific look, you should be looking to phase both of them out, otherwise you get left with an imbalanced system.

So, for Deputy Dorrity, I would encourage to look at both at the same time and, at the moment, we should be trying to keep a semblance of balance between the two, and not try to imbalance or provide an advantage to one side or the other. Of course, benefiting landlords is not necessarily the same thing as benefiting tenants, but that is the nature of the rental agreement.

Deputy Collins talked about how £58 a month was not really going to make a dent in his £510,000 mortgage. I agree, but for some people it will make a difference. Deputy Collins is an example of how this benefit proportionately means more to people who have more modest means and more modest mortgages. It is capped at £3,500 of interest per person. You can double that for a couple. But, in proportion, that will be much more meaningful for those who may be really struggling.

Deputy Camp mentioned about the disparity between rental and owner occupation. That is something that needs to be better recognised than it has been.

Deputy Curgenven mentioned that it may be small, but the death by 1,000 cuts issue is something that a lot of people will feel.

Now, I hope Deputy St Pier might be brought around to support this. I know Deputy St Pier has been a consistent opponent of mortgage income tax relief. There is some logic in opposing it in itself. But this proposal is possibly the worst way to bring down mortgage income tax relief. It should be brought down at the same time as bringing down let property relief. It should not be one or the other, either keep both or remove both. We should know that there is an issue in keeping one but

not the other. That is something that really should be addressed, and I hope that Deputy St Pier may be persuaded to recognise the weakness in the proposal that P&R has brought this time and support this amendment, or at least not oppose it.

Deputy Goy gave a good account of how other jurisdictions have gone about helping first-time buyers with the affordability issues that are faced around the world. Singapore and Australia have obviously come up with their own schemes. I would be very interested to see what sort of schemes the Committee *for* Housing has come up with and comparing with how does this work in Australia and how does this work in Singapore would be a very good starting point. Because these schemes are not simple, they are not straightforward, and they are not cheap. So it will be interesting to see when the Committee *for* Housing and P&R does bring forward proposals, what they look like.

That was the same or similar point that Deputy Niles made, but from the other side, because Deputy Niles acknowledged that there are better plans and that he would like to see a fully-baked plan brought forward by the Committee *for* Housing. I am afraid I would like to too.

For that reason, I will urge Members to support this amendment until such time as we can see those changes and make a reasoned decision about whether that is a suitable replacement for what we have.

The Bailiff: Thirty seconds to go, Deputy Matthews.

Deputy Matthews: So, with that in mind, madam, I urge Members to support the amendment. Thank you.

The Bailiff: Thank you.

Members, you have on the SEV screen Amendment 24. States' Greffier, would you kindly open the voting?

There was a recorded vote.

Carried – Pour 25, Contre 14, Ne vote pas 1, Did not vote 0, Absent 0

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

The Bailiff: There voted in relation to Amendment 24: pour 25, contre 14, and there was 1 abstention. I therefore declare that the amendment has passed.

Amendment 26.
At the end of Proposition 9, add "subject to the following amendments to The Excise Duties (Budget) Ordinance, 2026 –
(a) after section 4, insert the following section –
"4A. In the definition of "independent small distiller of spirits", substitute "30,000" for "20,000", wherever it occurs in that definition.", and
(b) in section 11 –
(i) in subsection (1), after "4," insert "4A,", and
(ii) in subsection (2), after "4," insert "4A,".

The Bailiff: Deputy Kazantseva-Miller, would you like the States' Greffier to read amendment 26?

Deputy Kazantseva-Miller: No, madam.

The Bailiff: Then Amendment 26, Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Madam Bailiff, the Committee *for* Economic Development has three Committee amendments that we are laying in this debate. They are based on work and consultation that the Committee has undertaken throughout the year. They do not relate to our expenditure but to potential policy changes largely in relation to the duty of alcohol.

We have submitted a series of recommendations to the Policy & Resources Committee as part of the Budget process but we did not hear back in relation to most of those recommendations and it would have been helpful to have to hear from P&R why some of those recommendations were not adopted. So we continue thinking that there is a merit for the rest of the recommendations to be included, and which is what we are pitching to you today directly to the Assembly.

This amendment is a relatively straightforward amendment which seeks to increase the production threshold for independent small distillers at which no duty is paid from 20,000 litres to 30,000 litres of pure alcohol. The introduction of a reduced duty rate for small distillers was a policy change led by the previous Committee *for* Economic Development and championed by Deputy Vermeulen in particular, and it has been a success. It has encouraged local businesses to develop new products, invest in their operations and grow their presence in the Channel Islands market.

Indeed, some of these businesses have been so successful that they are now coming close to the 20,000 litre threshold, beyond which they become subject to the full rate of duty because the relief is currently structured as a cliff edge. We think it is a problem to have a cliff edge approach and are recommending that a tiered approach is adopted by this, and this is covered in Amendment 27, and indeed this was one of the recommendations we brought to P&R as well.

In the meantime, if we do not approve this amendment today, retaining the small distiller threshold at the lower limit of 20,000 litres creates a challenge for the smaller producers who are competing against large international brands with significantly greater economies of scale. It puts us at a disadvantage against Jersey, because their proposed 2027 Budget seeks to increase the threshold to 30,000 litres. This discrepancy between the Channel Islands will be particularly acute for the small businesses operating across both Islands.

Madam, this amendment builds on a policy that is already delivering results. It recognises the growth of our local distillers and seeks to ensure that the duty regime continues to support their development as they expand and until when we have hopefully a tiered structure. It is a practical adjustment just for the year to support the local enterprise, encourage further growth and maintain greater consistency across the Channel Islands.

For these reasons, I ask the Members to support this amendment.

The Bailiff: Do you formally second the amendment Deputy Laine?

Deputy Laine: No, so let me explain.

The Bailiff: You do not really need to explain.

Deputy Laine: I feel I should, if you permit me. Just simply I support the amendment but unfortunately I have a medical issue that has come up that I have to attend and it would be inappropriate for me to both support it and not be here for the vote, which is the danger, so one of my colleagues has agreed to second it on my behalf.

The Bailiff: Thank you.
So who is going to second it? Deputy Leadbeater is seconding it.

Deputy Leadbeater: I will second it, madam.

The Bailiff: Who wishes to speak on this?
Deputy Niles.

Deputy Niles: On behalf of Policy & Resources, we thank Deputy Kazantseva-Miller and Deputies Laine and Leadbeater for bringing this amendment. We do not oppose it. In the interests of moving the debate on, we do not intend to say anything further.
Thank you.

The Bailiff: Does anybody wish to – I was going to say, does anybody wish to speak in opposition to this amendment? On that basis, do you still wish to seek a 26(1) motion? *(Laughter)* Does anybody wish to speak on the amendment?
In that case, Deputy Kazantseva-Miller, given that Deputy Niles has already responded, do you wish to say anything to add to what you have already said?

Deputy Kazantseva-Miller: No, madam.

The Bailiff: States' Greffier, thank you very much for your speed in putting Amendment 26 on the SEV. Would you kindly now open the voting on that?

There was a recorded vote.

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

Pour	Contre	Ne vote pas	Did not vote	Absent
Blin, Chris	None	None	Matthews, Aidan	None
Burford, Yvonne			Montague, Paul	
Bury, Tina			Snowdon, Alexander	
Cameron, Andy				
Camp, Haley				
Collins, Garry				
Curgenven, Rob				
de Sausmarez, Lindsay				
Dorrity, David				
Falla, Steve				
Gabriel, Adrian				
Gollop, John				
Goy, David				

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

The Bailiff: In relation to Amendment 26, there voted pour: 37, and 3 Members were not in the Chamber at the time of the vote. I therefore declare that the amendment has been passed.

Amendment 28.

1. At the end of Proposition 9, add "subject to the following amendments to section 6:
1. In the table set out in paragraph 4:
a. In subparagraph (c), for "71p" substitute "70p";
b. In subparagraph (e), for "46p" substitute "45p";
c. In subparagraph (f), for "39p" substitute "38p";
d. In subparagraph (g), for "£1.15" substitute "£1.13";
e. In subparagraph (h), for "98p" substitute "96p";
f. In subparagraph (i), for "58p" substitute "56p";
g. In subparagraph (j), for "52p" substitute "50p";
h. In subparagraph (k), for "£1.44" substitute "£1.41";
i. In subparagraph (l), for "£1.30" substitute "£1.27";
j. In subparagraph (m), for "£1.66" substitute "£1.63"; and
2. In the table set out in paragraph 5, for "£25.94" substitute "£25.45" and for "£51.87" substitute "£50.90"; and
3. In the table set out in paragraph 6:
a. In subparagraph (c), for "71p" substitute "70p";
b. In subparagraph (e), for "46p" substitute "45p";
c. In subparagraph (f), for "39p" substitute "38p";
d. In subparagraph (g), for "£1.15" substitute "£1.13";
e. In subparagraph (h), for "98p" substitute "96p";
f. In subparagraph (i), for "58p" substitute "56p";
g. In subparagraph (j), for "52p" substitute "50p";
h. In subparagraph (k), for "£1.44" substitute "£1.41";
i. In subparagraph (l), for "£1.30" substitute "£1.27";
j. In subparagraph (m), for "£1.66" substitute "£1.63"; and
4. In the table set out in paragraph 7:
a. In subparagraph (a), for "90p" substitute "89p";
b. In subparagraph (b), for "77p" substitute "76p";

c. In subparagraph (c), for "£3.66" substitute "£3.59";
d. In subparagraph (d), for "£3.29" substitute "£3.23"; and
e. In subparagraph (e), for "£5.85" substitute "£5.74".".
2. After Proposition 9 to insert a new Proposition as follows:
"9A. To agree that alcohol duty rate increases will be limited to RPIX only for 2027 and 2028 or, prior to that point, until such time as a Minimum Unit Price for alcohol or other public health policy relating to alcohol is implemented by the States of Guernsey.".

The Bailiff: In relation to Amendment 28, Deputy Kazantseva-Miller, do you wish the States' Greffier to read the amendment?

Deputy Kazantseva-Miller: No, madam.

The Bailiff: In that case over to you then on Amendment 28.

Deputy Kazantseva-Miller: Madam, this is the second amendment brought by the Committee *for* Economic Development and it seeks to limit the increase of alcohol duty to RPIX of 4.3% rather than 6.3% proposed in the Budget. It also seeks to provide greater certainty for businesses by committing to RPIX-only increases for the next two years or until minimum unit pricing or other health policy is introduced.

