OFFICIAL REPORT

OF THE

STATES OF DELIBERATION OF THE ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 15th July 2026

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Present:

Ms J. E. Roland, Deputy Bailiff and Presiding Officer

Law Officers

H. Pullum (H.M. Comptroller)

People's Deputies

C. P. A Blin
Y. Burford
T. L. Bury
A. K. Cameron
H. L. Camp
G. M. Collins
R. P. Curgenven
H. L. de Sausmarez
D. F. Dorrity
S. J. Falla
A. Gabriel
J. A. B. Gollop
L. T. Goy
S. T. Hansmann Rouxel
M. A. J. Helyar
R. M. Humphreys
B. R. Kay-Mouat
A. Kazantseva-Miller
M. S. Laine
M. P. Leadbeater
R. Le Brun
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
A. S. Sloan
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 and E. A. J. Snowdon

The Clerk to the States of Deliberation

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

Absent at the Evocation

Deputy N. R. Inder ; (*relevé à 10h 06*) ; Deputy M. Malik (*absent de l'Île*)

Business transacted

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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 DEPUTY BAILIFF *in the Chair*]

PRAYERS
The States' Greffier

EVOCATION

CONVOCATION

The States' Greffier: Billet d'État XII of 2026. To the Members of the States of the Island of Guernsey, I hereby give notice that a meeting of the States of Deliberation will be held at the Royal Court House on Wednesday, 15th July, 2026 at 9.30 a.m., to consider the items listed in this Billet d'État, which have been submitted for debate.

Removal of jackets and outer garments

The Deputy Bailiff: Good morning, everyone. Can I invite anybody who wishes to take off their jackets, and, States' Greffier and Madam Comptroller, if you wish to take off your robes, you are very welcome to.

Procedural –
Motion to re-order business

The Deputy Bailiff: Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Madam, may I lay a motion to re-order the business of the meeting under Rule 9? The proposed re-ordering would be the movement of statements and question time until after the tax debate, save for, in statements, Deputy Camp would still give her statement under Rule 10(2). Other legislation laid before the States would all remain the same. In legislation for approval, the non-time-sensitive – the only time-sensitive there that we would debate is the item, P.26/47, which is Policy & Resources Armed Forces Act 2006. It is in an email.

Then we will go on to any other business and debate in that order and all other items that have been moved until after we have done the substantial business of the meeting.

The Deputy Bailiff: Deputy Hansmann Rouxel, I am going to ask you to repeat all that because it was, I think, quite difficult for the States' Members to hear that. Perhaps you could start from the top.

Deputy Hansmann Rouxel: To re-order debate.

The Deputy Bailiff: Thank you.

Deputy Hansmann Rouxel: I will use my projection skills.

The Deputy Bailiff: Jolly good. *(Applause)*

Deputy Hansmann Rouxel: They are worth something in this instance. To re-order debate, move statements and questions except for in statements we will still have the statement from Deputy Camp. Question time will be moved. We will then start the meeting with the statement and then go on to elections, then on to Legislation laid before the States, then Legislation for approval. The only item that is time sensitive that I am proposing not to move is that of the item on the Armed Forces. Then we will move on to any other business.

The first item then would be as in the order that is currently set, the amendment to statutory minimum wage and then on to the tax debate. So this will bring forward the substantive business of the meeting today.

I have spoken to Committee Presidents who are affected by this, and they have agreed on all those items that are not time-sensitive, to move them past the substantial debate of the week.

The Deputy Bailiff: Thank you.

Before I put this to the vote, is there anybody who wishes to speak specifically on the re-ordering of business?

Yes, Deputy Van Katwyk.

Deputy Van Katwyk: Just a quick question. I am guessing we are re-ordering business because GST is such an important decision to make, so I am just wondering why we are not also moving Deputy Camp's statement?

Thank you.

The Deputy Bailiff: The reason why Deputy Camp's statement needs to be dealt with today is because the election is being dealt with today and if you look at the Rules, Deputy Camp, if she wishes to make a statement, should make it at the time that the election is made. That is why we are keeping those two parts together.

Deputy Van Katwyk: Thank you for clarifying.

The Deputy Bailiff: Deputy Sloan.

Deputy Sloan: Yes, just only a point of principle, madam. Again, this is perfectly foreseeable. It could have been done, we could have convened a special meeting or something such. I do not like re-ordering business. I did say, as I said in the emails last night, the idea that the people impacted are only those people scheduled to speak is erroneous. Everybody is impacted. We are all Members of this Assembly, so any consultation should have been consulted with all of us, not just a limited sphere. Those are my points for the record.

The Deputy Bailiff: Thank you.

In that case we will move to a vote, it is an *aux voix* vote. Those who support the motion to re-order the business – I am not intending to re-say exactly what Deputy Hansmann Rouxel has said, but if anybody wants clarity please ask. Those who support the re-ordering of business, as suggested, please indicate pour; those against.

Members voted Pour.

The Deputy Bailiff: In that case, Deputy Camp, can I invite you to give your statement, please?

STATEMENTS

Resignation from Committee *for* Economic Development – Personal Statement by Deputy Camp

Deputy Camp: Thank you.

Resignation does not come easily to me. It has always felt like failure. My instinct has always been to stay, to fight for what I believe in, and to try to make things better. But after many months of reflection, I concluded that I can no longer make the contribution the people of Guernsey elected me to make as a member of the Committee *for* Economic Development. This is not a sudden decision. My concerns have existed for many months and have unfortunately not improved.

I came on to Economic Development because I believe passionately in Guernsey's economy and in the Island's extraordinary potential. I wanted to help remove barriers to growth, support enterprise and diversification, and ensure public money was spent wisely and demonstrably delivered value. Instead, I have found myself increasingly unable to contribute meaningfully. I have experienced a Committee environment where acquiescence has too often been valued more highly than challenged, where independent thought has too often been treated as an inconvenience rather than an asset, and where I have found the style of leadership increasingly autocratic rather than collaborative.

I was not elected to blindly follow a President's agenda. I was elected to bring my own judgement, my professional experience, and my independence to the table. The electorate did not send me here to be comfortable. They sent me here to exercise independent judgement.

Consensus government only works if consensus is the product of genuine debate, not the expectation of conformity. Presidents are first among equals. They are not executives directing subordinates. Over time, I found myself increasingly marginalised. Work I wish to pursue frequently lacked the officer support necessary to progress, whilst my responsibilities became concentrated on matters that others have little interest in pursuing. Whether intentional or otherwise, the practical effect was that I became progressively less able to make the contribution the electorate sent me here to make.

I should say, this has not been my experience elsewhere in the States. On Scrutiny and on EDDIAC, I have found colleagues who welcome robust debate, respect differing opinions and recognise challenge as an essential part of good governance. That demonstrates to me that this is not an inevitable feature of consensus government, but a characteristic of this particular Committee environment.

But this resignation is about more than one Committee. Every Deputy should pause to reflect on the fact that at least two elected Members have now resigned from Committees after concluding that minority challenge had become marginalised. Whatever view Members take of my resignation, that should concern us all.

Good governance is never accidental. Every successful organisation deliberately designs systems that encourage challenge, protect minority voices and regularly examine whether leadership and governance remain healthy. The States of Guernsey should do no less. Yet our rules devote considerable attention to how Members are elected to Committees and how they may leave them, while saying almost nothing about how Committees themselves should function. We leave healthy committee governance largely to chance. We should instead expect collaboration, constructive challenge and respect for independent thought as fundamental principles of our system, not an accident of them.

I have never been afraid of difficult work. Indeed, I put myself forward for Policy & Resources because I believe Guernsey's greatest challenges required honest debate and difficult decisions. This resignation is not about avoiding difficult work. It is about recognising that difficult work can only be done well in an environment that welcomes challenge, values evidence, and respects independent judgement. Independent thought should never come at the price of marginalisation.

I leave Economic Development with no less belief in Guernsey than when I joined it. If anything, my belief in what this Island can become is stronger than ever. But we will only realise that potential when we place substance before presentation, evidence before assertion, collaboration before hierarchy, and governance before personalities.

Thank you.

The Deputy Bailiff: Thank you.

States' Greffier.

Billet d'État XII

ELECTIONS AND APPOINTMENTS

PRESIDING OFFICER

1. Election of a Member of the Policy & Resources Committee – Election commenced

Article 1.

The States are asked:-

To elect a sitting Member of the States as a member of the Committee for Economic Development to complete the unexpired term of office, that is to 30th June 2029, of Deputy Haley Camp who has resigned from that office, in accordance with Rule 16 of The Rules of Procedure of the States of Deliberation as set out in Section 1 of The Rules of Procedure of the States of Deliberation and their Committees.

The States' Greffier: Article 1, the Election of a member of the Committee *for* Economic Development.

The Deputy Bailiff: Deputy Kazantseva-Miller, who do you put forward for this role?

Deputy Kazantseva-Miller: I am delighted to put forward Deputy Marc Leadbeater.

Thank you.

The Deputy Bailiff: Who seconds this?

Deputy Laine: I do.

The Deputy Bailiff: Thank you, Deputy Laine.

From the floor?

Deputy McKenna: I propose Deputy Vermeulen.

The Deputy Bailiff: And who seconds that?

A Member: I do.

The Deputy Bailiff: Thank you.

Any other nominations? In that case, we will go to Rule 16(6), which we all have ready and at our fingertips. On a proposition to elect members of a Committee the Presiding Officer shall first invite the President of the Committee concerned – as I have done – to propose candidates and then from the floor. Nobody shall speak about a candidate at this stage and if no more are proposed and, second, there are vacancies, then that goes to the vote. But if there are more candidates than vacancies I will invite each proposer to speak for no more than three minutes and then each candidate to speak. I therefore ask Deputy Kazantseva-Miller to speak on behalf of her candidate.

Deputy Kazantseva-Miller: Thank you, madam.

Members of the Assembly, I am very pleased to propose Deputy Marc Leadbeater for the election to the Committee *for* Economic Development. Deputy Leadbeater really needs no introduction to this Assembly. He is one of our most experienced Deputies and one of only eight serving his third term or longer.

He brings not only political experience but also pragmatic and non-partisan approach to decision-making. From the Committee's perspective, one of Deputy Leadbeater's good strengths is the natural interface between Home Affairs and Economic Development. Some of the significant issues affecting our economy today sit across both Committees. The ongoing work on population and immigration policy is fundamental to addressing our workforce challenges. The operation of our border and customs control at our port has direct impact on trade, connectivity, and the visitor economy. Home Affairs also has responsibility for areas such as alcohol duty management, which has important implications for our hospitality sector.

Alongside his political experience, Marc also brings something that perhaps is less known but equally valuable, decades of commercial experience in the construction sector; an important area of the Committee's mandate that supports the Island's house building ambitions and infrastructure investment.

Before entering politics, Deputy Leadbeater built and ran successful businesses within Guernsey's construction industry. He qualified as a carpenter and surveyor, worked in property development, established his own business, and later specialised in importing construction materials across Europe for the local building sector. That practical understanding of running a business, managing supply chains, importing goods, and supporting local industry gives him first-hand insight into many of the issues our Committee deals with every day, from productivity and regulation to housing delivery, infrastructure, and the cost of doing business.

Economic Development benefits from Members who bring different perspectives and practical experience from across our economy. Deputy Leadbeater combines commercial knowledge with almost a decade of political leadership in some of our most demanding Committees. I have every confidence that he would make a strong and constructive contribution to our work, and therefore I commend Deputy Leadbeater to the Assembly.

Thank you.

The Deputy Bailiff: Deputy Leadbeater, would you like to speak for three minutes?

Deputy Leadbeater: Thank you, madam.

I am completely unprepared for this, but pretty much following on from Deputy Kazantseva-Miller – I thank the President for her kind words – when I saw this vacancy become available, I jumped at the chance because I really do think that the two Committees can do some sterling work together, certainly in the area – I said during my first Update Statement that the most important piece of work for Home Affairs is the population management review this term, without a shadow of a doubt. That is going to be an important piece of work for the Committee *for* Economic Development as well. So I really would like the opportunity to bring the two Committees closer together, certainly in this really important area going forward. We have the review of liquor licensing obviously, which again sits across the two Committees.

But my interest was really piqued when it came to clearly the biggest problem we have at the moment in Guernsey is housing, housing, housing. We have known that for quite some time now and this is my background. My background was in construction, my background was in sourcing products from across Europe and bringing them in, trying to keep costs down, trying to keep abreast with the best new methods that are out there in construction, up and down various trade shows, right the way across Germany to Italy and everywhere in between. I have established a network of contacts throughout my time doing that, and I would like to use my experience and my knowledge in that area to try and boost and help and support the construction sector as we move through these important times and we try to deliver the housing that the Island needs.

Thank you very much.

The Deputy Bailiff: Thank you.

Deputy McKenna, would you like to speak for three minutes about your candidate, Deputy Vermeulen?

Deputy McKenna: Thank you, ma'am.

Ma'am, I have known Deputy Vermeulen for over 40 years. He has four children, 13 grandchildren, he was educated at St Martin's Primary School and Elizabeth College. The Vermeulen family, of course, are very well-known in Guernsey because they constructed the golf course, the Grande Mare Hotel. They then created a leisure suite: sauna, jacuzzi, swimming pool – I was a member of it – timeshare apartments and property development.

Deputy Vermeulen has always been about economic growth. He was a member of the Economic Development Committee in the last term, as well as Vice-President at Home Affairs. So Deputy Vermeulen is perfectly placed for his old job, as it were, to go back in and try and create growth for the Island. I certainly would encourage the Members 100% to vote for Deputy Vermeulen.

The Deputy Bailiff: Thank you.

Deputy Vermeulen.

Deputy Vermeulen: Thank you, ma'am.

Yes, I am a very go-ahead and positive-type person, and I do believe in growth. I have been shouting and screaming for growth for the last five and a half, six years. I think we have achieved some of that last term when I look at Brittany Ferries, the appointment of BA, Wheadon's Gin, moving to the Vivier Bunker, of course, and I was very proud to bring the Victor Hugo Centre to the Committee and see that through. Even moving the tourism office into the Market Square, that has rejuvenated the whole area. You have the lovely restaurant there, Alba, you have Lola's, and you have the brand new SALT. It is a completely regenerated area, it is like a town square.

I do have a massive knowledge of construction, a massive experience of hotel and tourism. I have interacted really well with retail on the Island, meeting them on a regular basis and also meeting the Hospitality Association. Manufacturing is also on the mandate. I was really pleased to meet with Wheadon's Gin and hear their plans, what they want to do as a visitor centre on that area just by the Model Yacht Pond.

Yes, I am a go-ahead, very positive. I can work with the team. I have respect for the people on there and I have the support of people that matter to me and who have just left, and think that perhaps I can make some progress like we did before. So I would urge people to vote for me.

The Deputy Bailiff: Thank you very much, Deputy Vermeulen.

Members, this is a secret ballot vote. Therefore, His Majesty's Sheriff will be coming round with his hat, I believe. Please put your votes into the hat and then we will announce the result in due course. Are there any other votes to collect? In that case, His Majesty's Sheriff will retire.

States' Greffier, given that we do want to keep the momentum going in this meeting, can I suggest we deal with the legislation laid before the States now as we have had no motions to annul? *(Interjection)* But we will do the election afterwards; do not worry.

LEGISLATION LAID BEFORE THE STATES

The Income Tax (Approved International Agreements) (Implementation) (OECD Pillar Two GloBE Model Rules) (Amendment) Regulations, 2026; Vaping Products (Guernsey) Ordinance (Commencement and Transitional) (Amendment) Order, 2026; The Secondary Pensions (Penalty and Miscellaneous Provisions) (Guernsey and Alderney) Regulations, 2026; The Banking Deposit Compensation Scheme (Amendment) (Commencement) Regulations, 2026

The States' Greffier: The following legislation is laid before the States: The Income Tax (Approved International Agreements) (Implementation) (OECD Pillar Two GloBE Model Rules) (Amendment) Regulations, 2026; Vaping Products (Guernsey) Ordinance (Commencement and Transitional) (Amendment) Order, 2026; The Secondary Pensions (Penalty and Miscellaneous Provisions) (Guernsey and Alderney) Regulations, 2026; The Banking Deposit Compensation Scheme (Amendment) (Commencement) Regulations, 2026.

The Deputy Bailiff: Thank you.

There are no motions to annul, so that legislation is laid.

ELECTIONS AND APPOINTMENTS

PRESIDING OFFICER

2. Election of a member of the Committee *for* Employment & Social Security – Election commenced

Article 2.

The States are asked:-

To elect a sitting Member of the States as a member of the Committee for Employment & Social Security to complete the unexpired term of office, that is to 30th June 2029, of Deputy Garry Collins who has resigned from that office, in accordance with Rule 16 of The Rules of Procedure of the States of Deliberation as set out in Section 1 of The Rules of Procedure of the States of Deliberation and their Committees.

The Deputy Bailiff: I was probably over-optimistic about how quickly His Majesty's Sheriff and his assistants could check the voting, so shall we move on then to the next election? States' Greffier, would you announce it please?

The States' Greffier: Article 2, the Election of a member of the Committee *for* Employment & Social Security.

The Deputy Bailiff: Deputy Bury, who do you propose?

Deput Bury: We propose Deputy St Pier, ma'am.

The Deputy Bailiff: And who seconds that?

A Member: I do, ma'am.

The Deputy Bailiff: Are there any other candidates? In that case, we will need to go straight to secret ballot. Unfortunately, we no longer have a Sheriff, and we do not have his hat. *(Laughter)* So can I suggest you put your names on your sheet of paper, and we will just sit in abeyance until he returns.

We are going to use the States' Greffier's toque, with no disrespect meant to his office. *(Interjection)* Thank you very much, if you would not mind collecting the votes. You might want to fold them up a little smaller to get them in a slightly smaller hat. Is that all the votes collected in for the role on Employment & Social Security? Thank you, if you would not mind retiring with that, in fact.

States' Greffier, to keep momentum going, shall we move on now, if Deputy Strachan is ready, to the next item of business?

The States' Greffier: Yes, madam.

OVERSEAS AID & DEVELOPMENT COMMISSION

3. Appointment of Commissioners – Mr Chris Gregg, Dr Lindsay Jefferies, Dr Michelle Le Cheminant, Dr Kevin Bales; Advocate Martha Eker-Male; Ms Diana Penn appointed

Article 3.
The States are asked to decide:
Whether, after consideration of the Policy Letter entitled "Overseas Aid & Development Commission - Appointment of Commissioners" dated 2nd June 2026, they are of the opinion:
(i) To reappoint Mr Chris Gregg as a Commissioner on the Overseas Aid & Development Commission for a further 4 year term from 1st August 2026 until 31st July 2030;
(ii) To reappoint Dr Lindsay Jefferies as a Commissioner on the Overseas Aid & Development Commission for a further 4 year term from 1st August 2026 until 31st July 2030;
(iii) To reappoint Dr Michelle Le Cheminant as a Commissioner on the Overseas Aid & Development Commission for a further 4 year term from 1st August 2026 until 31st July 2030;
(iv) To appoint Dr Kevin Bales as a Commissioner on the Overseas Aid & Development Commission for a 4 year term from 1st August 2026 until 31st July 2030;
(v) To appoint Advocate Martha Eker-Male as a Commissioner on the Overseas Aid & Development Commission for a 4 year term from 1st August 2026 until 31st July 2030; and

(vi) To appoint Ms Diana Penn as a Commissioner on the Overseas Aid & Development Commission for a 4 year term from 1st August 2026 until 31st July 2030.

The States' Greffier: Article 3, the Overseas Aid & Development Commission, Appointment of Commissioners.

The Deputy Bailiff: Thank you.
Deputy Strachan.

Deputy Strachan: Thank you, ma'am.

These appointments have arisen as Ms Judy Moore, Mr Bryan Pill, and Mr Mike Allen are stepping down from the Overseas Aid & Development Commission as of 31st July, following 14 years, eight years, and two and a half years respectively of valued public service as volunteer commissioners. In addition, Mr Chris Gregg, Dr Lindsay Jefferies, and Dr Michelle Le Cheminant's first terms as commissioners expire on 31st July.