This is fundamentally an amendment about supporting our hospitality sector, keeping costs down, providing greater certainty for businesses. I have already mentioned that the amendments brought by the Committee in this Budget are based on extensive consultation and engagement we undertook with industry earlier this year, and it is also consistent with the themes that have been developing over the years.

We have also reflected on the approach undertaken by Jersey Government in setting a four-year budgetary framework for this political term to provide greater clarity and certainty to the business and their community. The Committee proposed the introduction of the new top rate discount and we are pleased that it formed part of the original Budget Propositions and will benefit parts of the hospitality sector. However, it primarily applies to drawn products and does not extend to bottled wine, bottled beer or spirits, which are also consumed in hospitality settings and which would still face the full 6.3% increase.

Madam, we frequently hear concerns about the cost of living, which also affects the cost of eating and drinking out. Our pubs, bars and restaurants are not simply businesses, they are a key part of our social fabric, our visitor economy, and the vibrancy of our centres. We know the importance of the social interaction at the time of increasing mental health issues and increasing levels of isolation experienced by many. Keeping our hospitality sector alive and going is important for the social fabric of Guernsey.

There is also an important comparison with Jersey. For 2027, Jersey is proposing an increase in alcohol duty of just 2.8% compared with Guernsey's proposed 6.3%. Our duty rates are already considerably higher across a number of categories. This discrepancy tells us something important about our wider tax system. We should remember that this Budget was largely developed before the outcome of the tax debate was known. For many years, in the absence of a broad-based consumption tax, Guernsey has increasingly relied on duties, Tax on Real Property (TRP), and other charges to raise revenue, so they have gone up well above inflation over those years.

The comparison with Jersey, which you can see in the appendix, which already has a Goods and Services Tax, really illustrates just how far we have gone in increasing these other taxes and duties. But we know the tax debate has now been settled and we have agreed a direction for reform. So we cannot continue to look at each tax duty or charge in isolation without considering the cumulative burden they place on our businesses, consumers, and the wider economy. So we really need to rethink how the States increases duties and taxes going forward in light of the GST coming

in. The hospitality industry in particular is operating on very tight margins, is very susceptible to issues with immigration permits, and is subject to seasonal fluctuation that we see through visitors.

Madam, this amendment is not proposing to freeze or reduce alcohol duty. We are proposing that it remains at 4.3%, which is already a very substantial increase in its own right. There is an estimated £0.3 million cost of this amendment but the way to see it is whether the above RPIX increases are justified at all and we do not think that that is the case. The Committee believes we should strike a better balance between raising revenue and supporting our local economy and community.

Going further, we could state that the Budget does little to respond to the real cost-of-living pressures that our community is facing, and now other amendments may seek to address that. Keeping costs down so that Islanders can continue to afford the little luxuries of going to their local pub is the least we can do. So our argument is that £300,000, which is the above RPIX revenue, is not a forgone revenue. It is revenue that the Government should not have had potentially in the first place. Importantly, the amendment also seeks to lock the duty policy for two years, fixing it to RPIX, which will help provide better certainty for businesses.

The Committee fully recognises the importance of public health considerations and we need to address alcohol-related harms. However, it considers increases in alcohol duty above RPIX, especially when RPIX is already at a very high level, to be a relatively broad mechanism for influencing alcohol consumption and, from our research, there is no specific health policy today that seeks to increase alcohol duty above RPIX.

The Committee notes the conclusions of the Combined Substance Use Strategy for Guernsey and Alderney 2027-2032, which identifies the introduction of the minimum unit pricing for alcohol as a potentially effective policy measure. Minimum unit pricing allows for minimum pricing to be set so that alcohol cannot be sold at a discount or at a loss, which is a tactic that is sometimes used by retailers to attract people to shop there.

However, given the cost of operating real hospitality businesses, the cost of fines in the bar is already high, so it is very difficult to make alcohol a loss leader in hospitality settings, which is why we consider the minimum unit pricing to be potentially a more effective way forward. The amendment therefore allows for the policy to be amended in the next several years if a health-related policy is brought forward by the Committee *for* Health & Social Care.

Therefore, I urge Members to support this amendment.

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

Deputy Leadbeater: I do, madam.

The Bailiff: Who wishes to speak on this amendment?

Deputy Oswald.

Deputy Oswald: Madam, I thank Deputy Kazantseva-Miller for particularly her explanation of the health implications of these changes, and I would support this amendment. Public Health have concentrated on minimum unit pricing as the effective way of controlling alcohol consumption when it causes harm to people, which basically reflects supermarket sales, whereas here we are dealing with sales in licensed premises, which has a totally different social value and therefore I am supporting this amendment.

The Bailiff: Deputy Inder.

Deputy Inder: Thank you, ma'am.

I was prepared to pounce, even coiled to get up and tell Deputy Oswald off for being so miserable, but he was not. *(Laughter)* I thought he was going to take the Health position of stop all fun, fun gestapo, all that kind of stuff. No one can do anything or more and it is my way or no way,

but relatively and reasonably he understands that in what you call a cost-of-living crisis, however long that is going to go on for, there is a cost of fun, and fun is good. The fun is had in hospitality. It is where people drink coffee, in my case smoke fags, and go out and have a good time.

Deputy Kazantseva-Miller made reference to it, finally again we have something that is a reasonable, warm, happy amendment. Shows that the Government is thinking a little about things beyond the bureaucracy and the boredom of policy letters. So, in my view, I am going to support this. Will it turn the dial? Not really. Does it make everyone warm and glad? Probably not, until the next amendment. But in the main, it is a good amendment and I will be supporting it.

The Bailiff: Deputy St Pier.

Deputy St Pier: Madam Presiding Officer, I think Deputy Oswald is incorrect. This amendment is not targeted at the hospitality sector. It is framed as being targeted at the hospitality sector. But my understanding, and I hope both the Law Officers and perhaps P&R will confirm, that the impact of the amendment is across all alcohol sales, including those, of course, in supermarkets and other retail outlets.

What the amendment explanatory note does not set out is the proportion of which of those sales which take place in those settings. I imagine that the largest proportion take place in those other settings rather than the hospitality setting. That is not set out in this amendment. But it would be quite helpful if somebody is in a position to – I give way to the President of P&R.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Deputy St Pier beat me to his feet, in fact, because I was going to make exactly this point. Unless I have greatly misunderstood the amendment, it does direct that the changes – this amendment, in fact, the explanatory note is perfectly clear. This amendment seeks to remove the additional 2% increase above RPIX proposed in the 2027 Budget for alcohol duty. That 2% increase above RPIX was done, was agreed by P&R, or proposed by P&R, to mirror the recommendation from the Committee *for* Health & Social Care and Deputy St Pier is quite right that this is not a targeted measure. The targeted measure is on draft drinks and that is what we are proposing, but this is alcohol across the board.

The Bailiff: Deputy St Pier.

Deputy St Pier: I am grateful for the clarification because, as I said, Deputy Oswald had misunderstood, so I am glad that has been clarified.

The only other observation I would make, we have now lost the benefit of Deputy Inder's input, but his intervention before lunch was, of course, to draw attention to the fact that, if every measure was voted for, they all on their own do not count for much, but they all add up to whatever it was, £20 million or whatever. So, there is a little inconsistency there, but that is the nature of this Assembly, of course, madam.

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, ma'am.

As a former licensee for 40-odd years, I can tell you that this amendment is very welcome. It is not the only increase that pubs and shops will see. There will be manufacturers' increases in the year, sometimes two or three, and that also puts extra cost on things. It is only right to mention that beer drinkers nowadays seem to be consuming a lot of zero-alcohol beer by the pint. I had a pint of zero beer on the weekend, and it was a draft beer. It was made allegedly in Spain, or from a Spanish brewery, probably brewed in Liverpool somewhere, but it was absolutely fantastic.

But marginal businesses like pubs and clubs do need support at this time. I am delighted that we have woken up to the fact about draft beer, which is sold and poured in pubs, and that is really helpful. We should be celebrating our pubs and restaurants on the Island. We should be encouraging people to go out as often as they can afford to and meet up with their friends and have a chronic, cosy drink. So I am going to be supporting this amendment, no problem.

The Bailiff: Deputy Ozanne, then Deputy Leadbeater.

Deputy Ozanne: Thank you, ma'am, I will be brief.

I just wanted to agree with Deputy Inder that this is a necessary part of our lives, is fun. I know there is a lot of research out there which contradicts itself on whether drinking a glass of wine a day is good for you or not. It does seem it rather depends on where you live. I know when I lived in Paris, I was constantly told it was very good for my health, and I do wonder whether Guernsey could become a little test market to see if this improves or not our Public Health initiatives.

It is really important that we recognise that we need spaces that bring people together, so whether this is at home or in the pub, this is one of the few small ways that we can help Islanders, and I will be supporting it.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, madam.

I had better declare an interest. I drink bottled beer and bottled wine, so I would not benefit from the tap relief that is proposed.

But just looking at comparisons, because come to Budget time, I incline to look across the water to Jersey and look to the Isle of Man, certainly to Jersey, and this is keeping in line with Jersey effectively. We have just done that with the small producers, the extending to the 30,000 litres. It is very expensive going out in hospitality in Guernsey at the moment. Drinking is costly. You can get a small glass of Rioja for £12 that I have recently just learned. That is 175 millilitres for £12. It is absolutely shocking, but there you go, and that is not in a top-end establishment either. That just goes to show exactly how expensive it is to go out and have a meal and have a drink at the moment. It really is.

The point that Deputy St Pier made, and backed up by Deputy de Sausmarez, that this is broad brush and it does not target just the hospitality. It goes right the way across the board into the supermarkets and that as well. Obviously, yes, but the only way we are going to tackle that end of the market, the lower end of the market, is through minimum unit pricing. The only way. This has no effect whatsoever. We can keep on bumping this up and bumping this up. It is still going to be considerably cheaper in the supermarkets. Minimum unit pricing (MUP) is the only way forward.

So this amendment recognises that, and this amendment understands that there are different elements to this. Obviously, we want to support hospitality, we want to remain competitive with our neighbours, and also we have to recognise that the problem that we have with alcohol generally is the cheap alcohol in the supermarkets, which the Propositions in the Budget do not address whatsoever.

So I would urge Members to be cognisant of that fact, that by not supporting this amendment, you are not going to be trying to solve the problem that we have with alcohol, with cheap alcohol, and also understand that we are trying to support hospitality and we are also trying to support the people that go out and use the hospitality venues and to try to keep the cost down as much as we can. So I would urge Members to support the amendment.

Thank you, madam.

The Bailiff: Does anybody else – yes, Deputy Parkinson.

Deputy Parkinson: Madam, I am a bit confused about Deputy Oswald's speech, because we included the 2% increase at the request of the Committee *for* Health & Social Care. I would be willing to give way if he wants to clarify his position. *(Laughter)*

The Bailiff: Deputy Oswald.

Deputy Oswald: Thank you, Deputy Parkinson.

Clearly, yes, I said as an aside to my colleague, Deputy Kazantseva-Miller, I do not think Dr Brink is going to be very pleased with me. *(Laughter)* But, realistically, the way to tackle problem drinking is minimum unit pricing, and there is quite a lot of evidence to show that is the only effective way to tackle it. So I was convinced by the argument, what I read in the amendments, to change my mind about this, which I am entitled to do.

The Bailiff: Deputy Parkinson.

Deputy Parkinson: Well, thank you, madam.

I do not think I can add anything much to that. *(Laughter)* Clearly, we had presented the Budget on the basis of false – I give way to Deputy Inder.

The Bailiff: No, I think he was just standing up.

Deputy Parkinson: No, Deputy Inder is just taking his seat again.

Yes, we may have constructed a Budget on the basis of false premises, but I will consider how that affects my vote in due course.

The Bailiff: Does anybody else wish to speak?

Deputy Burford.

Deputy Burford: Sorry, I am not trying to go for a P&R full house here, madam, I promise you.

But, again, just following on from Deputy Oswald, and also particularly as Deputy Inder has returned to the Chamber, and he will have missed, I think it was Deputy St Pier picking up that Deputy Inder pointed out how all these amendments add up to a very large amount of money. This one is £300,000.

Also going by Deputy Leadbeater's helpful description of how much a glass of wine in a pub can cost now, not a top establishment, we understand. If you look at wine, then for a litre of wine, the duty is going to change by virtue of this amendment from £3.59 on a litre of wine to £3.66. So that is, in my calculation, 7 pence. If your glass of wine is a large one, it is a third of a bottle, that is about 2 pence on his £12 glass of wine. I am not sure that that has any price elasticity for whether someone buys a glass of wine in a pub at all, but it certainly does knock another £300,000 out of the States' revenue.

Thank you.

The Bailiff: Deputy Sloan.

Deputy Sloan: Thank you, madam.

Very briefly, just to reiterate again the argument that has been made previously that – because I will be voting for this amendment, because there is a difference between foregoing revenue and increasing spending. The Budget is in surplus, as Deputy Parkinson said, in an accounting term, whether in cash terms it is still not in surplus, but that is a different matter. That will come to the main debate.

But this is a revenue, it is a foregone revenue. Frankly, and I will not express any interest, I have not had a drink for 13 years now, but the health issues are elsewhere. The average cost of alcohol

in the pubs, in places, is prohibitive. My eyes water when I see my friends buying alcoholic drinks in the pub. It is ridiculous, and there is a reason why town is dead come the weekend. When I was a lad, Monday night was the biggest night of the week, and I do not think there is a big night of the week in town nowadays anyway, and so anything we can do would be helpful.

Personally, I would like to see it go further, and that is somebody who has not had a drink for a while.

Cheers now.

The Bailiff: Deputy Rochester and then Deputy Collins.

Deputy Rochester: I am afraid I am going to be the Grinch here, and I am going to read out a couple of sentences, which really struck me when we as, a Committee, looked at the Substance Abuse and Misuse Strategy:

> Alcohol remains the substance that causes the most harm in the Bailiwick. Alcohol has profound impacts on the health and wellbeing of Islanders. Alcohol-specific deaths are among the leading cause of years of life lost in Guernsey, with approximately nine deaths annually specifically attributed to alcohol.

So that is my point one, is this is not a good thing for us all to be consuming, despite the fact that many of us do.

Point two, I totally agree with Deputy Burford that this is an opportunity to create revenue, and potentially dissuade people from consuming something that is very harmful to them.

And point three is I totally agree with the point about social lives, preventing isolation, and that our hospitality industry provides a space where we can come together. That is incredibly important, but I would like to see action taken to create those spaces that are not necessarily intrinsically linked with alcohol. That is something that would be really interesting for us to think about going forwards.

The Bailiff: Deputy Collins.

Deputy Collins: Thank you, ma'am.

I will be very brief. Just to declare an interest as my declaration, I do run a charity as bar manager during the summer, and Members are more than welcome to come to the Bowls Club for cheap drinks. We are volunteers, and we are happy to serve any Member at low prices regardless of this.

Unfortunately, I will not be supporting this, because that is an extra £300,000 to revenue.

But thank you, ma'am.

The Bailiff: Deputy Kay-Mouat.

Deputy Kay-Mouat: Yes, I am afraid it is rather a similar line. I have to declare an interest as I am involved in the hospitality trade, which sells alcohol in various forms.

Apologies.

The Bailiff: Thank you.

Deputy Camp.

Deputy Camp: I probably will support this amendment, but the other thing that we do not talk about when we talk about the social life of drinking, and Deputy Sloan talked about town being dead, but there is another side of drinking in town, which does require increasing police presence in our town. It is that town is a place where a lot of the violence that is driven in town in the centre over the weekend is driven by drinking, which is done in the pub.

So we constantly think this is a lovely social thing that we all engage in, but for anybody who has been caught up in or in the middle of a bar brawl, because people are drunk and glasses are getting smashed in people's faces, that is the other side that we often forget. I see later on we are

going to talk about Home Affairs needing more money for policing, and I just wonder if perhaps we are thinking about the link between police presence and more alcohol on our streets.

Thank you.

The Bailiff: Alderney Representative Hill.

Alderney Representative Hill: Thank you, ma'am.

I am sorry, but I have to declare that I am a licensee of our tennis club and paddle bar, so I have a vested interest.

Thank you.

The Bailiff: Thank you.

If nobody else wishes to speak on the amendment, I will go to Deputy Falla, who I understand is to speak on behalf of P&R.

Deputy Falla: I feel I have the short straw on this one.

This response will probably not increase my popularity, but at the risk of sounding Scrooge-like in the lead-up to Christmas, P&R's agreed position was to oppose this amendment, although as we have seen, people can change their minds.

This position is, however, with no disrespect to the hospitality sector, for whom we are trying to do certain things, and for the work that Economic Development has done, indeed, in consulting with that sector. The Committee did weigh up the pressures facing the sector against the need to maintain revenues and also support what we thought was the wider public health objectives, notwithstanding Deputy Oswald's perhaps surprising position today. This balancing act is outlined in the policy letter.

What the amendment does, as has been pointed out, is cost £300,000 a year, unfunded, at a time when the Assembly has spent months wrestling with its finances. Every amendment of this kind does sound modest on its own, but together they unravel budgets. So I am bound to ask Members to reject it.

Thank you.

The Bailiff: No, I am sorry, Deputy Falla had finished, and it is not up to the other Members to cough and point and nudge. It is up to the Member who is speaking. Deputy Falla, you have finished. You have definitely finished. You may not have sat down, but you had finished your speech. Thank you.

Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: That brought a bit of energy to the afternoon debate.

I will give way.

The Bailiff: Deputy St Pier.

Deputy St Pier: I am very grateful to Deputy Kazantseva-Miller for giving way.

But it was really to give the opportunity, perhaps, by others intervening in her final address from HSC, because we have now heard from two members of HSC, one recanting their previous position and one holding to it. I am wondering whether Deputies Malik, Strachan and Matthews, I think it would be interesting to have their position, and I do appreciate that may not necessarily support Deputy Kazantseva-Miller, but that is the reason I am standing, is perhaps to give them the opportunity to just tell us one way or another where they are.

The Bailiff: It will be up to Deputy Kazantseva-Miller if she gives way, if they ask her to give way, Deputy St Pier.

Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: All Deputies had a chance to speak to debate, so we do have many other amendments to focus on so, if Deputy St Pier does not mind, I am going to summarise, because I do think we have had the different sides of the debate.

I was pleased to hear Deputy Oswald's view, because what we tried to do is outline the different angles of this debate and really recognise that we do absolutely recognise the health implications, but what we wanted to point to is that the minimum unit pricing was appearing, based on evidence elsewhere, to be the effective way of dealing with potentially over-consumption of alcohol, so we do not want to not recognise that, and we absolutely, if that policy comes in next year or the year after, the policy around duty setting could be amended, so we absolutely want to recognise that.

To me, the core of what we are trying to say is that the inflation in Guernsey is already very high, stubbornly high, 4.3%, that is already quite a substantial level of inflationary pressures that would be felt by everyone. Adding an additional 2%, which brings it to 6.3%, again that would be 4% more than what Jersey is trying to do. Just again to really showcase how different the duty rates are between the two islands; yes, they do have GST but just look at the difference in the duty rates there are between the two islands, which you can see in the explanatory note, which at the lower levels of the alcohol strength for beer, Guernsey's rates will be nearly double those of Jersey. So it really shows the discrepancies.

Those arguments that are being advanced, it is just a 1p difference here and there, but it is the principle of the Government thinking we can continue increasing rates, duties, etc., above RPIX and no one will notice. Yes, maybe you will not notice in one year, but it is the cumulative impact of that above inflationary increases in taxation over time, which then really puts the pressure overall on the cost of living. So it is the principles to say, listen, RPIX is good enough, and it is already very high, and we accept that.

I also wanted to point out too, we continue talking about economic growth and the importance of economic growth. Absolutely, but if we continue having really high levels of inflation, which we have, and it is quite stubborn, it is very difficult to reduce inflation, then we cannot outgrow inflation at such high levels. But if, as Government policy, we continue setting up duties, rates, TRPs above inflationary pressures, that inflation gets continuously baked in, continuously, we will not be able to outgrow those levels of inflation we are setting.

So, if we are looking at true economic growth, we also need to be cognisant about above inflationary pressures that we are continuing to put on the economy. We all know that the erosion of living standards is happening when your wages are not matching up with your outgoings, and that is what has been happening in our economy. So, while the numbers of the duty rates may be insignificant, they do add up to £300,000, but as I have argued, it is the income that we should probably not have, because we are already setting the RPIX, the increase in duty at such a high level.

Deputy Parkinson said that perhaps the Budget was built on false promises, hopefully that is really not the case, because the value of the debate here, we have tried to outline the arguments in our policy letter, and really continue to say that let us bring the minimum unit pricing, which hopefully will be the effective way of dealing with this.

So, as we said – I give way to Deputy Matthews.

The Bailiff: Deputy Matthews.

Deputy Matthews: I thank Deputy Kazantseva-Miller for giving way.