I would first like to take this opportunity on behalf of the Commission and personally to thank the retiring commissioners for their dedicated commitment and sheer hard work. Ms Moore's long service since 2012 has been essential to the continuity and resilience of the Commission. She has also been the Vice-President of the Commission since 2018. Ms Moore is a chartered physiotherapist and her health and education background in both a professional and voluntary capacity has been invaluable to the Commission when evaluating relevant project applications.

Mr Pill had experience as a teacher before working as a bush pilot for the charity Mission Aviation Fellowship for over 25 years. His first-hand knowledge of delivering development aid in some of the most remote areas of the world has given the Commission a sound understanding of the requirements needed for charities to achieve success and sustainable projects.

Mr Allen is an experienced business leader who has worked globally in multiple sectors, including supporting the work of charities and international development agencies. His extensive knowledge of conducting business in the developing world has allowed the Commission to gain an insight into how business, government and charities can interact on successful projects.

As a result of Ms Moore's, Mr Pill's, and Mr Allen's joint endeavours, along with their fellow commissioners, some of the world's poorest communities have received support which has brought life-changing, sometimes life-saving, and sustainable improvement to their lives.

Ma'am, the purpose of this policy letter is to seek approval to reappoint three of the current commissioners and to appoint three new commissioners to replace those that are leaving.

Mr Gregg is a chartered engineer and chartered IT professional and also holds a Master's in Business Administration. He currently works for the States of Guernsey as Portfolio Director for Digital and Technology. He was previously employed by the international charity Mercy Ships for over 24 years, including as Managing Director of m/v Global Mercy, the world's largest non-governmental hospital ship. Mr Gregg's extensive experience in the international development sector is invaluable to the Commission.

Dr Lindsay Jefferies is the Managing Director of Island Global Research. She has a PhD in Health Economics, a Master's in Business Administration, an MA in European Political Economy, and a Bachelor's degree with Honours in Economics and Econometrics. She worked at the UK Department for International Development, both in the UK and Malawi, before moving into academia. This included as a researcher at Oxford University and then as an Assistant Professor at the London School of Hygiene and Tropical Medicine. Dr Jefferies's wide experience in a number of relevant areas has brought key knowledge and skills to the Commission.

Dr Michelle Le Cheminant is a Consultant Anaesthetist and Chair of the Medical Specialist Group. She attended Cambridge University and returned to Guernsey after completing her medical training. She has also worked at the University Teaching Hospital of Lusaka in Zambia as a visiting lecturer and regularly volunteers for Orbis International, including on its Flying Eye Hospital.

Dr Le Cheminant's medical expertise and her experience of working and teaching in the developing world has been of great benefit to the Commission.

The three vacancies left by the retiring commissioners were advertised widely across local and social media, and a good number of applications were received; all of which were of a high quality. I wish to thank all of the candidates for their interest.

The first proposed new commissioner is Dr Kevin Bales. Dr Bales has worked as a human rights academic and NGO leader for 30 years. He was co-founder and research professor of the Rights Lab at the University of Nottingham where he continues to work part-time. He holds a Master's of Science in Economic History and a PhD from the London School of Economics. Dr Bales's work with NGOs includes Anti-Slavery International and others in the UK to partners in India, Pakistan, Brazil, Mauritania, Haiti, Thailand, Congo, and the USA. He was a founding member of the International Cocoa Initiative, which endeavoured to remove child and forced labour from that industry. He is the author of a number of books on human rights and environmental issues. Dr Bales's extensive knowledge of human environmental rights and his experience with NGOs will help direct and shape the Commission.

The second proposed new commissioner is Advocate Martha Eker-Male. She has previously worked for an international law firm in London where she gained experience in charities law, public international law, and international development related issues. This includes working on treaty disputes involving states, advising governments on issues of good governance, and undertaking pro bono work focused on human rights and accountability. Advocate Eker-Male's pro bono work included contributing to submissions to the United Nations bodies and the International Criminal Court on issues such as climate change, states' human rights obligations, with a particular focus on the rights of women and girls, justice for victims of international crime, and human rights abuses. Advocate Eker-Male's legal background and specific international experience in that field will be a great asset to the Commission.

The third proposed new commissioner is Ms Diana Penn. She obtained a Bachelor of Science with honours in Animal Physiology and Biophysics, and worked with Unilever before studying to become a qualified accountant with the same company. After working around the world, Ms Penn became a director of a Guernsey trust company, as well as qualifying as a commercial pilot and briefly working for Aurigny. In 2004, Ms Penn started working in international development as an aid worker and finance manager in disaster zones with a number of charities, including Oxfam and the UK's Disasters Emergency Committee. In 2022, she published a memoire of her work in the frontline of emergency aid. Ms Penn has worked in 28 countries. It is considered that Ms Penn's financial acumen will be of great benefit to the Commission, particularly as she has had experience of using her skills in the context of international development.

Ma'am, I commend Mr Gregg, Dr Jefferies, Dr Le Cheminant, Dr Bales, Advocate Eker-Male and Ms Penn to the Assembly.

Thank you.

The Deputy Bailiff: Thank you.

Does anybody wish to speak on debate in this matter?

In that case, first I will ask Deputy Inder, if he wishes to be relevéd?

Deputy Inder: Not particularly, ma'am, but seeing as it is you, I will. *(Laughter)*

The Deputy Bailiff: We will take that as a yes.

I hope everybody has now signed in to the SEV and I will ask the States' Greffier to open the voting.

There was a recorded vote.

Carried – Pour 38, Contre 0, Ne vote pas 0, Did not vote 0, Absent 2

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

The Deputy Bailiff: There voted pour 38. At the time of the vote that was a unanimous vote, I therefore declare that the Propositions have all passed.

Election of a Member of the Policy & Resources Committee – Election concluded – Deputy Marc Leadbeater elected as a member

The Deputy Bailiff: In relation to the elections for the member of Economic Development, Deputy Leadbeater received 26 votes, Deputy Vermeulen 11 votes, and there was one spoiled paper. I therefore declare that Deputy Leadbeater has been appointed as a member of the Economic Development Committee.

**Election of a Member of the Committee *for* Employment & Social Security –
Election concluded –
Deputy Gavin St Pier elected as a member**

The Deputy Bailiff: In relation to the member of Employment & Social Security, Deputy St Pier received 30 votes, there were seven blank papers and one spoilt paper. I therefore declare that Deputy St Pier is now a member of Employment & Social Security. *(Applause)*

POLICY & RESOURCES COMMITTEE

**7. Armed Forces Act, 2006 and Article 72A of the Reform (Guernsey) Law, 1948 –
Proposition carried**

Article 7.
The States are asked to decide:
Whether, after consideration of the Policy Letter entitled "Armed Forces Act, 2006 And Article 72A of the Reform (Guernsey) Law, 1948" dated 8th June, 2026, they are of the opinion:
To signify their agreement to the substance of the proposed Order in Council entitled "The Armed Forces Act 2006 (Bailiwick of Guernsey) Order 2026" as set out in Appendix 1 to this Policy Letter.
To approve the draft Ordinance entitled "The Armed Forces (Offences and Jurisdiction) (Bailiwick of Guernsey) Law, 2018 (Commencement) Ordinance, 2026" as set out in Appendix 2 to this Policy Letter, and to direct that the same shall have effect as an Ordinance of the States.

The States' Greffier: Article 7. The Policy & Resources Committee, the Armed Forces Act, 2006 and Article 72A of the Reform (Guernsey) Law, 1948.

The Deputy Bailiff: Deputy de Sausmarez. Sorry, I had not been informed about that.
Deputy Falla.

Deputy Falla: Thank you, madam.
P&R is obliged under Article 72A of the Reform (Guernsey) Law, 1948 to make an Order in Council extending to Guernsey the Armed Forces Act, 2006. The 2026 commencement Ordinance brings into force the Armed Forces (Offences and Jurisdiction) (Bailiwick of Guernsey) Law, 2018, the drafting of which was approved by the States 13 years ago in 2013. It means that any military or criminal justice issues that arise within the Bailiwick are dealt with by the service courts and authorities under the modern statutory framework and also covers the local judicial oversight of service police powers of entry and search. I should add that it is exceptionally rare for such issues to arise in the Bailiwick.
Currently, Guernsey service people are governed by the 1950s' Service Discipline Acts, which reflect the morals and standards of that time, for example, before the advent of human rights law. The settling of the 2018 Law has been delayed by long interaction with the Ministry of Defence. There has been consultation with Bailiwick law enforcement, Government House and Alderney and Sark, and advice has been taken from the Law Officers. I am grateful to Deputy Marc Laine, who has ensured that the local British Legion has also been updated.
I therefore ask the Assembly to signify agreement to the substance of the proposed Order in Council and to approve the 2018 draft Ordinance which brings Guernsey into line with the modern service discipline regime.
Thank you.

The Deputy Bailiff: Thank you.

Does anybody wish to speak on this Proposition? In that case, I will ask the States' Greffier to open voting.

There was a recorded vote.

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

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

The Deputy Bailiff: There voted in relation to this Proposition, pour 39. I therefore declare that the Proposition has been passed.

COMMITTEE *FOR* EMPLOYMENT AND SOCIAL SECURITY

8. Amendments to Statutory Minimum Wage Arrangements to come into force on 1st October 2026 – Proposition carried

Article 8.
The States are asked to decide: Whether, after consideration of the Policy Letter entitled 'Amendments to Statutory Minimum Wage Arrangements to Come into Force on 1st October 2026', dated 8th June 2026, they are of the opinion:
1. To approve the Minimum Wage (Prescribed Rates and Qualifications) (Guernsey) (Amendment) Regulations, 2026 (as set out in Appendix 1 to this Policy Letter), which, pursuant to sections 1(3) and 3(1) of the Minimum Wage (Guernsey) Law, 2009, prescribe the hourly minimum wage rates set out below with effect from 1st October 2026:
a. Adult Minimum Wage Rate: £13.10 per hour (for workers aged 18 and over), and
b. Young Persons' Minimum Wage Rate: £11.80 per hour (for workers aged 16 and 17).

The States' Greffier: Article 8. The Committee *for* Employment & Social Security, Amendments to Statutory Minimum Wage Arrangements to Come into Force on 1st October 2026.

The Deputy Bailiff: Deputy Bury.

Deputy Bury: Thank you, ma'am.

I am going to keep this very short for obvious reasons. The policy letter is simple, self-explanatory and includes the rationale for our decisions and proposals. I know everyone is keen to get on to the tax debate. This matter is time critical though and so I am grateful for the ordering and prioritisation.

Proposals are simply to increase adult minimum wage by core inflation along with the accommodation and food offsets. The proposal is to also increase the young person's minimum wage rate from £11.35 to £11.80 per hour, which maintains the current policy of setting it at 90% of the adult rate. The proposals seek to maintain the value of the minimum wage in real terms while balancing the interests of employees, employers and the wider economy.

The Committee carried out the usual targeted consultation with employer groups, trade unions, industry representatives, civil society groups, the Committee *for* Economic Development and Policy & Resources Committee in its role as employer. I would note that extra efforts were made to target employees. However, this continues to be difficult and it leads us to be concerned that the feedback we receive is weighted towards employers. We can say we have listened, but who we have listened to is a key consideration. We will continue to endeavour to achieve reaching employees and are open to suggestions from anyone of how we may better make contact with those in the traditional roles that are on minimum wage.

That is the very brief counter through. I am very willing to answer questions in summing up, if Members have them.

Thank you, ma'am.

The Deputy Bailiff: Is there anybody who wishes to speak in debate on this matter?
Deputy Vermeulen.

Deputy Vermeulen: Thank you, ma'am.

I have been following the situation in the UK with the Prime Minister resigning, and all the problems that have been caused in the UK economy causing him to resign. One of the commentators said that they felt – or a party felt that the minimum wage in the UK was just far too high. There was a very sensible fellow that said this and I thought, 'Well, that is interesting' because Guernsey of course constantly looks at what Jersey is charging, looks at what the UK is charging, and they thought that was a barrier to employment, and they thought that was causing youth unemployment in the UK.

So you know what I am like, ma'am. I did a little bit of research and I found a country with 300 million people, USA, whose minimum wage – federal minimum wage – is $7.25 or, in pounds sterling, £5.41. So I am not going to support this proposal this time, and I would urge caution that we do not find ourselves in the same mess as the UK with rising youth unemployment in Guernsey.

It is a terrible thing when people are priced out of being employed, or youngsters cannot get jobs and they are discriminated against for employing slightly older people. I think it is less damaging than what was originally proposed but I am still not going to support it, and I think other people might want to have a little think about that.

I am also concerned that Social Security £2 million increase to the budget, and that is in a year when tax receipts are going down. We cannot keep giving it away when we are not really receiving it. We have got to get a handle on this, and I will just bring it to Members' attention and your good self.

Thank you, ma'am.

The Deputy Bailiff: Deputy Gollop.

Deputy Gollop: I will support the minimum wage. I was umming and ahhing a few weeks ago whether I would have supported the original plans, which I think from Employment & Social Security's – a Committee I sat on – direction of travel, was to go down the route of having complete parity between the young person's minimum wage rate, which will be set at £11.80 per hour, and the adult wage at £13.10. So they would all have been at £13.10, I assume.

That has not happened. I can understand why, business – as we have all heard through our numerous presentations – are wary of increasing costs at the moment. It has been at a time of not only inflation but secondary pensions, GST and other tax package arguments. Some elements in the media have speculated the issues that Deputy Vermeulen has raised, that there is a growing problem of needs in Guernsey of younger people not getting their foot in the door.

I hope and pray that Deputy Montague and the Education Committee will upgrade and continue to improve the apprenticeship model and hopefully – I believe in Jersey they have come up with a new model after going down the route of trying to put the wages together and not really succeeding, of encouraging young people to have a better deal of doing an apprentice. I believe there is an incentive there actually whereby if you stay for more than a year in an apprenticeship you can get a higher wage but in the initial period you get a lower wage, and that is to encourage continuity of study and protection.

Deputy Vermeulen refers to the United States because, to be honest, it is more right-wing politically than we are, especially in some states, and it is a free market economy in every way, whereas we are more linked to the British and European tradition. I am always concerned that we fall behind the minimum wage offered in Jersey or the UK, because then we are at a competitive disadvantage; not in prices, but in attracting the best quality migrant labour.

I think there is more wiggle room, actually, on the expense allowance for room and board; the offset. I think we could probably do more there.

My point though is that I do not believe as yet Guernsey is seeing a substantial unemployment problem. We have an under-employment issue, middle-aged people or people on sickness. We also have, I believe, at least 1,000 jobs we could fill and cannot find the people for. But what we do have is a cost-of-living crisis and a sense of inequality.

One of the snags of the minimum wage, and why I prefer a different approach, perhaps more of a living wage, is that it can reduce differentials from one group of workers to another. But in a society like we have, where we are cross-subsidising employees with Income Support, it is not just a cliche of the person who is sitting on their sofa all day eating crisps, watching television. We are supporting hard-working people.

I think increasing the minimum wage actually has the benefit, and Deputy Bury can comment on this, of reducing to a degree our income issues. She can also explain why, on balance, her Committee decided to maintain a differential. Because I think, pragmatically, that is the best way to go at the moment. But we need to keep alert that we do not come into generational poverty and that we do encourage younger people to get their foot on the ladder in affordable jobs, but not so that they are underpaid.

The Deputy Bailiff: Thank you.
Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, madam.
First of all, I wanted to commend the Committee that they listened to the feedback received from employers, employer organisations, and different Committees, including the Committee *for* Economic Development, to their original proposals, which was to equalise the adults and the young people's minimum wage to be equal to 100%.

Following the consultation process – and we receive as a Committee all the consultation responses from the consultation that the Committee undertakes, Committee *for* Employment & Social Security – we had very strong reservations about equalisation on very similar grounds displayed by the employers. That was the potential risk to employment opportunities for young people, but also the fact that the differential tries to highlight that it is more costly to employ young people because they need more supervision, they need more management time, and that ultimately their productivity output does not, on average, equate to someone who is more experienced. That is actually not a new debate we are having and in the previous political term actually the previous Committee and employers advocated for the differential to be wider, not narrower, to potentially be maintained at 80% and not 90%.

It was interesting to see the new Committee with the new political composition actually push further ahead to try to equalise. However, we are where we are. We are still settling at the 90%. I think we have to keep a really watchful eye in terms of what happens to employment opportunities of young people on the Island, notwithstanding what we are seeing potentially elsewhere the challenges with AI and graduate recruitment jobs, etc.

The second point I wanted to make, and this was a consistent point the previous Economic Development Committee and Deputy Inder made in the last political term, is we still continue to make decisions on the minimum wage in a complete data vacuum. We do not know how many people are on the minimum wage. We do not know which sectors this affects, and so we are largely making our policy decision based on RPI figures and making comparisons to other countries. That is largely how it feels like how our policy really is based.

We were all waiting for the secondary pensions to come into effect and through the new secondary pension system, in theory, where now the States is supposed to be gathering information further to the granular detail on how many people are actually – what are they earning per hour, and that reporting would indicate how many people are actually on the minimum wage.

We all know that the final stage of the secondary pensions came into effect in October last year, so we are now nine months in. There is no mention of whether any data has been collected, any data has been analysed, and again we have got another policy letter which makes proposals in a data vacuum.

I would really urge the Committee *for* Employment & Social Security to really get to the bottom of understanding how many people the minimum wage is actually affecting. The issue is that it is not just about the people on the minimum wage, because it absolutely has a spiral on the rest of the wage spiral. That is what employers tell us. I would really urge in the next year, in the policy letter, to consider the data that is coming out of the secondary pensions.

The last point I wanted to make, and this is something that I have been speaking to consistently over the last couple of years, is that we continue having disjointed discussions about different fiscal issues through different policy letters and different times of the year. In fact, last year, I brought a successful amendment which directed the Committee to consider that the minimum wage should align with our fiscal year, so not be lodged in October and be valid from 1st October, but to be live from January, but also for that debate to align with our main fiscal event – which I call – which is the Budget debate.

The Proposition that was successfully supported by the previous Assembly is to direct the Committee to consider moving effectively the dates and moving the debate and to align all of those fiscal decisions. I wanted to check with the President whether that consideration has been made and whether they plan to make that happen.

Thank you.

The Deputy Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

We are not quite sure which reports Deputy Vermeulen has been looking at, but in the UK there has been an awful lot of work looking at the living wage, which is now the norm for over 21, as opposed to the minimum wage. We, in Guernsey, do not yet have the living wage as the norm. We are below Jersey. I do not know if Members have got the policy letter in front of them, they may find the table on paragraph 3.2 of interest, but we are £1 an hour less expensive than Jersey who actually choose to pay young people the same as adults because they believe that equal work deserves equal value pay. It is a principle I myself have stuck to, and that is why I was in a minority view on the Committee.

I do accept that there are apprentices who need oversight and, like Jersey, I think we should look at a different structure for paying them. But if a young person is doing the same work per day as an adult with no supervision, I believe that they should be paid exactly the same. They too are facing a cost-of-living crisis. Many are not living with their parents as we used to traditionally think. Many are trying to support households themselves.

It is true that many of them get a couple of hours training, perhaps as a barista, but then are left on their own to work with customers. I think as a principle of equality we need to be looking at that next year, and we have committed as a Committee to try and engage with those people. On the record, I would ask young people who are concerned about this to get in touch with me because I would really like to hear from you.

But please let us bear in mind, going forward, that we need to look at a living wage, something that people can actually afford to live on rather than minimum wage. I would hope we would be looking to increase in line with Jersey rather than decrease.

Thank you.

The Deputy Bailiff: Deputy Sloan.

Deputy Sloan: Madam, I imagine Deputy Vermeulen is reading similar reports to the ones that I have been reading too, which actually refers to the impact of minimum wages on employment. If you go back to the seminal work on minimum wages, it is a paper by Card and Katz in 1994. It was a study of minimum wages on employment in the fast food industry in the US. Pre-1994 the general consensus of economists was that minimum wages impacted jobs and were not a good idea because there would be a downward effect on employment.

Card and Katz's work actually led to a re-evaluation of that and what happened was that people, economists generally, believed that get the conditions right and there is not really an impact. If you set the minimum wage low enough, general employment is fine. So what has happened over the last 20, 30 years is that – I do my math and arithmetic – is the general consensus changed and the view was that minimum wages did not really have an impact on employment.

Actually that now is being presently reassessed by the economics academia, and the research is proving that it is now no longer quite so clear cut. The answer is now, as typical economists will say, 'It depends'. That is a real thing. You can go on *The Economist* – I subscribe to it obviously – and you will see the research and the commentary about that. It is very important, in my opinion, that you should encourage work as a way of life (**A Member:** Hear, hear.) and therefore having a lower rate for young people to introduce themselves to the world of work as a ladder to future, a better way of life for them is a good thing.

So I welcome the fact that the Committee did not recommend trying to equalise that at the adult wage; I would have thought it would have been a retrograde step. Particularly when you look at the UK that does have an issue with Not in Education, Employment, or Training (NEETs) amongst its young people in horrendous amounts.

I go back to when I last lived in the UK 20 years ago, NEETs was not a problem in comparison today. Over that time period, lazy assumptions and just basically a lack of attention has led to a youth employment problem. I would not like us to go down that route. Therefore I just want to say that I will be supporting the proposals but I would like to request that, similar to Deputy Kazantseva-Miller, that at this juncture going forward we do, or the Committee does, look at the analysis of the actual impact of the minimum wage on employment. It is a bit more complicated than just saying it has no impact or it has some impact.

We do need to reassess the assumptions on which our policies of the last 20 years have been based because the general conditions economically are much different today than they were when we first introduced the minimum wage.

Thank you very much, madam.

The Deputy Bailiff: Thank you.

Deputy Blin.

Deputy Blin: Thank you, ma'am.

First of all, I will be supporting these proposals but I would like to make some observations. I would particularly like, I believe same as Deputy Kazantseva-Miller, to thank the President of ESS and the Committee for taking on board some of the changes. I would just like to explain why it was important as well briefly.

I know there were strong views on the proposal to equalise the minimum wage for 16 and 17-year-olds because I was concerned that however well-intentioned – I listened to Contact's media businesses – it could have had those unintended consequences of reducing the very opportunities we are creating. For many employers, and talking to a lot of them as well, taking on a 16 or 17-year-old was not simply about just paying the wage, it involves additional supervision and training and time by more experienced members. In many sectors, the younger employees are also restricted in the duties they can undertake because of licensing health, age restrictions and alcohol, etc. So if we require the employee to pay exactly the same minimum wage as they would for an adult it inevitably changes that decision. I am just reiterating that because it has been done, but I wanted to really clarify the reason for that. That is not a criticism of the employers, it is the commercial reality.

Having said that, I welcome the decision there to have reconsidered it, but now I want to turn to the other side, to the adult minimum wage, which I also support. No one wants to see those on the lowest incomes lose purchasing power because of inflation, and we have no need to add the other topics currently coming up, increases RPIX, etc.

However, the key for me is I would like to return to a question that I did raise over the last term with the President of ESS. I would like to really understand, and sharing with my other colleagues, the wider impact of increasing the minimum wage. As we know from facts, but also from the policy letter, there is also Income Support and that it is also trying to get people to have more financial independence. But do we know whether increased successive increases in the minimum wage reduces reliance on Income Support? Do they reduce expenditure on benefits? Do they increase tax revenues? Or do they simply move the costs elsewhere through higher prices?

I am not suggesting the answer is just one thing or another, it is not a binary decision. But my point is simply that after many years or several times we have had the increase in the minimum wage we should by now also have a clearer understanding of its wider effects across the Government. Therefore I would be grateful for the new President of the ESS to be able to respond to this in closing, and bearing in mind I raised this several times with the previous President, I would like us to continue to almost see a correlation between the two; the data from the Committee.

Therefore I do support but I really would like to engage with data and have an understanding as we proceed in these improvements.

Thank you, madam.

The Deputy Bailiff: Deputy Le Brun.

Deputy Le Brun: Thank you, madam.

Through you, I would like to just alleviate Deputy Kazantseva-Miller that regarding knowing how many people are on minimum wage, there is a way we can do that through the Returns Creator, because I have been an employer myself previously. Every time you pay someone there is a government software that you fill the data in. At the moment it does not have amount of hours worked or the rate of pay, because it is not just the people who are actually paid the minimum wage but there are people on contracted hours paid a salary that are working over their contracted hours who we do not know whether they are even being paid under minimum wage by the time you account for all the hours they have worked. I have actually spoken to people who have been like that.

Also, Deputy Ozanne mentioned the living wage. I investigated this myself on a personal level, because it was something that I would like to have introduced to Guernsey a few years ago, but there was no interest to take it up. I was like a one-man band, really, with my business, and I did not have the capability to run an arm of a charity here, but it is still something I am keen to see here.

It is just like a good standards thing that people sign up to. It is not forced. It is just, 'Yes, we pay a living wage', so they can say that. When a business signs up to the Living Wage Foundation, every company that they use within that building, including cleaners, also have to be being paid a living wage. So it is a good thing.

We have to remember at the end of the day that these are not just resources that are costing us money. These are humans that are trying to live here.

The Deputy Bailiff: Thank you.

Deputy Collins.

Deputy Collins: Thank you, ma'am.

I was not planning to speak on this. I am in this unique situation that this has obviously got my name on, being on the Committee, yet – thank you, Deputy St Pier – I am no longer on it.

Just to unfortunately correct something my former colleague has just said about the Returns Creator. Obviously this is a new Returns Creator about pensions. As has been pointed out now, we should have at least two quarters worth of data, so I am really going to put a marker in the sand here about something I am going to talk to later.

Revenue Services systems and what dire states they are in. Just put it this way, that we as a Committee should have had robust data to make some decisions and we did not have it. For me, I would also want to say, which interestingly obviously we did go round the houses on this a little bit and, as Members know, on round one it was perhaps a four to one, and round two it was also four to one. I would really like to just pay credit to Deputy Ozanne for her commitment to her principles and the way she stood, as I stood in my principles, to remain the split.

I really just wanted to give her just a word, to say I understand how it was to be on the other side. That is all I really wanted to say, ma'am, but again I will mention later Revenue Services systems.

Thank you.

The Deputy Bailiff: Thank you.

Deputy Camp.

Deputy Camp: Finally. I have a very bad back today so that up and down is going to be so much fun, but really to support Deputy Sloan, and he got up before me and won that particular race so his words came before mine. But nonetheless now I can see that they are very similar and I was going to make a very similar speech, but now I will cut it down. I will avoid all the posh names of potentially dead people I do not know.

I really need to ask, because I understand there is a principle thing, there is a heart here, which is about people should absolutely have wages that reflect the cost of living, etc. But I do want that data, that work to be done about the other side, because I hear from business owners here who, with the cost-of-living crisis, the cost-of-government crisis that really has been putting on them, the death by a thousand cuts message that I am hearing time and time again, is what happens when those businesses cannot afford to pay these rates that people ask them to, is they simply do not hire the person.

So I do want that data to understand whether us tinkering with these rates is doing more harm than good to our economy overall. Because, after all, when a person is out of work, Government picks up the cost. It is the only place that picks up that cost, not those businesses. I do think we need to carefully do that work and understand and make this not an argument about only the heartfelt principles-based thing, but let us look at the principles of commerciality as well and the economy that we do have.

Right now it feels like a lot of businesses are on their knees and Government is only making that harder.

The Deputy Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, madam.

I find it quite refreshing to hear Deputy Ozanne and Deputy Le Brun talking about their aspiration for a living wage because that is something that I would like to see. Great speech from Deputy Gollop. Deputy Vermeulen, I do not think it is wise to look to benchmark ourselves when it comes to Government support for our citizens against the United States of America. They may have a – I will give way.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: I know that we have constantly benchmarked minimum wage – constantly – for many years. The point I was making is we are copying something that is not working in the UK. We are blindly saying, 'Well the UK has put it up what per cent, we should copy that'. It is not working. The point is that it is far more than the minimum wage in the USA of £5.41.

The Deputy Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, madam.

Just to coin a phrase that I used, Deputy Parkinson used before, it is not a race to the bottom. I think we should have better aspirations for our citizens than other countries around the world may do, and if Government picks up the pieces, because the less somebody is paid the more support they are going to need from Government. It is not rocket science, I do not think. That is bound to happen.

If somebody is employed on a very low wage or no wage, obviously we prefer to see them on a lower wage, but we need to have some proper aspirations here. We need to think bigger. We need to think, 'Okay, we do not need to', because nobody wants our welfare state to grow and grow and grow. People want our citizens to have some financial independence. I agree with the notion of having the same minimum wage right across the board for the points articulated by Deputy Ozanne, because there are different people in different situations. A friend of mine is still living with his mum in his 50s. But then I know people who are 18 years old that are out there supporting their own families.

There are loads of different variables, so it is really difficult when they are trying to create a benchmark that we are going to capture everybody. The point articulated by Deputy Kazantseva-Miller is the data vacuum. We are in a data vacuum with most of the decisions we make in Guernsey. We have not got access to the data. We have not got adequate systems to be able to gather that data. So we have got to base our decisions on what we know and our feelings.

I am going to be supporting this minimum wage. I do not think it is enough. I would love to see a minimum wage. I understand that we have got a long way to go until we can achieve that aspiration. I would just like to encourage Members to support this policy letter. I thank ESS for bringing these slightly increased levels and I congratulate them for their aspiration on trying to achieve a living wage at some point in the future.

Thank you.

The Deputy Bailiff: Does anybody else wish to speak on this Proposition? In that case, I will turn to Deputy Bury to respond on behalf of the Committee.

Deputy Bury: Thank you, ma'am.

I will start with the data point, as it was raised so many times by various different people. I do realise that it has been a very busy run-up to this meeting but it was in the policy letter. Yes, we are operating in the same data vacuum that many other people are experiencing due to the IT issues at Revenue Service. This data is not within our Committee's gift to extract. We are awaiting it. We have been awaiting it for quite some time. It was stated in the policy letter but I have just been given a bit more colour around that, which is that in order to do what is being suggested with the secondary pensions data, a year of data is going to be required to do any valid analysis and it is caught in the ongoing data issues. So people can continue to urge us and we will continue to ask, but it really is not within our gift and we wish, in the same way that everybody else does, that we were able to make these decisions on that basis, which is why we have had to go with what seems like the natural obvious plan B, which is inflation, to ensure that the minimum wage rate at least keeps pace. So hopefully that addresses that point for people.

Deputy Vermeulen mentioning the UK minimum wage being too high and their experiences, and also in his recent give way with Deputy Leadbeater using the phrase 'blindly following the UK'. Well, that is an inaccurate statement. In the Law, the Committee has to look at the following things when considering the minimum wage. It is the current rate of the minimum wage in the UK, Isle of Man and Jersey; the current economic and trading conditions in Guernsey; the rate of inflation in Guernsey; the rate of unemployment in Guernsey; current rates of pay in Guernsey, if we have the data; the increase or decrease in rates of pay in Guernsey over the previous 12 months; and any other such factors that may appear relevant. So we do not blindly follow the UK.

He also mentioned that the minimum wage has been seen to be a barrier to employment in the UK, and while that is perfectly valid, it does not necessarily reflect in Guernsey. We have high employment, almost full employment; less than 1% of our population are wholly unemployed. So while it is a valid point, it is not necessarily reflected in our circumstances.

He also mentioned, as he often does, the benefits increase budget, and when he does so I feel like it is a speech being made by two different people. Because the obvious thing to happen if you do not increase the minimum wage for people who require top-ups is that they will require more of a top-up; ergo, increasing our benefits bill. So it is one of Deputy Gollop's penny and the bun situations, I think.

Moving on to Deputy Gollop, who did bring up the original plans for the young persons' rate, yes, we did listen to the feedback and certainly in light of the reports in the UK around NEETS – those young people not in employment, education or training – and some data that was recently extracted and discussed with Deputy Rochester around how many young people we have that may be claiming Income Support. We are very cognisant of this situation, hence why we listen to the feedback. We were conscious that employers were essentially telling us that they would change their behaviour and not look to employ young people. We did not want that to be the unintended consequence of our principle behind parity on the rates. So that needs more work and longer-term review on it.

Had I been able to give my statement, which I am sure you are waiting with bated breath for later on, I will be detailing a lot of the work that the Committee is doing in areas specifically targeting young people with the recent pilot that we are starting and all the work in our work and wellbeing team to target keeping people in work if they are struggling the best they can, or getting people into work when they have had to have some time off or there are barriers to that. There is a huge amount of work going on in that space.

Thank you to Deputy Kazantseva-Miller for acknowledging that we listened. We did. As I said, I think the principle remains in the Committee that we would like to achieve parity but we did not want to have those unintended consequences that came through the feedback. There is a counterargument to the argument that young people require more training or oversight, etc., that the minimum wage is the minimum wage. So perhaps that is what those young people should be paid, and anyone who is doing more than that should be paid higher. It has been ever thus. We have had this argument every year for about the past five years and probably before that. There are two sides to that coin.

We have covered the data vacuum. She also mentioned her successful amendment around possibly bringing this policy letter at a different time of year. Again, it was in the policy letter that we did consider it and we came to the conclusion that it is not necessary. We do not agree that this amounts to a States fiscal event because it does not affect the States' Budget in any meaningful way, really, because we have so few people employed by the States on minimum wage.

Deputy Kazantseva-Miller: Point of correction.

The Deputy Bailiff: Point of correction, yes. Deputy Kazantseva-Miller, what is your point of correction?

Deputy Kazantseva-Miller: When I talk about this being a fiscal event, it is the Guernsey fiscal event, the main event, the Budget, which sets the direction of travel, which affects all employees, not just States' employees. So it is in that relation, not in relation to that being a fiscal event that affects just States' employees.

The Deputy Bailiff: Deputy Bury.

Deputy Bury: Thank you, ma'am.

Deputy Sloan mentioned the data as well, which I have covered. He also talked about, I think, broader research and the impacts. We have decided at this point, because of the data vacuum, not to prioritise an overall minimum wage policy. That ended two years ago, I think, getting the minimum wage up to 60% it might be of the median earnings. I do not think it would be right and proper to make a new overall policy, maybe a future aim, until we have that data. Effectively, we are treading water with an inflation-based increase at the moment, which is not really an increase, it is a keeping pace. We can happily take those sorts of feedback on board when we get to that point, but there is no point us prioritising that work while we are still in this data vacuum.

I think Deputy Blin's question very much related to this as well. It is around the data, the correlation between minimum wage and Income Support to expenditure. It is a natural assumption that a lower increase in minimum wage would increase expenditure to top those people up for their requirements, but I think his question is very much answered by what I have said around the data.

Again, just to Deputy Camp's point, she was mentioning principle and heart. I think I have listed there are items in Law that we have to review when looking to increase the minimum wage so it is not all just done on the feels. It is done on relevant factors in the circumstances that we are in.

I think that about covers everything. I look forward to next year.

Thank you, ma'am.

The Deputy Bailiff: Members, you should have before you the Proposition. I will ask the States' Greffier to open the voting.

There was a recorded vote.

Carried – Pour 33, Contre 3, Ne vote pas 3, Did not vote 0, Absent 1

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

The Deputy Bailiff: There voted in relation to this Proposition; pour 33, contre 3, there were 3 abstentions. I therefore declare the Proposition has passed.

POLICY & RESOURCES COMMITTEE

**9. Tax Reform 2026 –
Debate commenced**

Article 9.
The States are asked to decide:
Whether, after consideration of the Policy Letter 'Tax Reform 2026' dated 8 June 2026, they are of the opinion:
1. To direct the Policy & Resources Committee to implement the package of tax reforms to make Guernsey and Alderney more financially sustainable as set out in sections 9 and 10 with the rates and thresholds as described in Appendix 7.
2. To add the Tax Reform Programme to the Major Projects Portfolio and delegate authority to the Policy & Resources Committee to approve funding from the General Revenue Reserve of up to £10.6m following consideration of business cases.
3. To direct the Policy & Resources Committee to return to the States with an assurance review in 2030 as set out in section 12.
4. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.

The States' Greffier: Article 9. The Policy & Resources Committee. Tax Reform 2026.

The Deputy Bailiff: Before I invite Deputy de Sausmarez to open the debate, we have a lot of business to get through. At the moment we have 21 amendments and then on the 22nd amendment that was on the basis that the Rules will need to be suspended. So unless the sursis carries, we are going to be tight for time, even with our rearrangement today. Therefore, I will be asking Members to be disciplined, to think about whether or not they need to speak if somebody has already made the point for them, to think if they start with the phrase 'I was not going to speak' *(Laughter)* whether or not, in fact, they do need to take advantage of that.

I am not imposing time limits. This is a very important subject, but nevertheless I do ask that Members consider that. It may be that we will need to think about having shorter lunchtimes. We cannot run late this evening because we have our CPA meeting; very much looking forward to Lord Lislane's speech and I welcome him in the Chamber as we debate this important issue. Potentially tomorrow perhaps even an early start, so I would ask you to start thinking about that in order that we can maximise the time we have this week.

Deputy de Sausmarez, are you ready? I will just ask the States' Greffier to formally read out the business.

A Member: Ma'am, could you just clarify something? The maximum time for speeches on this debate, please?

The Deputy Bailiff: Yes, 15 minutes, 17A.

Now, in relation to matters where it is an amendment where the Committee is the subject of the Proposition – so some of the amendments directly refer to Policy & Resources having to do various things – those will not be limited to 15 minutes, but where it is not Policy & Resources being asked to do things, those will have a limit of 15 minutes. So due to the wording of the amendment, to the Rules and 17A, it is probably not quite as straightforward as one would think, but if you are talking on an amendment it is 15 minutes.

Deputy Kazantseva-Miller: Madam, sorry, it may be worth clarifying what you just mentioned. It is in relation to the summing up on those amendments that the President of the Committee would not have a time limit but all Members still have a limit –

The Deputy Bailiff: I am afraid that is not right, Deputy Kazantseva-Miller. It depends. 17A:

> … a speech made by a Member who is the subject of a Proposition or by the President of the Committee which is the subject of the Proposition.

In some of the Proposition amendments they are not the subject; for example, SACC is the subject rather than P&R. So it is not quite as straightforward due to the nature of the wording of the amendments. It depends on the amendment.

Deputy Kazantseva-Miller: In that relation it would be the member of that Committee in response to the debate. It would not be all members of SACC would be entitled to speak in an unlimited amount of time.

The Deputy Bailiff: No, it is the person who would respond, but it does mean that they need to be the subject of the Proposition. If it does not refer to them within the Proposition, they do not get to have more than 15 minutes. It is a slightly oddly worded amendment, but nevertheless we are where we are.

Deputy Hansmann Rouxel: Sorry, ma'am, I wonder if I could ask if Members could be cognisant of where their microphone is and perhaps ensure that it is pointing towards them. It is very difficult to hear sometimes.

The Deputy Bailiff: Yes. Unfortunately, since the sound improvements, sound has not improved. *(Laughter)* I would ask that where possible you do direct your mouth particularly when speaking to the Chamber, and I would commend Deputy Hansmann Rouxel's pronunciation and the way she can thrust her voice forward to everyone, because it is quite difficult to hear. It is picked up by the recording so people outside the Chamber can hear, but sometimes, as you all know, it is difficult to hear within the Chamber.

Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, Madam Deputy Bailiff.

I will certainly do my best to make myself heard, but if I can start by just briefly mentioning that this may be the last Meeting in which we can refer to you as the Deputy Bailiff. So may I offer my, and I am sure everyone else's, hearty congratulations. *(Applause)*

The Deputy Bailiff: Thank you. That is very kind.