I know Deputy Kazantseva-Miller had said that she did not want to give way to other Members of the Committee *for* Health & Social Care, but it is worth, on the point where she had got to with her explanation, saying that the Committee *for* Health & Social Care does recognise, and I have brought it to the Committee, and all Members would say that we support measures which support the hospitality sector. The confusion that we had, and the explanatory note is very heavy on wanting

to support the hospitality sector, although this is slightly at variance with the tap relief measure, which is very specifically targeted at hospitality, whereas this does cut across all.

Although I do accept, as a general Member of the Assembly, and as a Deputy, that there is a conflict to some extent between being able to support hospitality and the health objective of trying to increase the cost of alcohol, and it might well be the case that, for Deputy Kazantseva-Miller, it might be worth pointing out that in a period where we have a very high RPIX, that there is already a significant increase that has taken place, just by the virtue of the fact that RPIX, or inflation, is high. Perhaps, in those cases, the health objective is being fulfilled by the virtue of the fact that inflation is high, and there is not so much of a need to impose a greater addition on top of that.

For those reasons, despite being the Vice-President of Health & Social Care, I can see my way to supporting my President in supporting this amendment, but I do agree that really the way forwards for this is to bring forward minimum unit pricing.

Thank you, madam.

The Bailiff: Thank you.

Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, madam.

I am thankful for Deputy Matthews's intervention, because he has summed up probably the core of the argument, is that at RPIX of 4.3%, that is already a very substantial increase, and given the cost-of-living pressures, given the speed of the breathing space we have with Pillar Two revenues, we should be doing a little – just a little – bit more for our community, and we are just saying, please, let us keep it for RPIX. RPIX is likely to be still stubborn and high for the next couple of years. That is the good balance to have, so I urge Members to approve this, I guess, good-feel amendment.

Thank you.

The Bailiff: Members, on your SEV, you have Amendment 28. States' Greffier, would you kindly open the voting?

There was a recorded vote.

Carried – Pour 20, Contre 16, Ne vote pas 2, Did not vote 2, Absent 0

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

The Bailiff: There voted in relation to Amendment 28: pour 20, contre 16, 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.

Amendment 3.

1. To insert, in Proposition 16, immediately after the words "paragraph 6.27" the following words ", subject to a reduction of £595,000 for the Overseas Aid & Development Commission and the subsequent aggregate Committee expenditure".

2. To insert, in Proposition 17(b), immediately after the words "paragraph 6.27" the following words ", subject to a reduction of £638,000 for the Overseas Aid & Development Commission and the subsequent aggregate Committee expenditure".

The Bailiff: We are now going to do a little bit of rearranging of amendments. Amendments 2 and 19 are going to drop further down the list, and we are going to move on to Amendment 3. Deputy Curgenven, would you like the States' Greffier to read your amendment?

Deputy Curgenven: No, thank you, madam.

The Bailiff: Thank you.
When you are ready.

Deputy Curgenven: Thank you, madam.

I want to be clear about what this amendment does, and what it does not do. It 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, at just over £5 million, with no automatic increases on top. That is all.

Madam, allow me to give Members the numbers. On published States' figures, the Commission's cash limit rose from £3,855,000 in 2023 to £5,608,000 this year. A cash increase of about 45% in just three years.

This Budget proposes a further £595,000, or 10.6%, taking it to £6,203,000. That includes another £400,000 real-terms step towards a target of 0.2% of GDP by 2030. If that continues, at £400,000 plus inflation every year, the limit reaches roughly £8.1 million. The Budget itself shows that the Commission is forecast to spend £5.19 million this year, which is £421,000 under its limit, because grant payments have been delayed. This amendment would sit within about £160,000 of what the Commission expects to spend.

Yet, by my estimate, holding the limit at just over £5 million from 2029 would save between £24 million and £30 million over the following eight or so years. Madam, think about what that amount of money could do for Guernsey, could do for the Guernsey men and women who already feel the squeeze. Think about what that money could do for Guernsey pensioners who are going to bed early, piling on layers and filling hot water bottles, because they cannot afford to heat their homes this winter. One of whom recently told the BBC she is holding off turning the heating on for as long as possible because, on her pension, she simply cannot afford to heat her house in the winter.

Or alternatively, think about what the money could do put towards the funding gap, which this Budget puts at £47 million. A funding gap that every Guernsey household is being asked to help to close.

Now, madam, to fairness, the Budget tells us that the Committee's submissions came in roughly £33 million above the target. Table 11 shows what that has meant. Home Affairs is asked to absorb a cash cut of around 1.6%, Economic Development 9.1%, the Trading Supervisory Board 15.2%. Across all the non-formula-led budgets, the total is flat. However, the one line, in fact the only line that rises by nearly 11% is Overseas Aid. The largest increase of any Committee in the budget.

Madam, I can see the rebuttals forming on Members' lips already. In fact, I have already heard it from one of my colleagues, Deputy Blin, who I respect very much, that a wealthy Island looks bad if

it turns its back on the world's poorest. I ask Members to think on this before reaching for such a justification, if you would not mind. What does it say about our priorities? What does it say about us as representatives of our people if we worry more about how this looks to outsiders than about what is happening to our own people right now?

What does it say if we demand restraint from Home Affairs, the Committee charged with keeping our community safe and secure in increasingly unsafe times, but not from this Commission? The States' own household income estimate report tells us that 55% of single parent Guernsey households live below the relative poverty line, 40% of single Guernsey pensioners live below the relative poverty line, 19% of Guernsey children live below, you have guessed it, the relative poverty line. That is one in five of our children. Our food banks are publicly appealing because their shelves are emptying, and the last serious assessment showed that more than 1,000 of our neighbours, of our Islanders, had no secure place to live.

Furthermore, local charities have described our suicide rate as the highest in the British Isles. Just the other week, I had to desperately ring round to find a roof for a vulnerable disabled person. It was heartbreaking, and I am sad to say that situations like this are becoming more and more frequent on this Island.

As a quick aside, madam, I would like to formally record the great efforts of the Chief Executive who personally stepped in to assist this vulnerable individual, as well as the past efforts from the Housing Committee, particularly its President, Deputy Williams. I do not say any of this to be dramatic. I say it because if an Island this wealthy cannot do better by its own people, we should take a long hard look in the mirror and ask whether we have our priorities the right way around.

I am not asking Members to vote against overseas aid, not at all. The needs of the world's poorest are often far more severe than ours, and on the 2019 target, please remember that the Commission itself told this Assembly, before it was even set, that Guernsey may always fall short of it, and that it might need weighing against our low tax status and pressing on-Island priorities. That was the Commission's words itself. I am not saying the Commission was wrong. I am saying that the circumstances the Commission warned us about have arrived. In fact, I would argue they arrived years ago.

In the GST debate of November 2024, we were told we must leave no stone unturned before increasing the burden on households. Yet here is the one stone that has never been touched, let alone lifted. A stone that has grown 45% in cash in three years, inside a Budget asking every household on this Island to pay more. Today, madam, I ask Members to finally lift that unturned stone.

I finish, Members and madam, with who we are. We are not only Deputies; we are the People's Deputies. We were sent to this Chamber by the people of this Island to speak for them, to do good by them, and to answer to them. Some time ago, I put this question to one of this Island's largest community groups on Facebook. We have nearly 30,000 members. It was not a scientific study, and I certainly will not pretend otherwise, but the answer was loud and the answer was clear. Of those who responded, around 80% did not merely support freezing overseas aid, they wanted it scrapped entirely.

I give way to Deputy Rochester.

The Bailiff: Deputy Rochester.

Deputy Rochester: I just want to offer a point of correction, if I may.

The Bailiff: Point of correction.

Deputy Rochester: Sorry for the delay in picking this up, I just wanted to double check I was correct. The most recent mortality report in 2024 says that the age standardised suicide rate for England and Wales was 11.4% and Guernsey's was 11%, so I just wanted to correct the point that we had the highest suicide rate in the UK, and I think I shared that with you previously.

The Bailiff: Deputy Curgenven.

Deputy Curgenven: That is just the statistic I took from one of the charities' reports, so you might be better placed correcting them.

The Bailiff: Sorry, Deputy Curgenven, that is not the way you deal with a point of correction.

Deputy Curgenven: My apologies, madam.

Sorry, I will just repeat what I said. Of those who responded to the poll, around 80% did not merely support freezing overseas aid, they wanted it scrapped altogether. Think about what that means. Nearly four in five of those who answered believe this amendment does not go far enough.

I could have brought Members the most extreme version of what the public is asking for. I have not. I have brought the moderate one because I sense a growing divide between the people of this Island and this Chamber. A growing unease that those who sent us here are no longer being heard.

This is not a cut to zero, I must stress. It is a freeze. A limit held at the 2025 level Budget, in a Budget that asks households across this Island to pay more, and with GST on its way in 2029, asking them to pay more again. Members can disagree with me, that is entirely what this Chamber is for, but I ask you not to disagree with the public without hearing them first.

But before Members choose how to vote, please remember who you are voting for. Not the Commission, not the Committees, not how this looks from the outside, it is the people of Guernsey who are listening, who are watching, and whom this Assembly has to give more. I ask Members to support this amendment.

Thank you, madam.

The Bailiff: Thank you.

Alderney Representative Hill, do you formally second this amendment?

Alderney Representative Hill: Yes, I do, ma'am.

The Bailiff: Thank you.

Who wishes to speak on this amendment?

Alderney Representative Hill: I will reserve my right to speak.

The Bailiff: Thank you.

Does anybody else wish to speak on the amendment?

Yes, Deputy Strachan.

Deputy Strachan: Thank you.

I speak as President of the Overseas Aid & Development Commission. I just wanted to set some information in front of the Assembly as you decide which way you want to vote.

This amendment seeks to eliminate any rise in funding for the Overseas Aid & Development Commission in 2027. I am touched by the stories that Deputy Curgenven gave us of Islanders who are vulnerable and who we are failing, but what I will not do is compare Islanders' vulnerabilities with those vulnerable people that the Overseas Aid has helped over the years. Our annual report and my President's address recently set out these many examples.

What I would like to do is explain for information the process that Overseas Aid went through to propose its 2027 Budget and the two key policies that we are working under. First, this amendment goes against the January 2026 Budget amendment, which sought to effect a 1% real terms annual reduction in baseline public expenditure. I would note that the amendment specifically targeted a structured public service efficiency programme.

However, we have only one officer and a tiny marketing and skills budget, so an Overseas Aid budget reduction does not create any efficiencies. It would simply reduce the amount of funding that we have to give grants. These grants support the most vulnerable communities in the world, and I wish to be clear about this.