Deputy de Sausmarez: So we arrive at this debate after many years of discussion, analysis, consideration, reconsideration and, at times, a real and understandable reluctance to make a decision. The issue before us is not new. For around 20 years successive States have known that the way we fund public services is becoming increasingly unsustainable. Successive States have acknowledged that challenge. Successive States have accepted the existence of a structural funding gap. Successive States have recognised the risks of relying so heavily on taxes on income alone. People are naturally cautious about change and the idea of introducing any new tax is very naturally met with concern, even by some who stand to benefit from the overall package.

The reality is that the cost of providing healthcare, education, care for our older population, infrastructure, housing and public services continues to rise, while the tax base on which we depend has become increasingly narrow. Today around three-quarters of Government tax revenue comes from taxes on income. In practical terms, that means we are unusually reliant on taxing work. The more heavily we depend on Income Taxes alone, the more we place the burden of funding public services on the people who earn their living through employment, self-employment and enterprise.

Increasingly, that burden falls on our working-age population and particularly on younger generations.

The question before us, therefore, is not whether change is needed – we know it is – the question is how we make that change efficiently, effectively and fairly. That is why the proposal before us is a tax reform package, not simply GST, which has been the singular focus of so much of the opposition. That distinction is crucial. I would oppose a standalone consumption tax because I have always opposed taxes that are regressive and disproportionately affect those with less money. These proposals are designed to invert that impact, to help those with less while also raising more revenue overall.

I make no apology for the fact that this package in terms of its net effect raises revenue from corporates, visitors and our wealthier residents quite deliberately to shift some of that tax burden off the shoulders of individuals and to fund a significant tax cut for the majority of households. Importantly, the package is not designed simply to raise revenue. It is designed to solve a number of interconnected problems at the same time. For example, to close the funding gap so that we can invest in our economy, infrastructure and public services; reduce Guernsey's overdependence on income-based taxation; create a broader, more resilient tax base that leaves us less vulnerable to employment and earnings shocks; reduce the tax burden on individuals; improve the financial position of lower and middle-income working households; broaden the contribution made by visitors; strengthen the contribution made by corporates, especially the finance sector and its international clients, in a way that supports our local community without damaging competitiveness; capture a contribution from wealthy residents who pay little or no income tax; address longstanding inequities in parts of the social security and transport taxation systems; and make our public finances more stable and sustainable so that younger and future generations have a real hope of staying in or returning to their Island home. The package should therefore be judged not by taking any one element in isolation but by whether it achieves those objectives collectively.

Madam, the GST element has understandably attracted most attention, but it is only one component of a much wider reform package that deliberately reduces the tax burden on ordinary households. That point matters because much of the correspondence Members have received and many of the conversations that we have had have focused primarily or sometimes exclusively on GST itself. Many people have written to object to GST, often passionately and always sincerely. Very few, if any, have written to object to the reductions in Income Tax and social security contributions that form such a central part of the proposals.

I am grateful to everyone who has made the effort to engage, and that engagement tells us something important about the public conversation. I would like to pay particular tribute to those that took the time to turn out on the steps of the Royal Court today. (**A Member:** Hear, hear.) Many people I listened to this morning and more generally are understandably assessing the proposals through the lens of a new tax. Far fewer are assessing the package as a whole, and that is understandable. For most households, though, the most impactful feature of this package will not be the GST. It is the much more significant tax break.

In hindsight, I think it was a mistake of whoever first came up with the word to refer to some of those measures as mitigations because that language suggests their purpose is merely to offset GST, but it is not. The reduction in income taxation for many lower and middle income households, the changes to allowances and the proposed social security allowance are structural reforms in their own right. They are designed to reduce the burden of taxing earnings. They are designed to improve incentives to work and they are designed to leave the majority of households with more disposable income than they have today. That matters because when I speak with Islanders, and I am sure this is true of many of my colleagues, and certainly it was true of the conversations that I had on the steps this morning, the cost of living is for so many their single biggest worry.

This is not abstract economic theory. It is the practical reality of paying the rent or the mortgage, of affording the weekly shop, covering utility bills, looking after children, caring for elderly relatives and managing on a pension. These pressures are real; they are not merely statistics in a policy letter. They are the reality for thousands of households across our Islands. They are a major reason families leave Guernsey, and they will be one of the things that prevents younger generations from staying or coming back unless we take meaningful action. That is why these proposals have been deliberately designed to direct the greatest benefit towards lower and middle income households rather than higher income households. It is also why pensions and benefits are protected, why essential support measures are included, and why the package is accompanied by safeguards and review mechanisms.

There is another important principle at stake. Income Tax and social security contributions can only capture revenue from those with taxable income. They cannot capture meaningful contributions from visitors and they do not effectively capture contributions from some of our wealthiest residents who are able to choose how their finances are structured, but a broader tax system can. It is entirely reasonable that visitors who enjoy our roads, public services, infrastructure and amenities should make some contribution towards the cost of providing them. It is also worth recognising that not everybody who benefits from living in Guernsey contributes through Income Tax to the same degree. Some people derive their resources from accumulated wealth or investment returns, which are not captured by Income Taxes. A broader consumption-based element helps to ensure that contribution towards public services is linked not solely to income but also in part to spending power. Those who can afford to spend more will contribute more. That is one of the reasons countries around the world have diversified tax systems rather than relying overwhelmingly on taxes on income alone. Guernsey is fairly unusual in carrying the concentration risk that we currently do, and not in a good way.

Madam, when we took office we pledged to leave no stone unturned in examining the problem, challenging the package previously agreed, and exploring alternatives. That work has reaped results. We now have a broader, better balanced and more workable set of proposals that draws from more sources and softens the landing of necessary tax reform. The test of this package and, indeed, any alternative is not whether it addresses one objective but whether it addresses the full range of objectives that these proposals seek to meet. Do they tackle the funding gap, our overreliance on income-based taxation and the narrowness of our tax base and resilience, improving take-home pay for low and middle income workers, supporting pensioners, securing fairer contributions from visitors and our wealthiest residents, enabling investment in growth, housing and our children's aspirations, and helping us prepare Guernsey for future demographic and economic challenges? Our tax reform proposals answer those questions with a resounding yes, yes, yes. Any alternative approach should be judged against the same full range of objectives, not a cherry-picked few.

Some have argued that Government should make savings first. I understand and fully endorse that sentiment. Public money must be spent wisely. Government must always strive to become more efficient, and we should never stop looking for better ways of delivering services. We are fortunate to have a highly competent Chief Executive, and we have tasked him with serious reform of Civil Service structures, systems, major project management and the culture of the States of Guernsey, and he has the full support of the Committee in doing so.

Let me also address the Revenue Service directly. I know many Islanders are rightly frustrated by assessment delays, unanswered correspondence and the backlog in the system. I share that frustration, as does my Committee. This P&R decided from the outset that those issues were unacceptable and sorting them out was and remains a top priority. It is not credible to suggest that the answer to Guernsey's structural funding challenge is simply collect the tax already owed. Of course, we must collect tax properly and efficiently. Of course, we must reduce arrears and improve service levels. It is worth noting for context that the vast majority of our tax is collected automatically and the issues, extensive and frustrating though they are, relate to a relatively small proportion of that income. That does not diminish or excuse the problem in any way, but even if every overdue assessment were completed and every pound properly due collected, that would not solve the long-term mismatch between rising demand and the narrow tax base that currently funds it. Revenue Service reform is necessary but it is not a substitute for tax reform. We need to do both. We need to fix the machinery of collection and make sure the system itself is fairer, broader and more resilient.

The same is true of wider Government efficiency. It is non-negotiable. It has to happen and it is happening. We have cut back on the use of consultants. We are moving at pace on digitising systems and services, and this Assembly has committed to finding recurring savings over the next few years. Committees, especially through their finance leads, are already being more proactive in challenging and justifying expenditure. No serious Government can responsibly deal with a long-term structural funding challenge solely through cuts, especially when demand for public services is rising as fast as ours is. Nor can it responsibly ignore the need to improve efficiency. The challenge requires action on both fronts simultaneously. We must pair savings and reform with a sustainable funding system. We cannot assume that the economic environment of the next 20 years will look like the last 20. Artificial intelligence is beginning to reshape labour markets. Patterns of work are changing. Global economic uncertainty remains significant. Geopolitical instability continues to affect markets, investment and growth. In that environment, a tax system that depends overwhelmingly on employment income becomes more vulnerable. A broader tax base is not merely desirable, it is prudent. It is part of ensuring that Guernsey remains resilient in the face of future change rather than hoping that tomorrow will always look like yesterday.

Ultimately, this debate is about responsibility. It is about whether we achieve the aspirations that we have agreed in this Assembly or whether we leave the Island and the next Assembly with a problem that we have allowed to worsen. We have a choice, and it is a choice that I have struggled with previously myself. We can spend our time in Government doing laps around the same issues successive States have circled for years while our reserves run down and our credit rating comes under pressure, or we can make a positive decision that gives us the stable platform we need to move forward and deliver the outcomes we promised the electorate. Is there a single person in this Assembly who does not want to deliver more affordable housing, to resolve the sorry situation of our Sixth Form Centre, to bring our Hospital and digital systems up to scratch, to invest properly in our harbours, coastal defences and connectivity, to catalyse the economic growth we all know is needed? *(Interjection)*

The Deputy Bailiff: Thank you, Sheriff, if you would not mind going to find out what is going on.

Please carry on, Deputy de Sausmarez.

Deputy de Sausmarez: I hope there is not anyone in this Chamber who is not with me on those ambitions, and I do not think there is. Those are among the reasons that I stood in the election a year ago. I wanted to be part of a Government that could make a positive difference to people's lives, to support our pensioners, to help ordinary working people afford a good quality of life, and to make sure our young people can see a bright future here in our Island home. After a year on Policy & Resources I have, like all of the predecessor Committees, examined the evidence very carefully and know beyond doubt that we can only deliver for our community if we have a stable fiscal foundation beneath us.

The cost of inaction or delay is not neutral and it is not kind. We were elected to make decisions. As a Government we can carry on doom scrolling or we can deliver on our promises. Which of those options will best serve the interests of the people? Which will best rebuild their trust? This package is not perfect – no reform package ever will be – but we should not allow perfection to become the enemy of the genuinely good. The 2026 Tax Reform proposals represent a serious, balanced and fair attempt to address challenges that have been identified repeatedly over many years and adjusted to and very much shaped by the valuable feedback and input that we have had from the community, industry and our political colleagues across the various Committees over the last 12 months.

In adopting these proposals we can address the structural funding gap. We can broaden the tax base and help protect our credit rating. We can reduce reliance on taxing work alone. We can enable visitors to contribute more. We can strengthen the contribution from corporates and those with greater spending power. We can invest in and support economic growth, housing and the needs and aspirations of our community. We can improve our resilience. We can protect those most vulnerable to rising costs and we can provide meaningful tax reductions for the majority of households, especially those struggling with the cost of living. That is probably the single most significant action we can take to make a positive difference to Islanders' lives.

Through this package we can place our public finances on a more sustainable footing so that we can invest in the future of this Bailiwick. For those reasons, madam, I commend these proposals to the Assembly and look forward to debating any amendments that may be laid.

Thank you.

The Deputy Bailiff: Thank you, Deputy de Sausmarez.

Sursis

To sursis the propositions either until such time that Members of the States have received the following:

i) a report from the new Chief Resourcing Officer on the States' finances; and

ii) evidence that the Revenue Service has resolved its backlog and can demonstrate that it is successfully able to manage its future workflow,

or by 19th July 2028, whichever is earlier.

The Deputy Bailiff: Deputy McKenna, do you wish the States' Greffier to read the sursis?

Deputy McKenna: Yes, please, ma'am.

The States' Greffier read out the sursis.

The Deputy Bailiff: Deputy McKenna.

Deputy McKenna: Thank you, ma'am.

This great Assembly has sat for 748 years and the fact that you are all here today is a great achievement by all of you that the community had belief in you. Also, madam, the fact that 748 years and you are the first Lady Bailiff I think is a wonderful achievement and congratulations.

The sursis, I am going to be very brief on it because Deputy Helyar speaks with a greater eloquence and vocabulary than me, but from the Revenue Service they are 20,000 behind. I am saying give them a chance and then we will work out do they owe us or do we owe them. Nobody knows. I think the community deserve – as the Father of the House, Deputy Gollop, said, we have a cost-of-living crisis and we have a housing crisis. Surely we should show the community that the tens of millions we lost on MyGov, the £130 million we lost on Agilisys, the overspend on the electronic patient record system, the projected overspend on the hospital extension, surely we should show the community that we can be responsible with their money. Because this package, I am not talking about just three letters.

This package is about charging the community £50 million, not raising £50 million. Really, as the Father of the House said, if we have a cost-of-living crisis and a housing crisis, and I do agree with him, and we are going to charge the community £50 million more, I do not get it. I will leave this for you to speak because I have spoken on this for six years. I just do not get it. We deserve to give everybody a chance. We have to show leadership. We have to give encouragement and we have to lead where people want to follow. At the moment, I do not think that is how the community are looking at us. As I say, ma'am, I will leave it to my esteemed colleagues to take this forward.

The Deputy Bailiff: Do you second the sursis, Deputy Helyar?

Deputy Helyar: Yes, ma'am.

The Deputy Bailiff: Deputy Rylatt.

Deputy Rylatt: Thank you, madam.

I thank Deputy McKenna for his speech, but I cannot support this sursis on the justifications put forward by the proposer. It asks us to delay these Propositions until Members have received a report on the States' finances from the new Chief Resourcing Officer on the basis that they may have a significantly different view about how States' finances should be structured and run. Apart from that being pure speculation, it is also utterly vague. It is not detailed what specifically this report must cover. What questions must it answer? What information will it provide that is currently missing and how is this report expected to differ from the libraries' worth of reports and reviews that have already come before the States over the past decade? For a sursis which says we need further information before deciding on tax reform, it is not at all clear what specific information the proposer and seconder actually want.

The sursis also requires evidence that the Revenue Service has resolved its backlog and can demonstrate that it is successfully able to manage its future workflow. Again, that sets a completely unclear benchmark. Is there a level of backlog that would be acceptable? Who decides whether processing issues have actually been resolved and what does future workflow actually mean? Is the test whether the Revenue Service can implement and administer a GST or a new tax, or is it about general tax return processing capability? In effect, we are being asked to delay potential tax reform for several years and push any hope of implementation even further into the future so that a new States' Treasurer and the Revenue Service can attempt to meet benchmarks, which the sursis itself does not properly define.

The explanatory note also says:

> The States have committed to but made no significant progress towards delivering savings which are at best only lip service with a minimal 1% savings target.

That is quite a statement for two reasons. First, we have not even had the first Budget since that savings amendment was approved by the States and, secondly, lip service is a curious adjective to use for an amendment which both the proposer and seconder voted for at the start of this year.

Madam, there are fair questions to ask about the Revenue Service, savings, Pillar Two and our capability to manage major projects, but this sursis does not seriously look to answer those questions. It simply uses them for reasons not to decide. It appears to accept there are serious pressures on States' finances, yet can only offer delay in return. It promises the certainty of uncertainty, so I can say with certainty that I will be rejecting it and I would encourage Members to do the same.

A Member: Hear, hear.

The Deputy Bailiff: Deputy Gollop.

Deputy Gollop: Madam Deputy Bailiff, I too offer as one of the longest-serving Members my congratulations to you, both today and on the elevation to be the first woman Bailiff in our history, and indeed in the Channel Islands.

Moving on, though, we all need leadership and this amendment I think gives us a little bit of a lifeboat, of a lifeline. Ahe animosity of the campaigners against GST has undeniably risen in intensity. We have all witnessed that, I think, in the last few days. As a believer broadly in consumption taxes and GST, even though there are elements of this package I would change or enhance, I believe that we run the risk of coming out of here with no vote on anything and maybe a kick against GST because I believe that if GST is defeated at the end of our three days or whenever, that is the end of it for a generation. We cannot realistically look to bring it back.

Yet there are, I believe, possibilities whereby I think over time the public could be convinced to support. When you look at this particular amendment, it is not saying go – Deputy Vermeulen laughs – but it is sursising the Proposition. It is a delaying amendment, literally; it is a sursis. It is asking a report from the new Chief Resourcing Officer and evidence that the Revenue Service has resolved its backlog and can demonstrate that it is successfully able to manage its future workload.

One of the elements that people have come up with is how can we trust you when we have this Revenue Service issue. Until that issue is fully resolved, I believe it is extremely hard to get consensus in society on a way forward. The same goes for the expenditure on MyGov and other projects.

Also, I would add to that – and this may be nobody's fault directly but it is a reality – that we have almost every month, even when I was on P&R, different figures on what our balances and deficits and long-term liabilities are. These forecasts have varied widely, as the amendment says. I support the amendment. The lip service point I can do without perhaps because I know that some elements of services, like the Fire Service, for example, actually need more money. We need to be convinced with the new team, maybe the new Chief Officers, that we have the financial needs and, more to the point, that any money raised will not go down vanity projects that failed but genuinely improve public services, whether education or sport or arts or health or public transport.

I would agree, too, I am afraid, with the explanatory note. It is a bit political for an explanatory note rather than purely explanatory, but they make a point, given the completely mixed political messages from key members of P&R and the significant differences between forecasts, performances and outcomes. It would be prudent to delay until such numbers and the views of a new officer will give a clearer picture on which to base decisions in relation to tax reform.

What has frustrated me, and I know probably many other Members, is some of the potential benefits and choices that Deputy de Sausmarez and others will outline are being missed by the public. Many members of the public see this GST as entirely regressive, entirely wasteful, as hitting the poorest and so on. I believe until we have more time to engage meaningfully with the public rather than just at the odd rally, we run the risk of actually going absolutely nowhere or by one or two votes succeeding in approving the GST, and there will immediately be then calls for an election, for requêtes, for more uncertainty. So I think actually a 2028 debate is a bit long-winded. It should be done quicker than that, but I think, having listened to the public, we have to take them with us and I am not sure we are doing that at the moment. So I am sympathetic to the sursis.

The Deputy Bailiff: Deputy Goy.

Deputy Goy: Thank you, ma'am.

First of all, ma'am, I just want to congratulate you on your appointment. It is great news for the Island.

The Deputy Bailiff: Thank you.

Deputy Goy: I just want to say that I support the sursis for one very good reason. I think it is a good time for P&R to go back and actually rethink if they need GST or broad-based taxes that further increases the burden on ordinary Islanders. Here is the thing. There is one point that I agree with P&R and that is this. That is that some of the wealthiest on our Island pay little to no Income Taxes. Now, where we differ is the solution. P&R's solution is to slap the entire Island to tax the rich. I say there are better and more direct ways to do it. Why? Here is the thing. Yes, it is only a small population of high-net-worth individuals on this Island. Their day-to-day consumption is not going to make significant difference or any meaningful impact to our economy. How much can an actual person consume anyway and on a day-to-day basis?

Deputy Hansmann Rouxel: Point of order.

The Deputy Bailiff: Your point of order, Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Ma'am, Deputy Goy is not speaking to the sursis.

The Deputy Bailiff: I disagree. I think he is explaining why he is supporting the sursis. He is entitled to speak like this, so I will allow him to continue.

Thank you, Deputy Goy.

Deputy Goy: Thank you very much, ma'am. Thank you for letting me continue.

The first thing is there is a tiny population of high-net-worth individuals on the Island. Therefore, their day-to-day consumption is not going to make a meaningful difference to our economy. Secondly, their major purchases such as house renovation, luxury car purchases, happen too irregularly and too infrequently to even move the needle. So the third thing is a lot of the wealthiest purchases, like expensive handbags and all that, probably happen off-Island anyway, so that is not going to benefit our local economy. The fourth point that I want to raise is this. All of that consumption tax gathered from the wealthiest on our Island does not even make up for the Income Tax that is lost due to legal tax avoidance.

What I am trying to say is please, P&R, take this time, go back to the drawing board. There are alternatives if you are genuinely wanting to make sure that everyone on this Island, especially if they are wealthy, pay their proportionate share. There are fairer alternatives that do not slap the entire Island with broad-based taxes such as GST and transport tax.

Thank you.

The Deputy Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

I want to speak in favour of the sursis, but in doing so I want to make it completely clear that I have no intention of linking that sursis with any other action that is being mooted. This sursis is not about avoiding difficult decisions. It is about making sure that when we make them we have both the evidence and the public confidence needed for those decisions to endure. As Members will know, I have significant concerns about what I call our trust gap with Islanders, which significantly in my mind dwarfs our funding gap. Trust must be earned. It is built through our record and not our rhetoric. (**A Member:** Hear, hear.) That is why this sursis matters.

Not simply a delay, it is an opportunity to demonstrate that we are responsible with Islanders' money, that we can deliver and only then ask people to accept one of the biggest changes to our tax system for decades. You cannot just tell the public, 'Trust us, we know what is best for you'. Whilst many may know our intentions are good, they find it hard to trust if what they have consistently witnessed is broken promises, costly failures and an inability to perform the basics like dealing with people's tax returns or tax refunds.

The relationship between a Government and its people is sacrosanct. Indeed, it is the foundation upon which all democracies depend. Whilst we have the power to pass legislation, the success of any major reform ultimately depends on public confidence. Without it, compliance weakens, resentment grows, and subsequent reforms become harder to achieve. Rebuilding trust is therefore not a distraction from addressing our financial challenges; it is a prerequisite to meeting them. At present, our relationship with a large proportion of Islanders has been severely damaged, despite efforts made over recent months by P&R and others to try and restore it.

Before asking Islanders to accept one of the most significant changes to our tax system in decades, we must first demonstrate that we can deliver, that we can manage public finances competently, and that our decisions are grounded in evidence. This sursis does not ask us to wait in the hope that trust somehow magically returns. It asks us to use that time to earn it and that takes time. It cannot be achieved overnight.

I fear that a belief exists on P&R and shared by others in this Chamber that it is all going to be okay; people just do not really understand the 'Plus' parts of the package. Whilst that may be true in a few cases, I would say the real problem is that people do not trust the 'Plus' part of the package. They do not trust our forecasts, our assumptions, our narratives around the accounts. They feel it has all been spun to support a pro-GST narrative and that is why I think it is very prudent that we wait for a new States' Treasurer who can come in and independently review those assumptions, providing fresh assurance to both this Assembly and the public alike.

Another belief I know that is prevalent on P&R is that we must just get on with it as people, especially certain businesses, need a decision. I would counter that by saying that people deserve an informed decision, one that is based on facts, not projections, one people can have confidence in. That to me will only happen once we have had the first year of Pillar Two receipts and have cleared a large part of the Revenue Service backlog, which requires at least another 18 to 24 months to deliver. For the greatest uncertainty is not waiting another 18 months. The greatest uncertainty is introducing a major new tax into an environment where public confidence is so low. (**Several Members:** Hear, hear.) That risks years of division and continuing distrust.

Ma'am, I know that every Deputy has, like me, received hundreds, perhaps now thousands, of emails over the last few days, the vast majority of which has asked us to listen to Islanders and vote no to GST. Many movingly shared their fears and concerns about how GST would impact their businesses, their families, their livelihoods, and for some even their ability to continue to live here. I read them all and answered the vast majority of them, save a few that were rude or people who had been rude to me. All wanted us to listen and as I did so three things became abundantly clear. Firstly, that most who wrote to us did so in a dignified and informed manner, sharing their personal situations and explaining the reasons for their concerns. Many understood there are to be mitigation measures, but few believed – and I emphasise the word 'believe' – that they would be enough to help. To me this underscored a lack of trust.

Secondly, nearly all asked us to put our own house in order first. Many pointed to inefficiencies that they were personally aware of or had witnessed themselves. There was an understandable hunger for us to deliver significant savings, which countless years of Committees have tried to do before us. The harsh reality is that it is the system of government itself that needs changing. We need full-scale structural, cultural and operational reform, but that too requires a significant level of trust for us to be able to deliver.

Thirdly, I heard people who were angry and frustrated with a system which they felt was weighted against them, where others around them were having, they thought, a much easier time of it. As a result, they felt let down, forgotten, marginalised and misunderstood. To me this came over as one deafening cry of, 'It is not fair' and, yes, this was aimed at those with wealth. They did not trust the system was delivering a fair shouldering of the tax burden. Indeed, there was deep distrust.

The common thread running through all these three messages is trust or, more accurately, the lack of it. They did not trust the mitigations, they did not trust our ability to reform and they did not trust the system to distribute the tax burden fairly. The central question, therefore, is not whether GST is the right answer but whether this is the right moment. I do not believe it is. The sursis gives us the opportunity to earn that confidence. We can, of course, impose GST without trust but we cannot build a stronger Guernsey without it, and that is why I urge you now to support this sursis.

Thank you.

The Deputy Bailiff: Deputy Van Katwyk.

Deputy Van Katwyk: Thank you, ma'am.

I would like to thank Deputy Ozanne for a fantastic speech there. I too have been answering many emails over the last few days. I am just about up to 400 and I think there are a few hundred more to go, so not doing quite as well as Deputy Ozanne, but trying.

One of the most recurrent points of these emails has been, 'Please get your house in order before asking us for more rent'. So I am standing here today asking people to support the sursis, asking P&R to put their policy where their mouth is and see if they can get the house in order over the next two years before returning to this debate.

Thank you.

The Deputy Bailiff: Deputy Dorrity.

Deputy Dorrity: Thank you, madam.

I would like to begin by extending my warmest congratulations on your recent appointment.

The Deputy Bailiff: Thank you.

Deputy Dorrity: I will be brief. I cannot support this sursis. This Assembly has reached a point where a decision one way or the other can no longer be put off. If we are serious about correcting our financial position, we cannot continue to defer this difficult decision. Every day reduces the time available for implementation of the package by officers should it be approved and increases the financial risk facing the Island. Our fiscal position does not allow us the luxury of waiting any longer without appropriate action. We risk exhausting our cash reserves. That is a far greater risk than proceeding to debate these proposals now. It is my firmly held belief that we should proceed with this debate during this sitting and if, having fully reviewed the proposal, the Assembly decides it cannot support P&R's tax reform package, then so be it. We can then focus on identifying other ways to shore up the Island's financial position, but we should certainly avoid making the same mistake as previous Assemblies by yet again delaying making a decision at all. (**Several Members:** Hear, hear.)

Thank you.

The Deputy Bailiff: Deputy Bury.

Deputy Bury: Thank you, ma'am.

I am quite drawn to the sursis because it is neat and tidy and that is how I like things to be, getting things in order first. This whole debate for me has always been about sequencing. I am going to use that word a lot probably over the course of the next few days, and by that I mean getting the house in order, doing all the things we need to do first before asking our community to pay a consumption tax.

However, on this particular matter that the sursis refers to, while I am drawn to it I do accept the counterargument that is given around the fact that most of our tax is actually collected automatically. So while the administration side is in disarray, the actual numbers probably are not. I think that is a fair argument and I do accept that. I do not think it invalidates the dissatisfaction that everybody has with the situation, though, particularly where money is owing.

Yes, I am a bit torn but I am quite drawn to it for those reasons. I do just have a question to Deputy Helyar as the seconder of this, who has faced this unenviable task himself of bringing GST to the Assembly. I am keen to understand that this was not raised at that point so I wondered what has changed in his mind there around why this is important now but it was not previously.

Thank you, ma'am.

The Deputy Bailiff: Deputy Burford.

Deputy Burford: Thank you, madam.

I think what I would like to do is just come back to the actual written sursis that we are debating, and just to make it clear what it is and what it is not. In fact, I am quite surprised that it is not entitled 'sursis motivé' because I think it is firmly a sursis motivé. If this is voted for, it does two things and two things only. It asks us to get a report from the new – it will, in fact, be a Chief Financial Officer on the States' finances when that person is employed, and that process is in train at the moment. It does not specify the breadth of the report, the particular nature of the report or anything, it just says a report on the States' finances. Then, secondly, it wants evidence that the Revenue Service has resolved its backlog and can demonstrate that it is successfully managing its future workflow. That is a laudable aim that we are working on and have been indeed since the election.

But what it does not do – Deputy Goy said, 'Send us back to the drawing board'. This does not send us back to the drawing board; what this does is it brings –

Deputy Goy: Point of correction.

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

Deputy Goy: It is true that the sursis does not specifically say that, but it does not stop P&R from actively doing that.

The Deputy Bailiff: I do not accept that as a point of correction, Deputy Goy. Do carry on, Deputy Burford.

Deputy Burford: Thank you.

It does not send us back to the drawing board. What it does do is it tells us to bring the exact same Propositions back, but when these two things have been done. We will be coming to you at some point when those two things are done, or by 19th July 2028, which would not allow for the tax proposals to commence in this political term.

There is a massive risk in that because trying to make a tax change, as we saw last time from the approval in 2024 – I am not giving way, we need to move on. Making a tax change over a political term is fraught. It does not happen in the end because it becomes the argument for the election. Nobody wants new taxes; everyone understands that. What Members are voting on is bringing the same Propositions back and the same policy letter back, but with those two things being ticked off.

I am nearly finished. I would just like to address Deputy Gollop. He said this would be the end of GST for a generation, I think he said. Clearly not; it will come back in around about 18 months' time or whatever. In the end GST will always come back because we need to diversify our tax base. That need is not diminishing and there has been no other credible way of doing it discovered before. It is quite likely that there will be no credible way in the future. It is a way of getting money from currently untaxed sources, and that is something that we should be looking at doing, rather than putting more of a burden on individuals and households.

It was a comment that – I think this was Deputy Gollop as well – forecasts might vary, and he said they varied month to month when he was on P&R. Yes, forecasts do vary but the trend does not. It is like the difference between weather and climate. When people see a really cold day in the middle of summer they go, 'Climate change? That is ridiculous' but it is the difference between a day's weather and the trend in climate.

Deputy Ozanne says she would like the policy letter based on facts and not projections. If you are looking into the future on where things are going all you have is projections. None of us have facts for the future but you have projections and trends.

The final point I wanted to make is about mixed political messages from P&R on here. I do not think so. This P&R – including Deputy Parkinson who has looked at all the corporate things and who was originally against P&R – have all come to the conclusion that we do not like proposing tax. None of us want to do this, but we are on the same page on this. It is not mixed political messages. I would urge everyone to vote against this sursis and move on with debating the actual tax proposal.

A Member: Hear, hear.

The Deputy Bailiff: Deputy Curgenven, by a nose.

Deputy Curgenven: Thank you, ma'am, and my sincere congratulations.

The Deputy Bailiff: Thank you.

Deputy Curgenven: Every Islander who has ever built anything – a boat, a wall, an extension on the back of your granite cottage – knows the oldest rule of the trade: measure twice, cut once. Ma'am, this Assembly is being asked today to make a cut that cannot be uncut. A broad-based consumption tax woven permanently into the price of nearly everything sold in this Island.

I rise to support the sursis for one reason, and one reason only, we have not yet measured twice. We have not, in truth, finished measuring once. My argument is simply this, a generational, effectively permanent tax decision should be taken on settled evidence, and the evidence before us today is not settled, it is moving. It has been moving all year and when a target will not stay still the responsible marksman does not fire, he waits for the wind to drop. This is all the sursis is.

Some Members will already be composing the obvious retort, and we have heard it before, there is never perfect certainty, we can always demand one more report, and in general I agree. If we were debating a two-year budget line, a pilot scheme, I would be the first to say, 'Decide now, let us correct later'. But that is precisely what this is not. This is not a policy we can trial; it is an architecture. Once the systems are built this tax is part of the future of the Island's economy for a generation.

Notice what the sursis does not claim. It does not claim that Policy & Resource's numbers are wrong. It claims that they are not yet settled, which is different and more modest. It names on the face of it exactly what would settle them. This is not open-ended delay dressed up as procedure; it is bounded evidence gathering with a hard stop. The two conditions ask precisely for the assurance that any responsible launch of a new tax policy would need anyway: a coherent account of the finances from the person who will manage them, and a collector demonstratively ready to collect.

If those things cannot be delivered quickly the debate returns quickly. If they cannot be delivered at all, that would itself tell us everything we needed to know about the wisdom of proceeding today. Start with the central number, the number this entire package exists to answer, the size of the structural deficit. What is it? Members might reasonably expect that on the eve of the largest tax decision in a generation there would be one single answer to that question, yet there is not. In the space of nearly a year this Assembly and this community have been given at various times, in various documents and statements, five different figures. Five answers, ma'am, to the single most important question in this debate inside of just 12 months.

We have been invited to legislate a permanent answer while the question itself has doubled in size within a year. It gets more uncomfortable. Consider how we travel from £77 million to £98 million. Part of the jump on the record, as I understand it, came not from new economic bad news, not from a collapse in receipts or a surge in costs, but from Policy & Resources' own change to the way the fiscal rules are accounted. A redefinition. The Island did not become £21 million poorer in the night; the ruler changed the length.

A Committee is perfectly entitled to refine its accounting conventions – that may even be good practice – but Members are equally entitled to say, 'If the headline figure can swing by tens of millions on a definitional choice, then before I vote a permanent tax against that figure I should like to know the definition is fixed, the convention is agreed, and one number placed before this Assembly that everyone in it accepts as a baseline'. That is not obstruction, that is the minimum hygiene of a serious fiscal decision.

Here is the truly telling thing, it is not only the sceptics who cannot agree what the position is, it is the decision-makers themselves. On 23rd June, three weeks ago – not three years ago – P&R's own Treasury lead described our financial position to this Island as 'pretty robust'. Yet the same Committee in the same season urges upon us a tax package at the utmost urgency because the position is now grave. This is exactly my point. Even the charitable reading concerns that the public and this Assembly have been given mixed messages from the very top Committee proposing the tax. Robust in one breath, crisis in the next, and nobody has reconciled them.

Ma'am, let us now turn to Pillar Two. Follow that number with me across five years. In 2021 the forecast placed before us was the order of £10 million a year. The proposer's note records Treasury forecasts from £10 million to £30 million or more. The most recent accounts as reported this year credit an accrual of roughly £39 million; £10 million to £39 million. That estimate has nearly quadrupled in under five years.

Some will say, 'Splendid, the news is good, the number we are now' but hold the champagne and consider what kind of a number it is. It is, on the reporting before us, an unaudited accrual. An accounting recognition; not money in the bank. Assemble the picture, ma'am; a forecast that has moved fourfold in five years, a headline figure that is an accrual, not cash.

The rebuttal to this is well-rehearsed and I will state it fairly. Even at £40 million of Pillar Two they say a large structural gap remains. The uncertainty does not abolish the need for reform. I have never said it did, but observe that uncertainty cuts on the upside as well as the down. The purpose of waiting is not to deny that a gap exists, it is to size the answer correctly.

I anticipate one further objection on the numbers, and I want to meet it head on because it is one which opponents of this sursis will lean on the hardest. They say and have said, 'Delay is not free'. They will put a figure on it, Members. You will hear that each of the deferral foregoes allegedly some £55 million of GST revenue. They will read out the sursis's own financial statement. Let me take that squarely because I think that the honest ledger fully written out tells a very different story.

First, deferred is not destroyed. The revenue from this package – if the States in due course confirms it – is postponed, not forfeited. This sursis preserves the Propositions in their entirety. Second, the costs are deferred along with the revenue, and the opponents' ledger never mentions that. Pause the package and you pause that spend. Third, as I have said, the delay itself may shrink the bill. If the Pillar Two receipts, once real cash arrives, land toward the top of the range, the gap this tax must fill is smaller and so is the tax. I put that no higher than a possibility, by the way. It is an argument of prudence, not prophecy.

When the reply comes, as it already has, that the Island cannot afford to wait because the reserves are draining away and will be exhausted by 2031, I ask Members to handle those figures and those claims with the same care I have asked them to apply to all the others. The 2031 figure, as I understand it, is conditional. I do not say these numbers are false, I say we do not know.

Ma'am, 'we do not know' is precisely the condition of an Assembly that should not be voting a permanent tax this spring. Members cannot have it both ways. If the crisis figures are solid enough to compel this vote today they are solid enough to survive a report from the incoming Chief Officer. If they are not solid enough to survive the report, they were never solid enough to compel the vote.

Consider what we would actually possess two years from now at the very most, and likely a good deal sooner. If we pass the motion today, one agreed deficit balance instead of five circulating ones, definitions fixed instead of drifting, the first real Pillar Two cash counted instead of accrued, a professional report from the finances from the officer who must live with them, and a collector shown ready rather than presumed ready.

Set against that, what do we possess today? A target that has not stood still for 12 months, a Treasury lead saying 'pretty robust' while his Committee pleads urgency, £100 million headline surplus that its own defenders tell us not to believe, and a forecast pillar that its own architect says may already be erroneous. On which of those two foundations, ma'am, should a generation's tax be held? The question answers itself.

The cost of this pause is deferral, bounded, recoverable, and honestly stated. The cost of a mistake in permanence is not recoverable at all. Waiting on the honest ledger is cheaper than the haste we are being sold here today.

Ma'am, I began with a carpenter and I want to end with him. Nobody accused a carpenter being against the table as he checked the measurement, therefore, I urge Members to support the sursis.

Thank you.

The Deputy Bailiff: Deputy Inder.

Deputy Inder: Thank you, ma'am, and congratulations.

I do not know if anyone has worked it out by now, but you have probably realised that I am a bit of a cynic, and I will not be supporting this sursis because I have absolutely no confidence that a report from any future Chief Executive or CRO who has not executive authority will produce anything more than a non-binding set of recommendations or observations without the power to implement any change. None whatsoever.

If Deputies are genuinely committed to reducing the cost of Government, and I do not think you all are – well, maybe some of you are because you want everyone else to do it –

The Deputy Bailiff: Deputy Inder, can I remind you, you are to address your points through me, as you well know having done this job before.

Deputy Inder: Yes, ma'am, sorry about that.

If Deputies are genuinely – through you, ma'am – committed to reducing the cost of Government, and I do not think they are, then the responsibility actually lies with Deputies on their Committees.

The most effective approach is for each big spending Committee and other relevant Committees to direct their officers to rigorously examine departmental budgets and identify where efficiencies can be made. But it has got to include reducing headcount. You cannot have officers scurrying off saying, 'We have looked for efficiencies, we could not find any' without reducing the headcount or continuing to backfill lost places. It has to include headcount and capping any new appointments. No headcount, no savings. It is as simple as that. If you do not reduce the size of the employed persons in the CS and the Public Service, no savings are ever going to be made. None whatsoever.

I have only ever seen that trick pulled once and it was on a previous Committee I served where Deputy Niles, Deputy Kazantseva-Miller, and Deputy Vermeulen will know what I am talking about. The resources bit of P&R does have a role in this. I do not accept that they are handing any efficiency target to the Head of Public Service while keeping their fingers crossed.

We are told time and time again, 'Do not worry, we have got great faith in the Head of Public Services and he has got to get on with it'. That is not the role. We are politicians; we give directions. I am afraid P&R cannot divorce themselves from that role. They have to give leadership and direction on behalf of this Assembly and the people out there who see, I am afraid, some employment practices in the Civil Service as a glorified shakedown. I entirely understand the concerns that they have been expressing, it just seems to have come to a head at the moment. It is entirely down to P&R to show absolute leadership with the Head of Public Services and tell them what they want to get to those savings figures.

Those are all practical courses of action, which is within the Committee's control. It places accountability where it belongs – to us – and focuses delivering real savings rather than postponing the issue in the hope that another report will solve it. It is not going to solve it. You, as Members of this Assembly, do one thing. You control your budgets. You need to go back to your Committees and control your budgets. If your budgets –

The Deputy Bailiff: Deputy Inder, sorry, you are doing it again.

Deputy Inder: Am I doing it again? Sorry. Via you, ma'am, Deputies need to go back to their Committees and, I hope you would agree, ma'am, control their budgets. I have not seen that. I have seen quite the opposite actually.