The second challenge for Overseas Aid is that we are also tasked to abide by the July 2019 States' resolution to adopt the target of Overseas Aid giving of 0.2% of GDP by 2030. At the time, we were woefully below that target, and we still are. On our latest figures, Guernsey's Overseas Aid budget in 2024 as a percentage of GDP was 0.12% based on a 2024 GDP forecast of £3.7 billion.

While the proposed Budget for the Commission may seem large at over £6 million, we are still well below the 0.2% target, and it is important to keep in mind that our level of giving overseas aid as a percentage of GDP is much lower than our neighbour, Jersey, which has reached 0.29%, and the UK, which is at 0.50% of GDP.

In laying a similar amendment during the tax debate, Deputy Curgenven asked the question about the 1% reduction amendment and expressed a doubt that Overseas Aid had complied with this. In fact, we proposed two options to P&R to meet this amendment while also respecting the 2019 policy requirements to raise the funding level. The resulting budget for the Commission is the result of an increase in the Commission's budget above RPI as per the resolution to reach 0.2% of GDP by 2030 and then reduced by 1%.

Deputy Curgenven also mentioned that we have underspent this year. This is a matter of timing. Our funding round takes place in spring. Then funds are released in the summer or autumn when a specific underlying programme goes ahead. It is important to note that we also have milestones that are important to reach. We do not give 100% of the funds for either one-year or multi-year grants all at one time. Some of those roll over to the following year despite the commitment that we have made. It is these timing differences which has resulted in the figures.

I will also say it was a pleasure to welcome the seconder of this amendment, Representative Hill, to a meeting yesterday with myself, the Overseas Aid officer, and one of our volunteer commissioners. It was unfortunate that the proposer, Deputy Curgenven, was not able to attend. We were able to explain in detail the detailed work that goes into due diligence prior to any grant award and at regular intervals during the grant. This means that funds can be released, as I said, in stages at those agreed milestones, only once they have been met. I hope this allayed any fears he had that funds risked being diverted or not reaching their intended purposes or that administration from large bureaucracies and charities eat up most of it.

Furthermore, we discussed the Budget and asked, if we do not use international comparisons for GDP-based giving, how do we decide? It is this challenge that the 2019 debate agreed. To play on the international stage, we need to use comparable international measures, and the percentage of GDP is the agreed method to reach a target. It would be unfortunate for how we are perceived internationally if we, who are one of the lowest percentages, yet have one of the highest per capita GDP in the world, decide to lower our support even further.

Finally, Representative Hill presented some of the real financial challenges that Alderney face. I have complete sympathy for this position. This challenge can be equalled in many of our Committees when known needs are not met. I know it can be frustrating and the Overseas Aid budget can seem an easy target, but the Assembly made a considered decision after Overseas Aid presented an in-depth strategic study as to how it should proceed. It was a reflection of our values as a community to support the vulnerable and I believe it is still a reflection of our values today. I would prefer that any changes to the Overseas Aid budget were similarly considered in a strategic way rather than as a one-off budget change.

Finally, any reduction will go back to the main funding pot. It will not change the Alderney financial situation, just like it will not improve HSC's budget. The amendment is also unclear as to what happens in 2028 and onwards. For these reasons, I would urge Members to reject this amendment and allow this to be considered in a more strategic, measured way when the 10-year strategy expires in 2029.

Thank you.

The Bailiff: Deputy Rochester and then Deputy Sloan.

Deputy Rochester: Thank you, Deputy Strachan, for an excellent speech, which I agree with entirely, and I will not be supporting this amendment.

But I just want to add on an emphasis on promoting stability and security as a key objective of Overseas Aid. We can all agree in the current times that that is an excellent ambition. As part of a global community, which Deputy Strachan said we are, that the idea of using some limited funds, and they are limited, to reduce the risk of conflict and extremism, improve governance and public institutions, support peace building and post-conflict reconstruction, are all things that we do not want to have to do but are part of our reality at the moment, as reinforced by Deputy Vermeulen's reference to being prepared for warfare and national resilience.

So I would like to stand here and say this is just a good thing to do, but it is more significant than that, and Overseas Aid's role in promoting stability and security is one that we should all support.

The Bailiff: Deputy Sloan.

Deputy Sloan: Thank you, madam.

I will not be supporting this amendment for two reasons. The first is it is another one of those; it is an extant resolution. Again, if we say what we are going to do, it is a continuing target. Deputy Strachan refers to our 0.2% target, which I respectfully remind Members that the internationally agreed target is 0.7% of GDP, which was agreed in 1970, which is in the pre-woke era, so it is nothing to do with current. But it is about being a good global citizen. We are a wealthy country. So therefore we have a duty to others and to others in the world, as we have a duty to people who live on the Island.

My second reason is to object to the politics of demagoguery that we heard earlier, madam. Relative poverty is relative. Absolute poverty is absolute. Our aid budget is to alleviate the latter, not the former.

Thank you.

The Bailiff: Deputy Bury.

Deputy Bury: Thank you, ma'am.

Just briefly, I wanted to ask if Deputy Curgenven, in his summing up, could explain if there had been any consideration, and if there had, why it was not included, about redirection of funds.

Deputy Strachan picked up the point I was thinking briefly in her speech that Deputy Curgenven listed a myriad of really vulnerable people in our own community that could benefit from the funds. But as I see it at the moment, with this amendment, this is just a number that disappears off a page and we will not see it again.

So I was thinking that an additional redirection of those funds would have perhaps been, or would have perhaps got me to a position where I might have been able to support it. But because how it feels to me that it will just disappear into the ether, I probably will not be able to.

Thank you, ma'am.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: I will be extremely brief because Deputy Bury, as she often does, hits the nail on the head. Because I did not really know where I was going to land on this because obviously we have been through tax debate, tax reform, etc., justifying spending extra money on initiatives such as these overseas, even though well-justified. As I pointed out, I am not going to be supporting this amendment, by the way. As has been pointed out, there is a direction. We are heading in one

direction. As Deputy Bury has said, this is not going to help the vulnerable individuals that Deputy Curgenven is seeking to help.

So, unfortunately, that puts me in the position, exactly the same as Deputy Bury, and I cannot support this amendment.

The Bailiff: Deputy Inder.

Deputy Inder: Only briefly, ma'am.

I think we need to give a bit of a historical context in this, connected and if not. Over the years, this Island has taken on many refugees. and we have been refugees ourselves, 16th to 18th century. The Inder name is from the André Clois. We were Huguenots, kicked out of France for protestations, literally. We took on refugees after the French Revolution and after the Second World War, even at the time we were refugees.

In fact, in the Rue du Tertre in St Andrew, my next door neighbour at the top of the road was an escapee from the Polish army. There was a long march after the Germans did terrible things in Poland. He was part of the army that was marched out. He dropped out into a trench, and I am sure Deputy Vermeulen will have a similar story from his family. He dropped out in a trench and walked all the way to Holland. The other day, at the other end of the road, we had someone from Treblinka. So that is two in an Island like Guernsey.

I know what this Island has been through. I know how well this Island has done, and I know how responsible this Island should be. I remember what it accepted and what it has benefited from. Something like 20,000 refugees over the Channel Islands were accepted by the English, of which I believe Deputy Curgenven is an Englishman, as is Alderney Representative Hill in the corner. So in the main, it is not entirely connected inasmuch as I know that Islands like this that are wealthy and have done well, even though some people claim another narrative, we have a worldwide responsibility, and even though I understand some of the thinking of what has come from the two Members, what I would really like to hear is from Alderney Representative Hill. I would like to understand what his thinking is on supporting this.

Through you, madam, I had a conversation with Deputy Strachan. We have not heard from Alderney Representative Hill. I would like to hear Alderney Representative Hill's argument about this, because he has been very silent about it, and he has seconded lots of things, but I want to hear him stand up and tell me why this Island should not be helping the poorest in the world, of which sometimes it reminds me how much Guernsey pays to Alderney.

The Bailiff: I should acknowledge that Alderney Representative Hill did try to speak before, but I chose somebody else to speak, so I just wanted to make that point.

Deputy Blin.

Deputy Blin: Thank you, ma'am.

I do understand Deputy Curgenven's argument, and we have had many conversations of this, that we have financial pressures here in Guernsey, and that this money could be spent locally. That has always been the conversation I have had with him. But the argument overlooks something fundamental about our position in the world, which he did refer to me saying there is an importance there, but through you, madam, for Deputy Curgenven, if he could understand that if we were simply a town in Southampton, or a town anywhere, perhaps we could agree that overseas aid should be left to national Government; we are not on our own.

But we are self-governing as a jurisdiction with an international finance industry, an international reputation, and responsibilities that come with our position. Those responsibilities matter now more than ever, and at precisely the time when the need is so great, we have seen major reductions in international aid, particularly following the cuts such as United States Agency for International Development (USAID). Ten years ago there were around 60 million forcibly displaced people

worldwide, and by the end of 2024 the figure had more than doubled to over 120 million. We are seeing conflict, displacement, and humanitarian crises on an enormous scale.

Now, if every prosperous jurisdiction decides that its money would be better spent at home, who is going to be left to help those people? That is a question I would really like to hear an answer from.

Through you, madam, Deputy Curgenven also referred to his social media survey, and with a comment on top that Government and people do not listen to each other, this hint of dysfunctionality, but I would ask, what exactly were the people asked? Because the way you frame a question can fundamentally change the answer. If you ask people, 'Would you rather spend money helping people in Guernsey than sending it overseas?' I suspect you will get one answer. But if the question was asked, 'Should Guernsey abandon an existing commitment to help' – and remember, that commitment is way lower than where it should be – 'some of the world's most vulnerable people at a time when need is greater than ever?' you would get a different answer. So that is the thing; we have to ask the right question.

So both the questions are about the same money, but they are not asking the people to consider the same responsibility. A social media survey, as we know, is not always representative of the Island as a whole. But we absolutely must listen to the public, but listening does not mean automatically agreeing with whoever responds to an online poll. Our responsibility is to consider the full picture, including the consequences, and then exercise our judgement.

Madam, we have an extant States' resolution, which has been mentioned a couple of times. I will repeat it; July 2019, this Assembly agreed to work towards overseas aid of 0.2% of GDP by 2030, and we are still contributing just a tiny bit over 0.1%. That is a commitment we made, and one we have not yet fulfilled. This is not about making Guernsey look good internationally, it is about accepting the responsibilities that come with being a prosperous, internationally-recognised jurisdiction.

So yes, of course, we must look after our own community, and of course Overseas Aid must be properly scrutinised, but I do not accept that we must choose between those responsibilities. Our responsibilities do not stop at just our coastline, and I will definitely be voting against.