The other part of it is in reference to the Revenue Service. Deputy Parkinson told the Assembly that the Revenue Service would be under special measures if it were a school. He went on to say the Revenue Service will be in a better place by the end of next year. The sursis does not fix that. It does not fix that in any way, shape or form. My view is if you have no confidence in whether the Revenue Service can manage any future tax raise then the place for that debate is in main debate and then on to the vote. If you do not have any confidence then vote out the tax strategy. It is as simple as that. But do not do it via a sursis, which is effectively what you may be doing later in debate is voting out this tax raise.

For those reasons, Members – through you, ma'am – I urge Members to reject this sursis. I think it is largely pointless.

The Deputy Bailiff: Deputy Parkinson.

Deputy Parkinson: Thank you, ma'am.

Several people have mentioned my comments in the past, and I think I should start by picking those points up. Deputy Curgenven quotes me as saying in so many words that the States' finances are in pretty good shape. That is indeed true. That is my view. But what we can be mindful of is what does the future look like over the next five years or so.

At the moment we are benefiting from what could be described as a windfall of Pillar Two income. Yes, it is accrued, it has not been received yet. I think Deputy Curgenven said it was unaudited; that is not correct, the accrual is audited. The money will come in from the middle of next year onwards.

Now, of course I have been from the very earliest stages – and Deputy Curgenven reminded us that originally the – I will give way to Deputy Curgenven.

The Deputy Bailiff: Deputy Curgenven.

Deputy Curgenven: Thank you, Deputy Parkinson, for giving way.

As we are both accountants, can you please clarify that an accrual is an accrual; it does not necessarily mean that we will get the money stated in. If you would not mind just clarifying that please. It could obviously be a lot of worse; it is just a prudent assumption of what we might get from that in the future.

The Deputy Bailiff: Deputy Parkinson.

Deputy Parkinson: Yes, but the point was I think you said they were unaudited, and they were audited. In other words, the auditors agreed that the prediction was a reasonable one.

Members will be very familiar with the history of my relationship with the Pillar Two receipts. When Treasury first said they were going to be £10 million, I said that is nonsense, and then it has been revised up. It was revised up to £30 million, it is now £39 million for 2025, £40 million going forward. I still think that is an underestimate. But what Members need to grasp about Pillar Two is that those receipts may well erode over time as we go forward. We do not know how business will adapt to a new world where there are not so many advantages to placing business in offshore jurisdictions.

The Treasury forecasts, therefore, are on the prudent side because we just do not know not only how much we are going to get for 2025 – which I think will be higher than the current estimates – but how much we can rely on going forward. I genuinely have concerns if we look forward four or five years that the world in which our offshore finance industry operates will change very significantly.

Members who have attended presentations on these proposals will know that we are very heavily dependent on tax paid by 10 companies. For us to assume that they are going to continue to behave the way they always have would be rash. We have to be prudent.

I will give way to Deputy Inder.

The Deputy Bailiff: Deputy Inder.

Deputy Inder: Thank you – through you, ma'am – to Deputy Parkinson for giving way.

Would Deputy Parkinson also agree that Guernsey's current financial position has benefited from the higher interest rates and the bank profits over the last few years, and the property sales, as stated in one of Deputy St Pier's previous 10(5) Statements to the House?

The Deputy Bailiff: Deputy Parkinson.

Deputy Parkinson: There are a number of variables in our accounts which are unpredictable. Corporate Income Tax is one of the ones that is unpredictable. Duty on property sales is another unpredictable. It is true that over recent years we have seen quite substantial-plus figures from both, but then the year before last we saw a substantial minus figure in the Corporate Tax space. This is very unpredictable stuff. What we are doing on P&R is trying to establish the finances of the States on a more secure and dependable footing.

Deputy Curgenven also used an analogy of a carpenter and said they would measure twice and cut once, and that is very true. But I think the analogy I would use is we are more at the stage of somebody who is trying to build a house. After the planning stage the next thing you do is the arduous and unglamorous task of digging the foundations. One of the many problems that we face is that the Island has significantly underinvested in infrastructure over many years. These States – this Assembly has reaffirmed it – have agreed a programme of capital investment of more than £400 million with plenty more projects in the pipeline.

To continue with the house-building analogy, we need that kind of money to build out the infrastructure and remedy some of the deficit of past years, and the reality is that our plans depend on a certain modest level of borrowing. The cost of that borrowing will depend very much on the appetite of the market to lend to us. One of the things they take into account is our credit rating. Our credit rating has been under some pressure for a while because we do not appear to have a sustainable, long-term financial plan, which is essentially part of the necessary foundations for us to get on with what I believe we all think is the real job, which is delivering the Government Work Plan, solving the affordable housing problem, growing the economy, diversifying the economy, and doing all the good stuff set out in the Government Work Plan. We need to put in place the essential foundations to enable that business to take place.

I do not think there is any point in delaying the decisions that we need to make. The problems are not going to go away and they are not going to get easier to resolve. We still have a demographic problem. We do not know what the future may bring in terms of artificial intelligence, technology change, even climate change, but we do know that we have an ageing population and we do know that means there will be more old people – I have to count myself in that category nowadays – and fewer people of working age.

Continuing to be wholly dependent on taxes on people in work is a vulnerability which frankly we cannot afford to carry and which undermines our credibility as a Government in the eyes of rating agencies and potential lenders. We need to get on with making the foundational decisions in order to be able to make progress on the rest of our programme.

The planning stage is complete. Preparations are in hand and good work is already being undertaken, both to remedy the problems that we have inherited from previous States – the problems in the Revenue Service have already been well aired – and now we need to start getting on with the heavy lifting of dealing with the problems that really affect the community in Guernsey.

I would urge Members not to shirk their responsibilities on this. Standard & Poor's, the rating agency, are visiting Guernsey next week and they will be very keen to know whether we have made any progress on stabilising and re-enforcing our public finances going forward. The decisions that we make in this Assembly this week will have material repercussions for this Island and particularly for its funding.

So please, Members, do not submit to the temptation of further delay. It is not going to make any of the problems easier. It will not make any of the problems go away. I give way to Deputy St Pier.

The Deputy Bailiff: Deputy St Pier.

Deputy St Pier: Madam, I am grateful to Deputy Parkinson for giving way. I sense he is wrapping up and I just wanted to pick up on a couple of points he had said.

First of all, he had expressed a view that the Pillar Two revenues are uncertain in the future. I think it is worth emphasising – with the greatest respect to Deputy Parkinson – that is not merely his view, but the view of the experts on the Tax Review Sub-Committee that reported to P&R. They were very firmly of the view – they were perhaps less optimistic than Deputy Parkinson in relation to the near term – that in relation to the longer term the Pillar Two revenues would be declining. To emphasise the point, that is not merely Deputy Parkinson's view but the view of others as well.

The only other point to pick up on is in relation to borrowing. Much is made around the need to maintain ratings from the ratings agencies, and the need for that – as others have commented elsewhere – is principally around the impact it has on the cost of borrowing. But of course this policy letter actually makes assumptions that really do not assume significant levels of additional borrowing. There were some assumptions around the short-term revolving credit facility, but there are no assumptions around taking on more longer-term debt. I think that needs to be downplayed a little bit in order to be fair in the analysis of what is in the policy letter.

In that sense hopefully it is a balanced contribution to Deputy Parkinson so far.

The Deputy Bailiff: Deputy Parkinson.

Deputy Parkinson: I thank Deputy St Pier for his contribution. Yes, others are less optimistic than I am on the Pillar Two receipts, but I would simply remind him that I have quite a long track record of being more right than other people. *(Laughter)*

We need not speculate, we will know by the middle of next year when most of the Pillar Two receipts will come in. We do not get all of them until 2028 but by June 2027 we will have a very good idea of what the likely outcome will be.

Anyway, Deputy St Pier is right, I was in the throes of winding up. Yes, my message is very simple, this delay will serve no purpose at all. We would simply be presented with the same difficult decisions in a year's time. I would urge Members not to shirk their responsibility. We need to get on and do this so that we can start more of the work in delivering the service improvements and the infrastructure that this Island needs.

Please, Members, do not support the sursis.

The Deputy Bailiff: Deputy Laine.

Deputy Laine: Thank you, ma'am.

I have used my speech time really more as a point of correction. I take nothing away from what Deputy McKenna said but he did say – and I wanted to stop this becoming an urban myth – that we had lost £130 million on the Agilisys contract, and of course that is not true. We spent £130 million on that contract and we got several years of support and transformation. In my view it was pretty shocking and poor value for money, but it was not lost; it was poor value for money. Unlike MyGov where we spent £20 million and we got nothing: reprehensible.

The same goes for the tax system. We spent £20 million-odd on the tax. I am waiting for P&R to confirm whether it is fit for purpose, but I am fairly hopeful that it will be. Therefore, with regard to the Revenue Service system we would have paid too much or certainly more than we anticipated – I think it was supposed to come in around £14 million to £15 million – but we would not have lost the £21 million.

We need to be careful about that. There has been waste – I will give way.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: I am grateful to Deputy Laine for giving way.

He talks about the Revenue system, and I know he has got some involvement. I have been trying for a number of years now to get to the bottom of what is creating all the problems in that, and last time he said it was the software. No one is at fault, it was the software. But I do wonder, I am old enough to remember filling a tax form on two sides, and I did not need an accountant to stand by me and make sure I did it correctly. I do wonder if splitting the wife's income in a separate form and bringing all these extra forms has created the problem in the Revenue Service that we now see.

The Deputy Bailiff: Deputy Laine.

Deputy Laine: Ma'am, I am not sure that I ever said that there was no one at fault because there is certainly fault. I think there is a management and a direction aspect to failure, it is not all down to the application, and that is why there have been new hires. I do not believe it is all about the system.

But the point I was trying to make is we have a system. It is just important that we are factual on our losses. They are bad enough as it is and we should hang our head in shame, but they are not as bad as some of the figures being bandied about. The hospital extension would be another example; massively overbudget but we will have an Acute Care Unit at the end of it.

I just think we need to be accurate otherwise that will become the currency out there, that we would have lost £130 million on Agilisys, and everyone will think even worse than do of us today.

Thank you.

The Deputy Bailiff: Deputy Helyar.

Deputy Helyar: Thank you, ma'am, and can I add my congratulations to the long list. Well deserved and very much looking forward to serving under you, thank you.

I will start by dealing with Deputy Bury's question. The answer to why delay now and not delay the last time I stood here for six days, that is the reason really; we wasted six days in 2023 debating this and after that P&R was fired because its proposals did not go through. I stepped down because I could see the writing on the wall, and it was on the wall certainly.

I do not have any regrets about that, but almost within minutes of the new P&R being appointed – and I can still see Deputy Trott's smiling grin – Treasury found down the back of the sofa another £20 million from Pillar Two. It started off in those proposals as being £10 million, and £10 million was all of that argument – all of those six days were based on £10 million – and within minutes of that P&R being dismissed because those proposals were incorrect, another £20 million was found. That is why I think it is important that we get proper numbers now and that a short delay in order to confirm them is the right thing to do.

The sursis is not about can kicking, it is about basic fiscal discipline, which leads on from what I was just saying. More importantly, to add to Deputy Ozanne's comments, it is about earning public trust. We are being asked to lock in generational tax changes on the back of paper gains, one-off items, and revenue that has not turned up in cash. This is not a clean tax raising reform which implements what was previously widely presented, hard fought, explained, and agreed. It has now morphed into a completely different £28 million a year Income Tax giveaway wrapped in higher benefits and GST mitigations, and then balanced by optimistic assumptions about Pillar Two, GST receipts, social security, a token 1% efficiency target, a Revenue Service which has promised to do better for years, and hollow promises about wage and headcount restraint in which I am afraid to say unfortunately the States has a 100% historical failure rate. It is politically convenient, not economically rigorous.

The public can see this. They are being asked to accept higher, more complex taxes while the States has not proved it can control its own spending or get a grip on its own machinery. We should not be surprised that a great many people – even those who accept the need for additional revenue or indeed GST – are sceptical. The delivery risk is perfectly obvious. It has openly admitted that Revenue Service should be in special measures. Corporate Tax is volatile and concentrated.

Leadership in our finance function is changing. This is exactly the wrong moment to bolt on a more complex regime and just hope the system will cope and deliver. There is a high degree of probability that it will not.

The choice is simple. Should we rush through a permanent, ideologically shaped tax package on the basis of fluttering numbers and untested revenues? Or do we pause, wait for Pillar Two cash to materialise, get a clearer view from a new Treasurer with numbers we can both understand and trust, demand that the Revenue Service is performing effectively, and force a serious effort on Government cost control? Should we not be refocused on the purpose of the tax review, which has now been thrown out with the bathwater, to sustainably raise revenue rather than mainly redistribute income as is the case under these proposals.

A sursis does not duck the problem. It insists that we deal with reality and, at the very least, some settled numbers, and perhaps a little more public trust. It does not say this is the wrong thing to do. It says we need to make sure our parachute has been properly packed before we metaphorically commit the entire Island to jumping out of the plane. This is a responsible and prudent course and I would urge Members to support it.

Thank you.

The Deputy Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, madam, and may I also offer my warm congratulations on your appointment.

The Deputy Bailiff: Thank you very much.

Deputy Matthews: Madam, I will support the sursis and I most closely align with the excellent speeches of Deputies Gollop and Ozanne.

I would like to pick up one point that Deputy Burford made in response to Deputy Gollop, where she suggested that he had said that if we vote for the sursis it would be the end of GST. Well, actually Deputy Gollop made the opposite point; it was fairly clear to me. I think he was making the point that getting to the end of the Propositions and voting the Propositions down would perhaps portend the end of GST for some significant time, whereas voting for the sursis would leave it on the table. I do give way to Deputy Burford.

Deputy Burford: Yes, thank you for giving way. I am happy to stand corrected.

Deputy Matthews: Thank you.

Both speeches emphasised that what we really need to have to support these proposals is the trust and confidence of the electorate. We need to be able to say that we are governing with consent. On that, Members will know that later on in this debate I have an amendment in to adjust a zero rate on food. I think the arguments that have been put against that idea in the past have relevance to this sursis because it has been said that it would not be supported due to the complexity that it would impose on retailers, but importantly also on Revenue and Customs.

To my mind, madam, if we are in a situation where the Revenue and Customs are saying that the complexity and administrative difficulty is too great for them to be able to manage, I think that is a very clear indication that they are not ready to be able to introduce GST in practical terms.

I also think that P&R has made an error in introducing a 3% rate. I mean that in the sense that I think that has further increased scepticism among the public about the GST proposals. It is very, very obvious to a number of people that the 3% rate is essentially an introductory rate and that it will be rising significantly in the future. If we are looking to win over the public, in what is a very significant change to our tax system, then simply introducing a 3% rate – and ostensibly that it will stay that way for some period of time when it is obvious it is not going to – I think is a mistake and P&R should really have some time to revise that position.

I would wrap up by saying I know that Deputy McKenna has – not in this debate but elsewhere – said that if this sursis were successful that he would consider bringing a motion of no confidence in P&R. I would just stand here and say I would not support a motion of no confidence. I am very keen to support the sursis, I think the sursis is the right thing to do, but I do not think that indicates a general lack of confidence in P&R as a whole.

For the reasons I have outlined, madam, I would ask Members to support the sursis.

Thank you.

The Deputy Bailiff: Thank you.

Deputy Vermeulen.

Deputy Vermeulen: Thank you, ma'am, and congratulations. I believe a 748 year wait.

The Deputy Bailiff: Very patient.

Deputy Vermeulen: In business would you create any business case without knowing the real figures? This is something that has been brought back to me about the Income Tax. If you have 20,000 – not 2,000 – outstanding final assessments, if you have the general public grabbing hold of you at every opportunity and saying, 'Hey, I owe tens of thousands of pounds and nobody is chasing me' or, 'Simon, I cannot speak to my assessor, they never bother to call me back' and the amounts are – I cannot remember who said it, it was somebody on the top bench who said, 'It is okay, we are getting Income Tax paid by Standing Order mostly, it is all right'. It is not all right.

It is not all right because people come and leave their employment in Guernsey, and people come to settle on the Island in an open market. A lot of these open market people are saying they want to pay their tax, they want their bill, but they are not getting chased. One person, five years. I have heard it is six zeros. I have another one who has not heard from Income Tax for seven years, 'So you know what we do? We just write that off. We just write that off'.

I have had a whistleblower on the inside of the Income Tax Department, and I know exactly from this professional what is going on and what it is like, and it is not pretty. It is not pretty. I cannot repeat what the Chief Executive told me but let us just say there is significant room for improvement in that.

If I was to listen to Deputy Parkinson, who is saying, 'Do not delay, let us just move on with this, we have got to make a decision', yes, but you are asking me to make an uninformed decision because we do not know the true position. What this sursis is doing is basically saying what the public have told us, 'Before you start coming to us for more money, and we are struggling now, sort your own house out. Get your own house in order'.

They are struggling. They are struggling with Tax on Real Property (TRP), they are struggling with increases in social security. The introduction of TRP and the increases in TRP have been significant. They are struggling with secondary pensions, small employers out there. There is an overwhelming story coming back to me, 'Look, Simon, I have got a house, I pay my TRP, I have to pay the TRP on these business premises, we are a small business. I have got to pay somebody to sort out secondary pensions, thanks very much, you introduced for my staff, and I will have to pay an accountant some more money to administer this GST if it comes in and work out the TRP for the premises'. He said, 'Do you know what, Simon? I am getting on. There is nothing here left for me. There is no money left in the business'. That is kind of where we are.

So I want to know the position. This sursis does that. It asks for the actual position and it is also very wise. You have had a change in a key person, it is exactly what business would be doing. If something was not working you would replace somebody, you would get somebody new in with some new, fresh ideas, and as a matter of priority the number one would not be spending £1.5 million researching GST, it would be sorting out the Income Tax Department. I want to know the cashbook figure because until we have got that you cannot project with any certainty where we are or how much we are going to need. That ladies and gentlemen, and ma'am, is exactly where we are at.

Thank you.

Procedural –
Motion to return from lunch at 2 p.m.

The Deputy Bailiff: Thank you.

Members, it is now 12.30 p.m. Can I put a motion to the Chamber that we return at 2 p.m. rather than 2.30 p.m. in order to try and at least finish what may only be the first of many matters to be debated on tax reform. Those who support the motion, say pour; those against?

Members voted Pour.

The Deputy Bailiff: Sorry, Deputy Matthews, we will return at 2 p.m. Thank you very much.

The Assembly adjourned at 12.32 p.m.
and resumed its sitting at 2 p.m.

Tax Reform 2026 –
Debate continued

The Deputy Bailiff: Who would like to speak in debate on the sursis?

Deputy Le Brun.

Deputy Le Brun: Thank you, madam.

It was just to address a few comments I heard before, that were quite similar on the Revenue Service not knowing where they are. They might not be up to date with paying things out and taking payments in but they do know – there is the Returns Creator that is filled in and submitted quarterly by employers and by self-employed people.

The Deputy Bailiff: Thank you.

Deputy Collins.

Deputy Collins: Thank you, ma'am.

I am going to support this motion. As I said this morning, and I would bring that up again, Revenue Service's systems, having been a member of ESS I have had the joy of having a briefing every two weeks for quite a time now. To be honest, it is quite a relief to leave the Committee and not hear and read just how bad it is. We, as a Government, are in a critical state of affairs. Our systems are falling. We here today are asking overworked people that I – as a previous civil servant – hold a lot of respect for, who are already managing 400 IT projects, to go away and start on Monday to work up a system that will make a 15% rate work, a 20% rate work, a new social security allowance work, as well as a new GST system. Ma'am, you could not make it up. You really could not.

Just a number of months ago we were all in here listening to MyGov, and even Deputy Inder at one of the briefings was very upset on the point that we had the opportunity to maybe say stop. I am saying that here today. I can predict in two years' time I will be standing here and saying, 'I told you. I told you what was going to happen'. It is not going to work. They are going to go away, they are not going to be able to do it, they are not going to introduce it all, and we are going to have to ask for a delay. Whatever we do here today regards this sursis, I think we need more time.

A good example we heard this morning about the pensions and, 'They need a full year's data' but actually that is not true because employers that have had 26 people or over have been recording data from 1st July, so we should have seven quarters worth of data from larger employers. The employers, Waitrose and other places, they are the ones that perhaps have lower paid people. I am not putting them into a bracket, but a number of people.

To be honest, I am very concerned. I do not think the Revenue Service can support. I really do not want to say any more but we had a briefing not that long ago, and members from ESS and P&R got together, and I was quite upset because what I saw in the eyes of the officers in front of me was pretty much saying, 'Do not do this, do not do this, we are critical, we cannot get hold of this backlog, we cannot do it. To do so we need more time to recover. We are an injured animal, we need time to recover to get ourselves up straight and move forward'. I hope that those that know our systems and understand that this is a major change you are proposing – I do not know about anybody else, but every time I have changed an employer in the last three or four years I have had so much difficulty even getting a personal coding allowance out of the system, let alone you want it to give you a new social security allowance and do other things.

For me, just to repeat, we have 400 live IT projects at the moment which we are not delivering on. Everyone today here is perhaps talking about a delay for GST; putting that to one side I just do not think we can deliver this.

Moving on to some other personal comments that other Members have raised in replying to debate, personally, as I have said before, I do not think we have a funding gap. I think we are exactly at the start and in the middle of a housing crisis. You know what, if we had have built those 3,000 homes in the last 10 years we would have young people in them, working, filling the tax gap. That is our problem. We do not have a funding gap, ma'am, we have a housing crisis.

Why on earth would we here today decide to suddenly change our tax system when we have not even got the right people in this Island? No one can tell me what population lives in this Island, and what makeup. At the end of the day we need more workers. Well, we will get more workers if we build the houses. What is being proposed by P&R? Do you know what they are going to do? They are going to increase inflation. Thanks very much. I am just about to ask for £150 million to build a load of houses to put those young people, to stay in the Island.

At the end of the day we all know that 2030 just means GST at 5%. We all know it. We all know it in this room. This review is absolutely nonsense. We know that it is going to be 5% and they should have been bold and come out and said, 'At 3%, it will be 5% 2030'. So this three-year package being put together by P&R is the worst situation you could have instead of making what businesses are calling for a decision. Personally, we need more time.

I would really like to know if, in the modelling, whether they have factored in that we are going to build loads of houses over the next 10 years. Sales are going to be up; TRP is going to be up, rents are going to come in, so we are going to have more money in the coffers. If none of that has been taken into account, then the modelling does not work.

Even on page 7 of the policy letter, setting out what we are going to borrow, now you look at that line of borrowing it remains steady, as has been pointed out. Yet we know from Housing we would quite prefer to borrow the money because we have got a revenue stream, income, that could pay it off. We would resolve part of our funding gap at the moment from Income Support, ma'am, is because we know we have huge private rents that we pay to put people through Income Support, that we pay to support them through no fault of their own.

While I am chatting about charts, I am really interested that one of the charts that has been floating around was the one from the OECD, chart 38, saying this is where we are in the income stream, ma'am, and it has been used. But really interesting, even this morning, I thought, 'Hang on about that, let me just think, what is the average population in any OECD countries?' It is 36.8 million people. So to be honest, comparing us to a 38.6 million people model is perhaps not the good idea.

What is next? Are we going to look at Herm with its population of 65 people, ma'am, and say, 'Herm, you are not doing very well, you are not collecting 10% in property duty, and you really must collect 20% in Corporate Tax'. It is nonsense. At the end of the day, we are unique. We are a special Island. As I have said before, we have not had GST. We are where we are. Cost of living is so high in this Island.

Deputy Inder would like me to give way?

Deputy Inder: Yes, thank you. It has happened to me before.

The Deputy Bailiff: Deputy Collins, will you sit down if you have given way?

Deputy Inder: I am just intrigued, and one thing I definitely know when it comes to Deputy Collins, he could count. So, if I did have him in business, he would be a great person to have alongside me as an accountant or bookkeeper because I have seen him read sets of accounts and I know that he can see things that I will never see. So I have a lot of respect for him in that regard.

But, he made mention in his speech about the housing plan. He said we have to get on with that. Does he realise that, if he does not support further revenue, that will entirely impact on our credit rating when the evaluators come. Deputy Parkinson said it, they are coming in either today or tomorrow. If our credit rating drops, that precludes our ability to borrow the £150 million that he wants for his housing plan. Does he at least accept that or even acknowledge it?

The Deputy Bailiff: Deputy Collins.

Deputy Collins: Thank you, ma'am.

Yes, that is a very good tactic one can use. But at the end of the day, we have no control in this Island what the Bank of England rate will do. We have no idea. As you have pointed out, the Bank of England rate goes up and down. As we know, we increase in –

The Deputy Bailiff: Sorry, somebody needs to decide what they are going to do and not just stand up and wiggle around. Deputy Inder, are you making –

Deputy Collins: Ma'am, it is not a point of correction.

The Deputy Bailiff: Sorry, Deputy Collins, I am speaking.

Deputy Inder, are you making a point of correction?

Deputy Inder: Not entirely, I was asking –

The Deputy Bailiff: Well, unless you are making a point of correction, Deputy Collins, are you giving way to Deputy Inder again? No, I am terribly sorry.

Deputy Niles, are you making a point of correction?

Deputy Niles: I am making a point of correction.

The Deputy Bailiff: Right. You do not have your microphone on.

Deputy Niles: Apologies. It was a point of correction in that the critical rate was not the Bank of England rate that goes up and down, and I agree with that. It is the spread in that rate that we pay as a jurisdiction that is relevant.

The Deputy Bailiff: Deputy Collins.

Deputy Collins: Well, having been also a previous banker in two highly respected places, ma'am, it is really very interesting that that is what you can borrow in the day. It is the fact that we are here having this debate because we do not have certainty. If we would have said, 'By the way, here is our balance sheet with now £4 billion', let us remind ourselves, our balance sheet has grown by £154 million since last year. In fact, it is close to almost £400 million in the last three years because we are recording our assets properly,

At the end of the day, we have almost got £5 billion worth of assets and maybe £1 billion worth of liabilities. So we are certainly a going concern and, at the end of the day, as Deputy Niles has put out on a group message with Deputies – you would not have seen that, ma'am – personally, I would love to be in the room to see what they say and what we say back. Even though we talk ourselves down, we might find ourselves in trouble.

Deputy Kazantseva-Miller: Point of correction, ma'am.

The Deputy Bailiff: What is your point of correction, Deputy Kazantseva-Miller?

Deputy Kazantseva-Miller: My point of correction is, if Deputy Collins is suggesting it is somehow up to us to tell independent credit agencies about what our position is, they independently assess our financial position based on published accounts – the very accounts that Deputy Collins is saying – and make an independent view on what that position is.

That position is an independent view and has been established and is exactly what Deputy Inder and Deputy Niles are saying. So it is not up to us to tell Standard & Poor's or someone else about whether we are a going concern.

The Deputy Bailiff: Deputy Collins.

Deputy Collins: Thank you, ma'am.

As I remind Members, that is done by getting in contact with us and having their evidence gathering by talking to Members and talking to Governments and talking to various agencies to figure out how we are. I am not certainly suggesting we tell them what we do. But at –

Deputy Kazantseva-Miller: Point of correction, ma'am.

The Deputy Bailiff: Deputy Kazantseva-Miller, if it is the same correction as you made last time, I uphold your correction, but you do not need to repeat it.

Deputy Kazantseva-Miller: It is in relation to the comments that Deputy Collins is making that the Assembly needs to engage in some kind of discussion. It is an independent process run by independent agencies.

The Deputy Bailiff: Yes, Deputy, you have made that point.
Deputy Collins.

Deputy Collins: I was referring to the fact, ma'am, I said 'Members', which we delegate that authority to P&R.

I am going to move on from that because it is a sticking point. But at the end of the day, I do accept the fact of what we can borrow. But regardless of what rate we can get, it is the fact of reminding ourselves that I think it outweighs a hundredfold, we build houses and we put young people in them that stay in this Island. That will generate revenues, will out fold possibly extra interest that, on a balance sheet, we may pay over 30 or 40 years. So I understand the point they are making, but it is not relevant on this occasion.

Now, for me, ma'am, just turning back, I was here in 2015. There were four Members of the Assembly back then when we had one of the first rounds, and obviously I voted not to put GST on the table, and we had three other Members. Very briefly, trying to finish up, I think we need more time and there are plenty of amendments to come about that. But the banking part of the policy letter was about savings. When I attended my first finance lead meeting as the then finance lead of ESS, the first question I asked was, 'How much do we spend on postage as an organisation?' It was, 'Why is that?' Because for me, having worked across a number of places, it is a good indication of how well we are doing.

We all sit in here, ma'am, maybe perhaps not yourself, but as Deputies, we receive a payslip through the post, not electronically. How much does that cost? Maybe that is £100 in postage and staff time and printing an envelope. That is one example. That is £1,200 a year we spend as a Government, where in other organisations, and I have done payroll for many years in many different organisations, that is ridiculous; you cannot press a button. I am trying to, just by that one example, say how bad we are at the moment with IT.

Where we are, we are critical. We are in serious trouble, and we really want to go away, send a bunch of civil servants away, to go and do all of these changes. All of that has got to be done relatively soon.

We heard how desperate it was that we needed a debate earlier this year about GST, whether food was going to be in it, because they needed that extra time. Time is critical. I do not think that they will be able to deliver the tax changes this term.

In closing, ma'am, I am not saying I miss Deputy Ferbrache; I never had the pleasure of being in here. But it reminds me of somebody who could get up and talk for a very long time as an advocate. He would probably be standing here today, saying to all you Members in the Assembly, to the Members, ma'am, if you had any reasonable doubt about what is in front of you today, that this is a good move, great, jump on board. But if you do not have full faith in what you have been told, how it will affect this Island, then you say no.

At the end of the day we do need to pause. We need to stop. We need to get the key players in the room. As has been pointed out, we do not have a senior leadership team now in any fit condition. They need to be in there because they need to drive through our organisation real change. With that comes the systems.

So for me, I am not going to repeat, but I do urge Members to really support this sursis.

Thank you.

The Deputy Bailiff: Deputy Blin.

Deputy Blin: Thank you, ma'am.

I really should begin by congratulating Jessica Roland on becoming Guernsey's first female Bailiff, especially after the date of 748 years, the glass ceiling has finally been broken. But as often as in the case of Guernsey, it appears necessary permissions took some time to come through.

The Deputy Bailiff: I am still counting that towards your speech time, by the way. *(Laughter)*

Deputy Blin: Okay. I have come in after a lot of thought. For me, always, it is action. We have to take action. I have been listening to everyone, and particularly to my colleague and friends, talking on this basis here. So I am going to support this sursis and I am going to do it because it gives the Assembly the opportunity to make a better, more informed decision, whatever side the Members sit on this debate. Because I hope we can agree on one simple principle, before introducing the biggest change to the tax system, which is irreversible, we should have confidence. The confidence we need to have is in the figures, in the systems, in the Government finances, in the Revenue Service we have talked about, and confidence we have genuinely explored every reasonable alternative. That is what this sursis, in my opinion, is allowing us to do.

For those Members who support the GST part of it, I know it is the package, the sursis can strengthen your case rather than weaken it. Because it provides time for the Government to build a public understanding. We saw outside today, we have seen our inboxes of emails there, to explain truly why it is. It is all about stakeholder engagement, and to support the businesses through the transition. We have heard various stories of the impact it has on the small businesses. I am sure all of us have seen the emails coming in on the smaller businesses, mid-businesses, etc., to make sure it is backing it, to make sure the system will work, and to show that the implementation can be delivered professionally and confidently.

Surely, if GST is to be the right answer, then we would want to introduce it from a position of confidence, not hope, as I feel we are doing. But for those of us who remain unconvinced, and I will put myself in that category, the sursis gives us something equally valuable. It gives us time to answer questions that, in my view, still deserve answers. We have seen those questions asked by many, my colleague, Deputy Curgenven. Have we genuinely understood the true size and cost of Government? Have we delivered the efficiencies to this Assembly that is constantly called for? Have we challenged – truly challenged – expenditure across every Committee? Have we embraced automation and artificial intelligence to modernise public services and reduce administrative costs? Have we improved the delivery of major projects and reduced costly overruns?

I appreciate our Chief Executive has spoken, he is working on it, but we have not had the time to show it. Have we properly assessed the long-term performance of our investment portfolio? Have we seen enough evidence about the sustainability of the oft-talked-about Pillar Two revenues before assuming they will perform exactly as we forecast? So these are not ideological questions. These are just basically the business, the financial, the management questions. Because every pound we save, we can basically generate through the efficiency.

There is another part of this, which we need to also consider, and the sursis would give us this time to do so. The one that I have always felt – remember, I have been in this position exactly last term as well – it is growth. Too often, this debate is presented as if it is binary. It is basically raise taxes or cut services; this dramatic. But there is a third one in our economy, I know we all agree, it is creating the new sources of income. It is broadening the revenue base rather than simply increasing the burden on those already paying.

I am very proud to be involved with the Offshore Wind Delivery Board, with our Chief Minister and with the President of Environment & Infrastructure. I have seen first-hand on the work that we now have underway to assess what could become one of the most significant economic opportunities our Island has seen in generations. But let me be clear, I am not standing here suggesting offshore wind is going to pay next year's bills. But it is the part of the mid to long-term plan of something we are doing and every year we go forward, even another year, we will know nearer how strong that possibility is.

Also, I am not suggesting even in that case this or other things will replace it. But I am suggesting that good governments do not make permanent decisions like GST, while significant opportunities are still emerging, and here. We owe it to Islanders to understand both sides of this equation. Not just where future costs may come from, but where future revenues may come from as well.

I have mentioned the offshore wind, but there is also Pillar Two. Future economic growth, we have seen, and I believe I will put a lot of credit to the Economic Development with the Brittany Ferries, the tourism, we have seen great things, the food provenance, all these aspects. AI has so much potential. We are seeing in other areas companies not just making an efficiency, fighting for, in our case, our 1%. We are looking at it as the basis of making growth in investment, but giving returns. We have not hit that to the extent we have, and this technology is here today.

All these aspects, none of them individually solve it, but together they can materially change tomorrows, and the tomorrow is what the sursis does; it gives us that time. Uncertainty in all these aspects, we talked about uncertainties when we talk about certain incomes, whether it be, I do not know, TRP or Pillar, but everything is uncertain. But there is a pattern where we are always surprised by another additional amount of money.

Let us also recognise our financial landscape. It could look very different to what we look at today, how we predicted today. We have to be honest, it is not just on the calculation of the revenues, the taxes; it is the whole landscape. I know, and to be fair I thought it myself, that saying that supporting this sursis I am just delaying, kicking the can down the road, all those things there, but truly that is not how I see it.

Let us consider two outcomes. If GST proves – and by the way, I will need to put a caveat in – if GST proves itself to be, at the end of the day, it is never going to happen by Friday. I do not know what hope or planet we think, it is going to be delayed until September. But if it does prove it, then what have we lost? Because what we do, we will have it introduced with a stronger understanding, greater confidence in the figures, a Revenue Service that has demonstrated it is ready. Just the points that were made earlier about the impact of changing the Revenue Service, that struck home on me. The businesses have had more time to prepare, because the emails I saw they have not, and I come from a small business environment, and we are trying to work out, let alone just the secondary pensions. The Government that has shown it has first driven the efficiencies and exercised financial discipline. All of this, we are able to do.

I would suggest, if that was the decision, then GST is more likely to succeed. I had a conversation with one of our colleagues earlier about, well, all the rest of the world has GST and consumption tax. Yes, they do. But did they bring it out when we were on a cliff face? No, we are in trouble. It is normally brought out as a consumption tax to spread the burden across, not as the final tool.

If we also discover that during that period that savings possibly could be greater than expected, if Pillar Two performs more strongly, if our investment returns improve, if we look at the structure of it, if economic growth exceeds expectations, if opportunities become clearer, or if Government identifies further efficiencies, AI, and everything, then this Assembly will make its decision based on facts rather than forecasts. That is not delay. That is better decision-making and it is not about pressing the pause button; it is about making sure we truly do not press the wrong button and we cannot switch it off.

Perhaps the other issue, and I am going to refer to my colleague, Deputy Ozanne, something she brought up quite frequently is on the public confidence, and the term utilised was 'trust'. So many Islanders believe that Guernsey's first instinct is to ask for money before demonstrating that it has done everything possible with the money it has. Where that perception exists, we need to show trust.

If supporting the sursis gives the Government, our States, the opportunity to change that perception, that demonstrates the discipline, project delivery, meaningful efficiencies, better value for money, stronger Revenue Service, the business part I love, it has got all the things we can do. We can then be able to ask every household, hand on heart, and every business to adapt to an entirely new tax.

So we know from the policy letter the uncertainty around many of the revenues, the Pillar Two, the future economic growth, the offshore wind, etc., but it also commits to ongoing efficiency programmes and a future assurance review. If Government itself accepts that important uncertainties remain, then why would we not take a little more time to reduce them?

This is not a vote against the tax reform. It is not even a vote against GST. It is just the vote we want, the better information, the better preparation for the discipline, and ultimately better Government. Governments are rarely criticised for taking time to get major decisions right. They are usually criticised for getting them wrong. The sursis does not stop tax reform. It does not stop GST. It just gives us the opportunity to ensure that whatever decision this Assembly takes, that it is the right one.

Finally, ma'am, if we are asking the public to trust us with a new tax, we must first show that we have earned that trust. I truly do ask Members to support this sursis and also, just to add, that there was a comment before of discussion of a vote of no confidence in P&R if something changed. I am definitely not taking that route. Mine is just, let us just delay, let us give it a chance, and let us do the work we have to do.

Thank you, ma'am.

The Deputy Bailiff: Thank you.

Does anybody else wish to speak?

Deputy Sloan.

Deputy Sloan: Thank you, ma'am.

Obviously, ma'am, let me first congratulate yourself for becoming the Bailiff. I am blind to your sex. But imagine some 13 years ago when we first met in Le Marchant Street, where we would be today. There we go.

I would like to also comment, ma'am, on the excellent speeches this morning and this afternoon. I would like to say from both sides, but I am not going to be that generous, from the side that is supporting the sursis. I will take the opportunity to agree wholeheartedly with every word that Deputy Ozanne said, because I am not entirely sure it always happens, but today I can confidently agree with everything that she said.

Madam, this is not a debate on the substantive, it is a debate on the sursis. Although listening to the President of P&R this morning in its opening statement, the package sounded so extraordinarily attractive that one might wonder why we are even having either debate at all. But I thought that P&R might welcome the sursis. After all, we have been told that much of the opposition to the proposals are because the people are misinformed and they just do not properly understand them. If that was genuinely the problem, then surely allowing more time for explanation, examination and public understanding would help the Committee rather than hinder it.

I doubt, however, that misunderstanding is the only reason for the opposition. We have heard a whole range of serious arguments against different parts of the package, both inside and outside this Assembly. They cannot be dismissed by saying that the concerns are just the fact that people just do not understand. Though it is very interesting to see borrowing raise its head again just this morning.

We witnessed a difference of opinion between the current and immediate Treasury lead about how much emphasis is placed, and indeed Deputy Niles, rather refreshingly, last night admitted on the Billet reading club WhatsApp group that getting good S&P ratings is all about being able to borrow more. But I really do think the public probably has not understood that point, and that should be properly explained to them.

Madam, we are told these proposals are the product of 20 years of debate and development; 20 years. If we are expected to believe that narrative – it is probably fairly true – why have Members only been given five weeks between publication of this policy letter and being asked to vote on it, which is one of the most significant structural changes to Guernsey's tax system in decades? Twenty years for the policy to develop, five weeks for this Assembly and the public to understand it. Why try to bounce it through in five weeks' time? It does not make sense. It is just not a proportionate process.

Madam, it also seriously cannot be argued that the financial position makes even a short delay impossible. The 2025 figures were materially better than expected. They have given us at least a little breathing space. To borrow a phrase used by the Committee itself in one of its much-maligned Facebook Live sessions, but they show no signs of using it. To be clear, this 2025 flip does not make the underlying issue disappear. But it does mean that the claim of overwhelming urgency deserves more scrutiny.