Thank you, madam.

The Bailiff: Thank you.

Alderney Representative Hill.

Alderney Representative Hill: The moment you have all been waiting for; some more than others.

The reason why I seconded this was because I originally, a year ago, I cannot remember, raised the subject of the £5 million overseas aid, so I am slightly on that path, and so I am not going to change track.

The other thing that I would like to point out, and it is important because a lot of the speeches that I have heard is as if you are going to completely scrap overseas aid. No. All that has been saying is, can we just keep it to £5 million, all right, and at a time when we have heard debates here about every stone unturned, funding gaps, all these kinds of things, all I am just saying is, can we just keep it at the moment, take stock of our financial situation, and just for the moment keep it at £5 million?

I am a little bit surprised, because yesterday I got the list of amendments that P&R had reviewed, and the only one that had a plus sign was Overseas Aid, but that was refused, and I am assuming this was to do with the 1% or whatever. So that slightly perplexed me, but anyway, it does not matter.

I did have a very good meeting yesterday with Deputy Strachan and her officers, and I did ask some far-reaching questions, because I myself have lived in Egypt for 11 years, and also in South Africa, and I have seen corruption. I am not going to lie to you, I have seen governments taking advantage of charities, non-governmental organisations (NGOs), and where the top 0.03% are just

having a life of luxury, while the rest of their populations are seriously suffering. So that was the question that you answered. You gave a very thorough answer.

The Bailiff: Alderney Representative Hill, can I remind you not to address Deputy Strachan directly?

Alderney Representative Hill: A very thorough answer was given to me, madam, and it was explained how the process of how the aid is put through UK charities, and all the due diligence is extremely thorough. So for that point, I would like to thank Deputy Strachan for helping me understand that the funds are distributed in a completely due diligent manner, and they are checked up on afterwards.

Obviously, we are part of the far-flung part of the Bailiwick – Deputy Inder referred to that – though it is not the direct reason why, but there are certain members of our community who are a little bit perplexed as to some of the comments about Alderney and the money, and when there is an Overseas Aid budget. But that, as has been discussed here, has been there is a feeling that Guernsey must pay its way in this world, and that it is important.

But there is a reference back to 2019. Yes, I agree, there was this resolution passed. However, 2019 was a very different set of financial and economic circumstances. So I would like people to think about that, and should we really be tied to an agreement in 2019, when we have had to have some very difficult financial debates in here the last year.

Comparing us with other jurisdictions, well, fine, but you will find some parties in the UK are considering abolishing overseas aid, and this thing about what Jersey does. Well, Jersey has twice the GDP of Guernsey. So yes, they can probably afford to spend a little bit more. But in general, all I am just asking you to bear in mind, that all Deputy Curgenven is saying, is can we just freeze it? We are not saying abolish it. That is my final point.

Thank you.

The Bailiff: Thank you.

Deputy Ozanne.

Deputy Ozanne: Thank you, madam.

Just briefly, for me, I will be opposing this amendment, because it is about the moral, ethical duty, I believe, of States to give not of their excess but of their income. We can all give when we are rich. It is when we are poor, when it hurts, that is when it counts the most. Certainly in my own life, when I was working in charity and I did not have an income, it was always those who frankly had the least who gave the most to me. It is that principle that is embedded in us as individuals, but also as States.

So I would be agreeing with Deputy Sloan and others that we should be increasing the amount that we are giving. We have a target of 0.7% in a world where others sadly have caused quite huge devastation by cutting budgets. We should stand to our principles, give as we have agreed, and know that it is when we are under pressure that that giving means the most, and that is when we need to stand by our principles.

The Bailiff: Deputy Gollop.

Deputy Gollop, can you turn your microphone on? Thank you.

Deputy Gollop: Interesting speech, thank you, madam, from Deputy Inder, about £20 million we might spend. On the other side of the coin, Deputy Bury and Deputy Leadbeater making the point that the amendment might have had a more nuanced response if it took money from one packet and gave it to another.

I do remember mean Budget amendments many years ago. I do not know if other than more senior Members remember them, which did occasionally try to do that. But this is not what this is doing.

I agree with what Deputy Ozanne has said. I respect what Deputy Curgenven and Mr Hill have said. I would argue overseas aid is for the most poor and unfortunate on the globe. But there are other kinds of aid, regional aid, you could say we give to Alderney. There are many different kinds of aid that we give.

One really strong argument, Deputy Inder made a strong argument about Guernsey's own historical need for support in the World War 2 era and a bit afterwards. But we should remember, and I will come back to this in other debates, that we are more than just a town or a county or an Island like Isle of Anglesey, Isle of Wight. We are effectively an independent jurisdiction presided over by you, madam. We are effectively, in some respects, not just a Crown Dependency, but a country.

Therefore, eyes are on us from all around the world, external affairs, some of our politicians meet leading Ministers from all around the world. We need to be seen to be playing our part as an affluent society, that there are many people in Guernsey who are not very well off, but that, I suspect, is more due to the way we manage income distribution and our tax and fiscal system and other factors.

If we give the impression that we are too mean to give official national aid and are not playing our part, not even as well as Jersey, that will send out a very negative message. I know Overseas Aid is unpopular, and I thank Deputy Blin and Deputy Strachan for having more activities to publicise their work. We should have more, perhaps, organised in conjunction with Policy & Resources so that many more people appreciate what every pound from Guernsey can do and will do.

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, ma'am.

That is a very interesting amendment that has been tabled here, and it has probably split the Assembly on the Overseas Aid bit compared to local provision.

In the UK at the moment, there is a big initiative going on to get everyone who is sleeping on the street off the street before Christmas. It is no place to be at that time of the year when temperatures are very cold and windy weather, wet weather, it is horrendous. So they have doubled the amount of money. That is the UK.

Now, Guernsey is far more wealthy than the UK, and yet on homelessness on the Island there is complete radio silence. I do not know why that is. I am not an expert on charity. I am aware that there are people being released from prison that have nowhere to go, and they need to stay in prison to have some form of shelter. The amendment does not say to spend it on that or to invest it on that, but there are a lot of people on the Island that think that charity does begin at home. It does begin at home.

On the other side of the coin, Deputy Inder reminds us of how 20,000-odd people were looked after during the Occupation, not just in England, but also in Wales, Scotland, everywhere else; very moving times. So I really am torn about this, which way to vote, but I do note that the UK can manage to do both. It manages to give overseas aid, and it manages to get all those people sleeping rough off the streets in the cities before Christmas. So we need some follow-up from our local Government on that.

One other thing, which is not related to this, but I will be taking it up with the Chief Minister.

Thank you, ma'am.

The Bailiff: Thank you.

Yes, Deputy Montague.

Deputy Montague: Apologies, ma'am.

First of all, I would say, despite the fact that I do understand where Deputy Curgenven is coming from, and he is a close colleague of mine, I am unable to support this amendment; 0.2% is the target we should stick with.

I miss my old job, Madam Bailiff, and I would like to give two pieces of homework to the Assembly. Number one is to have a look at the work of a man called Peter Singer, one of the greatest living philosophers. In about the 1970s, he wrote an article *Food, Famine, and Affluence*, in which he included a thought experiment called 'The Drowning Child'. I really recommend that people just have a quick look at that later. It is a really interesting way of helping us to think carefully about how we should give money to charity.

The other thing I would like to suggest is that we also look at the original meaning of the phrase 'charity begins at home'. We often see it bandied around in these conversations, but the word 'charity' is the Latin caritas, it is the Greek agape, which is an unconditional love, and I genuinely think that it is worth having a look at the original meaning of charity begins at home.

Finally, it is really important that, at a time when nations are putting up boundaries around themselves, it is crucial that Guernsey does not do that. We reach out to the rest of the world, and this is one way that I believe we can do it.

So for those reasons, I will not be able to support this amendment.

Thank you.

The Bailiff: Deputy Collins.

Deputy Collins: Thank you, ma'am.

I will be very brief, but I will be brought to my feet by a couple of comments from Members.

I do feel this amendment has had a little bit of a kicking, and I probably will not support it, but it just reminds me of the statistic of the OECD that the average population of those countries is 36.9 million people. So we are a tiny little Island.

I really also just wanted to comment on the radio silence from one Member, but I just really wanted to put on record my absolute support and doing a fantastic job, the At Home in Guernsey team and Caritas that are really out there helping people get to where they need to be. Yes, we have homelessness in Guernsey. I wish that was not the case, and the Committee *for* Housing is doing all it can to bring forward more units, as I have said before in this Assembly, to try to help and ease that. So, as I said also, Caritas is doing a fantastic job.

One final comment, ma'am, mentioned about the UK, just to remind Members, of course, the UK currently has just gone over £3 trillion in debt. That is how they afford to pay to do lots of things, ma'am; they borrow money. As I said, in Guernsey, we are very comfortable, have a large amount of resources; long may that continue. But unfortunately, ma'am, I just do not think I can support this amendment today.

Thank you.

The Bailiff: Thank you.

Does anybody else wish to speak?

Deputy Goy.

Deputy Goy: Thank you, ma'am.

Ma'am, I just wanted to echo what Deputy Hill –

The Bailiff: Alderney Representative Hill.

Deputy Goy: Alderney; excuse me.

Alderney Representative Hill said that this is not cancelling out overseas aid. This is just freezing it at a 2026 level. So we need to remember that.

The second thing that I wanted to draw Members' attention to is when it comes to donation, there is such thing as admin costs. So for every pound that Guernsey gives, it does not mean that the recipient will receive £1. There is also an admin cost. Very good charities keep their admin costs low. If you go through the UK and then the UK go through somebody else, the recipient country also has admin as well. The UK would absorb a certain part of the admin, but would take a cut of their donation when it receives the recipient country. That recipient country's admin cost will also take a cut. So when it finally comes to the recipient, it could be anything like 30 pence or less or more, depending on how efficient the entire process is. So this is one thing that we need to bear in mind.

The other thing is, if you look at the trend of the difference between East and West and how overseas aid and how helping other less fortunate people is done. In the West, we normally set up charities. We give money. We give money basically to charity and then the charity gives the money to another charity in the recipient country, and the recipient country disburses that to the recipient itself. So that is quite inefficient.

What happens with countries, for example, like China and Japan, is that they go to the recipient country itself and build the infrastructure. They found that that way maximum aid reaches the people directly because infrastructure benefits them. It gives them the ability to, you are not just giving a fish, you are giving them a rod and you are teaching them how to fish as well. So, what I am trying to say is we need to take all of this into account.

The last thing I want to say is with the £500,000 to £600,000 that we would save from not raising the Overseas Aid is you could use your imagination. There are a number of people currently in crisis mode than Guernsey. Some of them are homeless. Some of them are living pay cheque to pay cheque; one month or less away from bankruptcy. These are the people that we can use our creativity if you really want to do something for these people. I am sure if we set aside a fund that says we have £500,000 here, £600,000 here, that we could disburse to do the public good. I am sure we can find the people who will qualify because I know there are plenty of them in Guernsey who are living on the bread line, and they will really appreciate that.

So these are the points I just wanted to share with Members, and I will be supporting Deputy Curgenven's amendment.

Thank you.

The Bailiff: Thank you.

Nobody else wishes to speak. I will turn to Deputy Falla who is responding on behalf of P&R.

Deputy Falla: Thank you, madam.

P&R does oppose this amendment. One might say it was a courageous one to bring. To those on the Island that Deputy Vermeulen referred to who say that charity begins at home; charity begins at home but it should not end there. Not my words, but those uttered by Thomas Fuller, a 17th century clergyman, and they stand good today.

In a previous debate, we reflected on the very good work done by charities in Guernsey and for Guernsey. This is something else. As Deputy Strachan has said, the amendment goes against an extant resolution from the Overseas Aid & Development Commission's policy letter, Our Place in the World, The Next 10 Years of Overseas Aid in Guernsey. The extant resolution that Guernsey should adopt a target for its overseas aid of 0.2% of GDP by 2030 would still be some way below the UK and Jersey's commitments. Jersey's relative GDP to ours is irrelevant when this is about a percentage of GDP. Neither does the relative size of the Island to other nations have any bearing.

From an external relations perspective, effective overseas aid is good for Guernsey's reputation, as well as having a significant impact among the world's most disadvantaged communities. It strengthens Guernsey's mature international identity as a positive actor on the global stage.

Guernsey faces periodic external attacks on its fiscal and economic policy. So Guernsey's commitment to overseas aid allows us to demonstrate the constructive role that we play in the world and our readiness to give back.

Of note is that the amendment does not rescind the extant resolution. Therefore, it is not clear whether it is intended merely to reduce costs in 2027, or if it signals a change in Members' ongoing commitment to reaching 0.2% by 2030.

Thank you.

The Bailiff: Thank you.

Deputy Curgenven.

Deputy Curgenven: Thank you, madam.

Madam, through you to all Members, I would like to thank you for the debate. I was a bit nervous about bringing this amendment, I must admit, but I brought it nonetheless.

Madam, I have heard it said that supporting this amendment might make Guernsey look bad. With respect, I do not think decisions involving in aggregate £32 million of taxpayers' money should be determined by appearances. They should be determined by priorities. Let us be clear, this is not a freeze or a cut. Sorry, not a cut. It is not a freeze. Sorry. That is the painkillers, I blame the opiates, madam. We are not cutting overseas aid. We are not cutting it at all from the Budget. It is not the abolition of overseas aid. It is simply a reduction in planned spending growth.

Guernsey would still be providing substantial support overseas. I do not personally regard £32 million, or however much, as a limited sum of money. I suspect many of our constituents would not either. At a time when we are asking Departments, Committees, and services to justify their spending, and we are asking the people of Guernsey to pay even more, they would quite reasonably ask whether this Budget should be exempt from the same scrutiny.

I readily accept Deputy Bury's point. I cannot definitively answer how precisely where every pound of the savings might otherwise be spent. I do not, I cannot. But then, is that not true of many amendments before this Assembly seeking to save money? Rarely are we presented with a precise alternative use for every saving. Ultimately, it is for Members to decide how best to spend a saving of around £30 million.

I would say, however, picking up off the back of Deputy Vermeulen's point, that a good starting point may be to put the money towards the thousands of Islanders who are worried about getting a roof over their heads, or one of the many good, hardworking charities that we have on the Island, helping Islanders that are desperate for our funds. In fact, there are a few amendments to the Budget asking for more money for those charities, which is exactly, ironically, what this amendment is doing, or if this Assembly chooses to spend that saving towards those charities.

Deputy Blin spoke about our responsibilities in helping people through difficult times. On that, I entirely agree with him. But our first responsibility must be to this Island and to the people we represent, particularly those who are struggling through difficult times themselves. Deputy Blin also asked what question had been put to the public. As I remember it, the question was whether overseas aid should be removed altogether, as in should we scrap the whole of overseas aid? Around 80% of the respondents supported that proposition. So, if anything, those who took the time to respond do not appear to believe that this amendment goes far enough.

To Deputy Goy's point, asking how much of every pound we give gets to the people that need it. Can anyone say? How do we know that 100% of Guernsey money helps those people?

I give way to Deputy Strachan.

The Bailiff: Deputy Strachan.

Deputy Strachan: Thank you.

If you want to find out that information, we would be very happy to share that, but we have very detailed records as to what percentage every single application for grant has, exactly what they are going to spend it on, including administrative costs. So I have all that data if you would like it.

The Bailiff: Deputy Curgenven.

Deputy Curgenven: I thank Deputy Strachan for that. I have read it and also, on that point, in December 2018, nearly £20,000 of overseas money from Guernsey was diverted from the charitable project it was destined for and taken for personal use instead. So again, I do not really – I am not going to give way. You can read the report; I will send it to you later.

Deputy Strachan: Point of correction.

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

Deputy Strachan: I do not believe that is factually correct.

The Bailiff: Well, that is not a point of correction. You cannot just simply say, 'I do not think that is right'. You either have to say, 'It is wrong because the figure is X', or –

Deputy Strachan: There was no diversion of £20,000, was it, for personal use from Overseas Aid?

The Bailiff: Deputy Curgenven.

Deputy Curgenven: Well, this was in December 2018, so I do not think we were in office then.

The Bailiff: Deputy Curgenven, remember, you need to address it though me; it is not taking on Deputy Strachan.

Deputy Curgenven: It was widely reported. It was in the Commission's report back then if Deputy Strachan had read it.

The suggestion has also been made that this amendment says we must choose between supporting Overseas Aid and supporting our own community, but that is not what this amendment does. By supporting it, we are doing both. We continue to provide significant Overseas Aid while releasing millions that can be used to meet pressures closer to home.

We are told that there is an extant resolution. Madam, this Assembly is flooded with extant resolutions. Ever the keen eye, Deputy St Pier pointed out one just this morning. Circumstances change, financial pressures change, priorities change. The existence of a previous resolution suddenly remembered and previously missed should not prevent Members from reconsidering whether a policy remains the right one today. Indeed, madam, it seems that the extant resolution argument is wielded only when it supports the arguer's stance.

Deputy Inder pointed out, and I stand to be corrected if he wishes, that if we voted for every amendment on this list, it would cost the Guernsey taxpayer in the region of £20 million?

Deputy Inder: I believe it is £20 million, Deputy de Sausmarez reminded me by note that she sent effectively an email to us with a PDF. It tops out at about £30 million, is it not?

The Bailiff: Deputy Curgenven.

Deputy Curgenven: Thank you, madam, and I thank Deputy Inder for that.

Between £20 million and £30 million. So if we vote for everything, it costs the taxpayer £20 million to £30 million. If we vote for this, it saves the taxpayer about £30 million in aggregate.

Ultimately, the question before us is a simple one. Are we prepared to ask every other Committee to justify itself while placing this one beyond challenge? I do not believe we should, and for that reason I urge Members to support this amendment.

Thank you.

The Bailiff: Thank you. Members, you have on your SEV Amendment 3. I will ask the States' Greffier to open the voting on this amendment.

There was a recorded vote.

Not carried – Pour 4, Contre 34, Ne vote pas 0, Did not vote 2, Absent 0

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

The Bailiff: There voted in relation to Amendment 3: pour 4, contre 34, and 2 Members were not in the Chamber at the time of the vote. I declare that the amendment has not been passed.

Amendment 14.
1. To insert, in Proposition 16, immediately after the words "paragraph 6.27" the following:
", subject to an additional £1,953,000 of expenditure for the Committee for Home Affairs for the purpose of maintaining frontline services"
2. To insert, in Proposition 17(b), immediately after the words "paragraph 6.27" the following:
", subject to an additional £792,000 of expenditure for the Committee for Home Affairs for the purpose of maintaining frontline services"

The Bailiff: We turn now to amendment 14. Deputy Leadbeater, do you want the States' Greffier to read your amendment?

Deputy Leadbeater: Yes, please, madam.

The Bailiff: States' Greffier, if you would not mind.

The States' Greffier read out Amendment 14.

The Bailiff: Thank you.

Deputy Leadbeater: Thank you, madam.

This amendment is targeted at the service areas that are under-resourced, understaffed, and with surging demand, specifically the police force, the Fire and Rescue Service, the Prison Service, and the Joint Emergency Services Control Centre.

These pressures are not unique to Guernsey. Like our Committee *for* Home Affairs, Jersey and the Isle of Man also recognise that maintaining public safety requires additional resources at this point. Jersey's proposed 2027 Budget includes £439,000 extra for its fire service workforce. Our amendment seeks £425,000 under option A or £235,000 under option B for fire officers' essential equipment and training.

Jersey's workforce proposal alone exceeds either of our requests. They have also been through exactly the same Local Government Association review process as we have. They are responding to the recommendations of that independent review, and we must do the same.

Jersey is proposing £290,000 extra for its version of the JESCC, its Emergency Services Control Centre. We are seeking half of that under option A or £88,000 under option B. This is to stabilise JESCC. JESCC, when it first came in in 2015, it was initially scoped for staff without the Coastguard on it, and then the Coastguard was bolted on. No extra staff were employed. I know the Coastguard function has been separated out now, but it just still never worked properly. It just still was never effective.

You have these weird 12-hour shifts, and it was really difficult to recruit and retain people into that service, and now we are relying on overtime consistently. When you have people constantly doing 12-hour shifts and asking them to do overtime as well, certainly in an environment like that, it is unacceptable.

Jersey proposes £2.88 million of additional police funding for work related to their Violence Against Women and Girls (VAWG) Strategy, Victim Services and associated measures. Our request is £1.145 million under option A or £3.49 million under option B. Jersey clearly recognises the need to fund growing and increasingly complex policing demands.

The Isle of Man has already provided an additional £5.8 million to Home Affairs for 2026 to 2027. This demonstrates that another Crown Dependency is responding to the security pressures with substantial additional funding; substantial, well above what we are asking for today.

Our amendment is about maintaining existing provision and meeting growing demand. It supports the officers, training, and equipment needed to sustain frontline services and reduces reliance on overtime, causing burnout, fatigue, and poor morale. We have been down that road with the police service before where we found it really difficult to recruit local officers. So we were having recruitment drives, and there was very, very few people coming forward.

This is why we have had to rely on bringing officers in from the UK, and everybody knows what that means. That means relocation packages. That means rent subsidies and all these other extra costs. We are getting to the stage now where, when we do a recruitment drive in Bailiwick Law Enforcement, we are getting 18, 19, 20 people. The most recent one, we had eight or nine that made the cut. This is brilliant, but it is going to take a while to get to the stage where we have a sustainable group of trainees and cadets coming through on a regular basis.

We have also got the introduction of the Domestic Violence Protection Notices (DVPNs) and the Domestic Violence Protection Orders (DVPOs), giving our Police and Public Protection Unit more tools in the box to deal with domestic violence issues. But the introduction of these measures has created more strain on resources, more people coming forward needing protection means more

work for our team. So we need to resource the legislative changes we have already introduced, which was overlooked at the time.

We have a second tranche of domestic abuse legislation currently being drafted, which is great, but it will again create more resource pressures as we can help more victims. More survivors will be supported for offences such as strangulation and other abhorrent types of domestic abuse. But we can only do it if we have the human resources to be able to provide those services.

I have done some looking at some comparisons between the other Crown Dependencies and certainly the cost of delivering the services that we are delivering under Home Affairs and the services that are subject to this amendment, and if you look at the cost per capita of delivering the fire service in Guernsey, £79 per capita. Currently, Jersey is already £97 per head, Isle of Man, £83 per head. I do not have the figures for police for the Isle of Man, because they have a slightly different format, but already our police service costs £340 per capita. That is including our Bailiwick Law Enforcement, so our Customs and Immigration Service as well, where Jersey is £358.

We are policing in a digital world and we have analogue capabilities. We have to move with the times; we have to move forward. We have things like, currently our police force are investigating more than one attempted murder and one suspected murder. This is Guernsey. These are the things that we have to deal with. Even 10 years ago, when I first entered this Chamber, things have moved on massively and our police force has not. The capability that we give them, the resources that we give them, has to match the demand for the modern day. It is not at the moment.

I have not even mentioned yet the fact that 30%-odd, nearly a third of our callouts are for mental health-related purposes or missing persons. The police should not have to deal with this. The police are not trained to deal with this. We had a really good, positive, productive meeting with the Committee *for* Health & Social Care not that long ago. It was good to get all of the officers from both Committees around that table and look at these issues that we have, because we have to find a solution to this.

We trialled some pilots under the Mental Health and Wellbeing Strategy. It is disappointing that the previous pilot did not quite cut the mustard. There have been two attempts so far, but we have not quite got it right. So we are going to have to look for some multi-agency approach going forward to deal with this issue.

I can see Deputy Malik and Deputy Oswald from Health & Social Care, Deputy Malik on my Committee as well, nodding in agreement. But we do not have the solution at this point. So we need to provide the money. We need to provide the resources because we are still going to have a third of our calls, probably growing, that are going to be related towards these issues and we have to be able to deal with it.

Also what we have done on the explanatory note on the amendment, we put the table at the back so we could be completely honest and show you exactly – sorry, madam – show Members, through you, exactly what we need this money for. I have articulated about Bailiwick Law Enforcement. That is going to be nine bobbies on the beat, the 11 officers in total. I have had Members of this Assembly, members of the public asking me, ' Can we just have a bobby to do this? Can we just have a more of a police presence? Can we have our proper community policing model?'

Yes, we can. But we do not have the resources for it currently. So we can do all of these things and we want to do all of these things, but we do not have the capacity to be able to do all of these things.

Now, Fire and Rescue Services, as I said, we had a UK LGA inspection and we also had another pre-inspection inspection and there was a self-assessment done as well. They all came to the same things. They all arrived exactly in the same areas. They could see that strategically we did not have a Community Risk Management Plan in place. There are lots of other strategic areas where we were failing. That was recognised by the LGA and it has been recognised by the Committee.

The Committee wants to respond to these recommendations in a positive way and demonstrate that we are going to be alive to this. We want to support the services because the service want to get to where they should be. They do not want to be down here. They do not want to be having recommendations saying that they are light in this area, they are short in this area, they are carrying

risk in this area. They do not want to be there. The only way they can change that is by us as a Committee, and us in this Assembly, providing them with the resources they need to do that work.

Guernsey Prison, we are asking for money for Guernsey Prison, mainly to resource the court's security in this room. This is what it is mainly for because, when there is a court sitting, we have to send prison officers from Les Nicolles up here to provide the security. That is not a statutory requirement. It is an arrangement that has happened over the years, but we do not have any funding for it. We have never been funded for it. Quite often there have been incidences where we have had to lock a wing down in order to provide the security here because we do not have enough officers to do that.

That affects rehabilitation. That affects morale. That has a knock-on effect on all the good work that is going on down at the prison. So we need to square this circle. It was an anomaly that I first noticed during the previous Budget round last term. It is something that I would have liked to have sorted out before we come to this Budget now, but unfortunately that has not happened. There is engagement between the Greffier and also officers of the Committee. So hopefully we can have this situation squared in the future.

Our cohort in the prison has changed. As Members will know, madam, our biggest cohort now are sex offenders. Sex offenders need different rehabilitations and care pathways compared to other cohorts within the prison. Increasing monitoring, increasing complex rehabilitation pathways. All of this needs resourcing. All of this, we are going to be having an inspection of the prison in quarter two next year, madam. I have no doubt in my mind, that inspection is going to come with further recommendations for further investment.

We have not had an inspection in the prison since 2014. We know that our estate is not adequate. We know that we should not have children and vulnerable women cohorts in with the male cohorts. We should not have that together. Unfortunately, we have one prison and there are other areas of the provision for health and social care that are currently inadequate at the moment.

So pretty much, madam, that is it. I will leave my colleagues on Home Affairs to articulate other reasons why this should be supported. But, madam, if Members do not support us, do not support law enforcement, do not support Fire and Rescue Service, do not support the prison and JESCC to come up to the minimum standard to be able to provide the services for the demand that we have currently got, the rising demand that we have currently got, then I am going to be really disappointed. Then you are just sending a message out there that, okay, yes, we hear what you are saying, but we are not going to put our money where our mouth is.

So, madam, I would ask Members to support Home Affairs on this amendment.

Thank you.

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

Deputy Gollop: Yes, I do.

The Bailiff: Thank you.

Deputy Inder.

Deputy Inder: Can I be the first to disappoint Deputy Leadbeater?

I am relatively sure that all the emotional reasons he has given and probably practical reasons are pretty accurate. What should concern you as the body that has to make a decision is how we got here. On an explanatory note and a table, which does not even fill one page, you are being asked to agree £2 million a year.

I am sorry, that is not the way these kinds of funds should be agreed. What I would like to hear probably, and I am happy for – well, no, I do not think I am, Deputy Leadbeater has an opportunity to tie it up later. We have done this before. We voted the Alderney runway through in under 45 minutes and with no real business case attached to it – no idea – and we are here again today asking for £2 million on what is largely a page and a half.

Where I accept Deputy Leadbeater, the opportunity is the opportunity. This is Budget day, he puts an amendment, and his job is to pitch, so I get all that. I understand that, but what should concern you, and I will repeat this, is that what I would like to hear, this is not new news. We heard this from the Prow Committee last year, elements of the last two amendments here, need more training, more kit, more people, all that stuff.

I would be slightly cynical, what worried me after the tax debate is that I almost knew that they would start turning the taps on. I knew this would happen, and it worries me, and I need some convincing. This is not one of them. Here is the opportunity. You voted through GST. We have no intention of complying with the 1% rule. It is basically ka-ching, ka-ching, ka-ching, and this is what worries me.

So in all of this, I would like to hear from someone on P&R at some point. How do we get to the point? Has any of this been through a business case? Have they made a presentation to P&R? Was it rejected based on a full business case? Has that then before been rejected?

Deputy Leadbeater effectively is taking the same opportunity, so I have seen a reference to a business case, to basically ask for more money. It does concern me, and it will always concern me, this is obviously coming out from officers because the Committee would not put these numbers together. This to me sounds a little bit small-o, opportunistic, and I would be really concerned if the States agreed this based on what is not even a page and a bit of a table. I will give way.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: I thank Deputy Inder for giving way.

We have a comprehensive amount of information that backs up these figures coming from the services that were presented to P&R. We also took the Chief Fire Officer and the Head of Law Enforcement with us to our meeting with P&R to articulate just why this was crucially important.

Members have to understand, madam, that we do have an opportunity here, not because the GST has been passed, because we have new service chiefs pretty much across the board in Home Affairs now. We have a new Chief of Police, new Head of Law Enforcement, new Chief Fire Officer, new Prison Governor, we are going to have a new Administrator of Population Management. So we have had fresh eyes on the services, and these fresh eyes have come in, and also backed up by Local Government Authority independent reviews telling us where we are falling short.

This is not us saying that we need to do this, this is other people, independent people, telling us where we are falling short, and we are not meeting minimum professional standards. So, if Deputy Inder is quite happy for us to continue not meeting minimal professional standards, then he is quite within his right to not support this amendment.

The Bailiff: Deputy Inder.

Deputy Inder: I do not think that is what I said, but I am not going to be browbeaten by a motion told that I am evil because I do not support something, which – well, maybe I am evil.

But I do not know, possibly Deputy Leadbeater has made some argument, he has confirmed that it looks like there are reports behind this, but it still does not satisfy me. I am in the same position. Deputy Leadbeater has explained to us, he said new, new, new, new, new, but what that normally means is more, more, more, more, more. I have seen this before, you have a new guy, or girl, in position, everything I am going to do tomorrow is brilliant, everything they did yesterday was rubbish.

He has made the point that there may be a line, minimum standards; that may well be the case, I have seen it before, but it does not satisfy me, that on less than a page we will be voting through £2 million worth of extra costs.

The Bailiff: Thank you.

Given the time, let us call it a day for today's meeting then. However, Members, we have got through six amendments and a little bit of the seventh. We are going to have to be a lot more efficient over the next three days to manage to get through the rest of the amendments and general debate.

So with that in mind, I should be grateful if you would think overnight, as we did with the tax debate, about starting early, having shorter lunch breaks, and also going beyond 5.30. I am not going to put any motions to the House now, but I would be grateful if you would think about this, because if we are able to finish this Budget debate by the end of Friday, I am sure that would be for the better of everyone.

So I just flag that up now, but be thinking about it overnight. Then I will ask the States' Greffier to kindly close the meeting.

The Assembly adjourned at 5.29 p.m.