Scrutiny was where my concerns have deepened. At last week's hearing, we asked a series of clear and reasonable questions. But in too many cases we did not receive clear answers. Instead, we received assertion and, at times, falsification. Deputy Ozanne is right, trust has to be earned. A sursis would allow Policy & Resources or provide them an opportunity to earn some of that trust by answering the questions that remain outstanding and demonstrating rather than asserting its case.

Take savings. Why not demonstrate an ability to save money before asking the States to approve permanent tax increases? The 2027 Budget has not even been set. There is still time to show what can be achieved through spending control, prioritisation and reform. This matters because there is a familiar political strategy at work. As I said in March, there is a playbook at work. First, create the impression that the financial position is approaching crisis. Then present a package as the only responsible solution. Then describe any attempt to pause, amend or scrutinise this as delay. Finally, argue that something must be done immediately.

But urgency is not a substitute for evidence. There are several areas where the evidence and presentation still needs considerably more work. The sursis sets out two. The first is tax administration. I am not going to rehash the points that Deputy Collins made just recently about the state of our IT and our tax administration system, but I will point to one thing. Future Guernsey's manifesto set out a series of criteria against which any future tax package should be judged. The fourth related to the administration of the tax system, saying that we needed to fix the administration of the tax system before any tax rises.

Though it might be of digressive interest to note to you all that you cannot find that manifesto on the web anymore. In fact, you cannot find Future Guernsey on the web anymore. Go have a look. I was fortunate to save a copy of the manifesto, so I remember the importance attached to the criteria and, similarly, the importance then attached by Forward Guernsey, unless, of course, they were merely paying lip service to these criteria, that the criteria were not simply a series of conditions designed to avoid committing to GST at the time of the election, and which, at the time, I suggested they might be. By the way, Deputy Rylatt, lip service is a noun, not an adjective. But fixing the tax admin before trying to introduce a new tax is something the public very much expect us to do.

Second in the sursis, there is the state of the analysis included in the policy letter. No one is going to pretend that the States' presentation of its numbers over the last 10 to 15 years has been anything but opaque. Even as they are today, shiny new, International Public Sector Accounting Standards (IPSAS) compliant, they are difficult for the typical member of the public to follow.

What is really impossible to follow is the time series of the variables of interest over the last 15 to 20 years. I know. I was looking at trying to map the long-run time series out last night and map time series of income and expenditure to the figures published over the last couple of years. It is not easy. The figures are not published on a consistent basis over a sufficient time series to illustrate that long-term trend. I know we have had a period of surpluses in the last decade. We were fortunate to have a step increase in revenues when the 10% rate was extended and, for a while, the finances were in better shape. It was gobbled up by COVID but the surplus has never reappeared. We should understand why.

Then there are the reserves. In truth, the reserves figures have always been difficult to understand. Over the course of the years, definitions and bases of calculations have constantly changed. Before being asked to approve another major structural change to taxation, Members should have a clear, consistent and comprehensive account of the actual pattern of their level over the course of the last two decades.

What struck me about the policy letter was the extent to which its central conclusions were simply presumed. It reads in places as though the argument had already been won rather than setting out the evidence to win it. Have a look at the numbers and construct a time series over the last 20 years using the data I have access to and I am not convinced the narrative, as presented in the policy letter, is 100% accurate.

I am not suggesting we should just ignore the future. I am making the point we should be cautious about making irreversible decisions based on the figures presented, but there is a broader question that has received insufficient attention. I would like to understand much better how the overall burden of taxation has already changed over the last 20 years. It is not included in the policy letter, not because I am against GST because I am not, as you all know, but because we need to be clear about the consequences of what we are doing.

At the time of the previous major tax debate, I calculated and published figures that demonstrated that the tax bill facing the average Guernsey household had already increased by 20% in real terms. That was then. I also argued that fiscal drag was quite possibly a contributing factor to our meagre growth rates over the previous decade. We are now being asked to add another substantial layer of taxation without a proper account of the long-term impact and the economic consequences of the fact that the Government is already taking more from households and business than it did 20 years ago.

This context matters. The numbers need to be presented much more clearly and to take pause so that a fresh pair of eyes can assess, analyse and present historic fiscal information. A pair of eyes that is different to the ones that have been preparing them for the last 15 years is, in my view, a prudent move, and that is what the sursis suggests. I accept that something must be done but, 'This is something and therefore it must be done' is not an argument and nor is it an argument for forcing a decision within five weeks after publication of a policy letter of this scale and complexity.

The sursis does not decide the substantive issues. It does not rule out GST or rule it in. It does not present reform. It simply gives Members, the public and indeed P&R itself, the opportunity to understand the proposals properly, clarify the numbers, test the assumptions and answer the questions that remain unanswered. After 20 years of development, taking a little longer than five weeks is not procrastination. It is the minimum standard of responsible Government. Madam, I support the sursis.

The Deputy Bailiff: Deputy Camp.

Deputy Camp: Thank you.

I too will be supporting this sursis, and not because I believe our finances require no action and not because I oppose reform for the sake of opposition, but because I believe decisions of this magnitude should only be taken when Members have the fullest possible picture before them. A sursis is not a vote against tax reform. It is a vote to ensure that, before we fundamentally change the way every Islander contributes towards funding public services, we have answered the obvious questions that still remain. GST, once introduced, will become a permanent feature of our tax system. It will affect every household, every business and every visitor to this Island. It is far easier to delay such a decision for a short period than it is to unwind it after the event if we later conclude we got it wrong.

The Proposition before us identifies two practical reasons for doing exactly that. First, that we await the appointment and views of our Chief Resources Officer. Secondly, that the Revenue Service demonstrates that it has successfully resolved its current operational challenges before asking it to administer an entirely new tax both strike me as entirely reasonable. I believe the argument for supporting the sursis is actually broader than those two points alone. Throughout the debate, we have repeatedly been told that Government needs another £50 million of recurring revenue. Yet I remain unconvinced that we have completed the work necessary to demonstrate that this really is the figure required or even that this package is capable of getting close to it.

We continue to speak about savings programmes, productivity improvements, automation and transformation. We continue to hear about efficiencies that will be delivered. Yet so much of that work remains incomplete, unquantified, aspirational and, quite frankly, doubtful. We have not yet completed the fundamental exercise of determining what Government should do, how it should deliver those services and what those services ought to cost.

Instead, it feels as though we have decided how much tax we need before we have properly decided what size and shape of Government we actually require. That seems the wrong way around particularly because, as I turn back to the 28 manifestos of those fortunate to be elected just over a year ago, I saw a picture of repeated calls for Government to put its house in order before any major tax reform could be contemplated. The most consistent message in fact was to do justice. I do not begin to imagine for a second that anybody thought a promise to achieve 1% savings is in any way synonymous with 'Get your house in order first'.

While I appreciate a number of Deputies have found the job of receiving what is now over 700 emails from members of the public tedious, I have found many of them to be considered, respectful and expressing genuine concern (**A Member:** Hear, hear.) among the many calls for Government to get its house in order before coming to them for more tax. Which is a similar refrain to the one many Deputies committed to when they wrote their 2025 manifesto. In fact, at 11 p.m.

last night, I counted 628 emails received asking Deputies to vote against the P&R package for a number of reasons, some with conditions attached, while only 15 supporters of the package at this time.

Far from being keyboard warriors – a most dismissive term to apply to concerned constituents if I have ever heard one – those expressing concern have been heartfelt if, at times, a little emotive. Of the 15 supporting GST, all were respectful and respectful of my position agreeing to politely disagree all except for one, which contained the most offensive content of all the emails I have received. Beside asking Government to pause and reflect on getting its own house in order, those opposed to the introduction of this tax spoke of their concerns of being costed out of the Island.

Among them, I recognise business owners, titans of industry, parents and young people all sharing the same concern that the secondary impact of this package has not been appropriately considered. Many in Guernsey are living to survive. Luxuries are few and far between and difficult decisions have to be made. Their pay has not kept up with inflation over recent years during a period that has seen some of the worst food and rent inflations in history. At a time when every pound earned is worth less and less, the cost of living has gone one way, and that is up.

In a recent BBC Radio interview I took part in, the other Deputy likened this debate to Project Future versus Project Fear. Well, P&R talk about preserving people's futures, but all I hear is that those same people are fearful that these proposals take away those futures. They understand the package. I have had some wonderful conversations with people to explore their fears and concerns. I have happily myth busted some of them but I cannot myth bust the one that says, 'This Island is expensive and, with the introduction of GST, it is going to get more so'.

What they do not understand is why P&R is presenting a package that risks them closing their businesses or leaving the Island altogether. The death by a thousand cuts feels very real to the people I talk to and engage with in person and online. I do not feel inclined to dismiss or diminish those concerns. If there is one speech you can accuse me of being emotional about, let it be this one, because this is emotive. This is the everyday Islander trying to get by and seeing a taxation package that is far from protecting them will inch them out of their home. Whoever thought Islanders would look to the UK as if observing paradise. That is not the Guernsey I dream of.

Supporting this sursis does not deny that financial pressures exist. It simply recognises that, before asking every family and every business to contribute more, Government should first be able to demonstrate, and not merely promise, that every reasonable opportunity to improve efficiency and productivity has genuinely been pursued.

I also remain concerned about the economic timing of these proposals. Consumption taxes can be entirely legitimate instruments of taxation but economic context matters. Guernsey is currently facing weak productivity growth, continuing housing constraints, recruitment pressures, rising costs and an economy that many businesses already describe as 'fragile'. This is not an economy experiencing strong momentum. It is one searching for it after years of prolonged absence, some of which can be laid at Government's door as a dereliction of its role of stewardship.

Introducing a new consumption tax inevitably increases prices. Government has accepted that. The question is not whether that impact exists but whether this is the right moment to impose it. Waiting until we have greater clarity about our finances, our spending requirements and our economic outlook strikes me as a prudent call rather than a reckless one.

This debate is also about public confidence. Government ask the public to accept difficult decisions. This is sometimes necessary but the public are equally entitled to expect that Government makes its own difficult decisions. Many Islanders simply do not yet believe that Government is willing to do this and, to be honest, I share that view because nothing about the last year has yet disproven my thoughts about a Government with a spending habit.

I do not believe that pausing to gather better evidence weakens Government. Quite the opposite. I believe it strengthens any eventual decision by ensuring it is made on the strongest possible foundation and can survive as a sustainable and meaningful change. Indeed, Policy & Resources itself has already recognised the importance of future review by building a formal assurance review into 2030. If Government accepts that this package should itself be revisited only two years after implementation, it cannot be unreasonable for this Assembly to ask whether we should first ensure that the evidence before us is as robust as it can be before taking this initial step.

Supporting the sursis does not prevent GST if, after that work has been completed, Members conclude that it remains necessary. It simply ensures that if we do take that step, we do so with greater confidence in our financial position, greater confidence in revenue services, greater confidence that efficiencies have genuinely been exhausted and greater confidence that we are asking the public to contribute more only because every other realistic option has first been properly explored.

So the question today before us is not whether Guernsey's tax system may one day need to change. The question is whether today is the right day to make one of the most significant changes to our tax system in generations. When uncertainty remains, when important evidence is still to come and when better informed decisions remain possible, I believe the prudent course is to pause. For those reasons, I shall be supporting the sursis.

The Deputy Bailiff: Thank you.

Who else wishes to speak? In that case, I will turn to Deputy de Sausmarez to reply on behalf of P&R.

Deputy de Sausmarez: Thank you, madam; and I thank Members for the interesting debate.

It might be helpful if I start off just because I know that we do not debate sursis very often and there are still some Members that have not done it very often. Just to explain the effects, if the sursis carries, then we will have no further debate on the policy letter or indeed any of the amendments, just so that is absolutely clear.

There has been some talk of the fact – well, we have had wild speculation in fact on the possible length of any delay, but just to be clear, we are talking about a significant delay because of various factors, including the timing of implementation, which I think we set out in the policy letter. So we would be looking at a minimum of a year's delay but probably more likely two or more, so just again so that everyone is clear on the facts, that is good. I am not intending to go through speaker by speaker and pick up every point. I am just going to touch on a few key things, and it would help if I had my papers in the right order, which I do not seem to have.

One of the main things was that there was some questioning about, 'Well, we do not know the exact number of the funding gap. We do not have the exact number and we cannot be exactly sure about it and it keeps changing' and blah, blah, blah. Apart from any conflation over accounting principles and the funding gap, I think it is correct to say that we cannot be absolutely sure about what the funding gap is going to be. This speaks to something that Deputy Ozanne and various other people picked up is, 'Well, we do not want to be working with projections. We need facts and evidence'.

But the problem is that, by the very nature of looking forward rather than back, we have to rely on projections. You cannot get facts from the future so there are always going to be projections at the heart of this. So if people are waiting for a time when we can nail down all the numbers, that time is not going to come, and the projections are always going to be variable, depending on different things. So you are going to get different numbers depending on how you project your growth, for example, and whether we are optimistic or less optimistic about the assumptions about rebuilding reserves and our investment returns.

We know that they are very variable to what extent they can be counted as income and whether we need to spend 2% on infrastructure or possibly 3% or some other number. Are we over or underestimating the demographic pressure on our healthcare system and various other factors like that? You can change any one of those assumptions and you will get a different answer, so we are never ever going to be able to pin down a precise number because, fundamentally, we are looking forward here. That is the point.

Deputy Curgenven said that we have not counted twice. He is absolutely right. We have not counted twice. We have counted so many more times than that. So many people are talking about the specific number, but I think what is absolutely not in doubt is the general trend and the structural issue that we are up against. Just to give a little flavour of this, we had the 2012 report looking at the impact of demographics on public spending. We had the 2015 Personal Tax and Benefits Review and, in fact, this morning, we had someone in the public gallery who was really involved in that, and I would have loved to have seen his face on some of this afternoon's debate.

We have had the Partnership of Purpose Report. We have had multiple Fiscal Policy Panel reviews across multiple terms. We have had every single actuarial report of the Guernsey Insurance Fund and the Long-term Care Fund. We have had every single Medium-Term Financial Plan, again over multiple terms, and actually Deputy Sloan has been involved in that, and I think Deputy Sloan would be the first to admit he does not deny the fact we have got a structural challenge here. We have had, more recently, the Tax Review Sub-Committee report, and these are just some of them. It is not even a comprehensive list.

So people can certainly challenge the specific number and the case of the structural deficit, but I do not think anyone can really challenge the fact that it exists and the fact that the trajectory is all going on one direction. I do not think, at the end of the day, we are likely, given all the very many people, many of them independent, all the auditors, etc. – I do not think there is ever a realistic scenario where – I think it is called a Chief Resources Officer or something in here but I think actually what we are talking about is a Chief Financial Officer. I do not think there is any credible scenario in which that person is going to come in and say, 'Oh, yes. No, actually, you are right. Just sit back. It is fine. Nothing to see here'.

On that point, again we do not arrive at this and none of the other reports arrive at this because of one person chewing the end of a pencil and scribbling a number on a page. More than a decade and a half really is the result of many intelligent well-informed people drawing on the data and coming to reasonable conclusions, and I think we can tell that because the conclusions share the very common fact of the matter that we are facing a structural challenge here and we know all about it. We know that it is driven by demographics primarily, so I will come back to that in a moment.

Another independent report that has pointed this out, and this is touched on briefly in one of the exchanges of Deputy Collins and Deputy Inder – I have to give credit actually. I was reading *Hansard* recently and Deputy Inder does an absolute blinder of a speech on this precise topic *(Interjection)* a while ago. It was actually one of his best ever. *(Laughter)*

A Member: I think you voted against it. *(Laughter)*

Deputy de Sausmarez: I cannot remember if I voted against that, whatever it particularly was, but it was an absolutely brilliant speech all about our credit rating. Deputy Parkinson kicked this subject off really because he did tell us that is has potential ramifications. I think Deputy Niles, if we go on to debate on any further amendments, will pick this up in more detail perhaps. But Standard & Poor's, the credit rating agency, is another of the independent reports that has pointed out the structural challenge at the heart of our public finances and the fact that we do need to address it. They are expecting us to do so.

As Deputy Parkinson mentioned, there are conversations happening incredibly soon on that particular subject, and if we do introduce further delay and indefinite uncertainty, then I think that could have a material impact, and Deputy Parkinson alluded to that. Just to give a little bit more detail on that subject, I think it was already mentioned maybe by Deputy Inder in response to Deputy Collins about the fact that, actually, we are all very much united and on the one page about the need to invest in housing and affordable housing. We do have a resolution for the States to go out and borrow £150 million worth in order to achieve that end.

If our credit rating were to be downgraded, what that means in essence, as Deputy Niles touched on, is that the borrowing would cost us probably many tens of millions of pounds of avoidable additional cost over the course of that borrowing, so it does have a material impact. It is not just housing. There is also, for example, the second interconnector in the same situation. If we have to go to the market for borrowing, then our credit rating is a material factor in that and I just think –

Deputy Sloan: Point of correction.

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

Deputy Sloan: Tens of millions of pounds of gratia expense on £150 million borrowing? Is that correct? Ten of millions. *(Interjection)*

The Deputy Bailiff: Deputy de Sausmarez needs to answer.

Deputy de Sausmarez: I am happy to give way to Deputy Niles.

Deputy Niles: In clarity, the conversation that we had, Deputy Sloan, if we were to look at the borrowings over perhaps a 40-year period for the housing plus the interconnector, then the underlying cost, if we did have a downgrade, would be in the tens of millions, yes.

Deputy Sloan: Over a 40-year period.

Deputy Niles: Over a 40-year period, yes.

The Deputy Bailiff: Deputy de Sausmarez, please continue.

Deputy de Sausmarez: Thank you.

It might be a little bit scattergun, apologies, if I dot around. On that structural issue, Deputy Collins, until quite recently, was the finance lead for ESS. My understanding is that actually at the moment in terms of our social security contribution, we are receiving around £22 million worth of contributions less than we are paying out in benefit, and of course that benefit being primarily pensions. Again, I have got something that will articulate that demographic challenge more succinctly in a moment.

Deputy Collins, Deputy Blin and Deputy Camp talked about the things that we want to know, and we would all love a bit more certainty. I am definitely front of the queue in that. The first point is in terms of getting our house in order. Absolutely, this P&R is taking that really seriously. We have been on the front foot. We have been very transparent about where things have not been working properly and we have made it an absolute priority to get on top of that. But the point is that needs to happen, and it has been happening, simultaneously with a more sustainable tax base as well.

At some point, Deputy Collins I think it was again, talked about our scale and the fact we are small and we do not need to be like everywhere else in the world, and he is right. I like to think, as a proud Guernsey girl myself, that we are unique, but we are certainly not unique enough to not need sustainable public finances. We do need to be able to fund the infrastructure and the public services that we need to provide to the community, and that is another key point.

Again, Deputy Blin mentioned AI and I am with him. I think there could be some real productivity benefits, but also Deputy Blin will be very well aware that actually that is one of the greatest risks that we have at the moment as well. We know things are changing very rapidly and there are many credible suggestions to suggest that, actually, AI could have a profound impact on earnings and employment and, if that is the case, then we are so reliant on income-based taxation as we are at the moment. So at over 77%, it is a double pronged problem because we will have very much less revenue coming in and we will have people in our community who need very much more support. So, actually, he is absolutely right.

We are rolling out, and I am so grateful for his input and involvement in that respect. We do need to capitalise on some of the productivity benefits of AI as well, but I think it would be imprudent of us to ignore the fact that actually we are quite vulnerable. Our situation we might like to call unique, but actually we are quite vulnerable to that as well. So all of the things that Deputy Blin and others mentioned in terms of our systems and all of that, yes, we absolutely need to do that, but we do not need to do it and not do anything else. We need to do all of that simultaneously.

Someone also mentioned, and it might have been Deputy Blin, that you do not introduce new taxes or a consumption tax in a crisis. Actually, when you look at the historical evidence, absolutely you do. You want to broaden your tax base and there is an awful lot to that point. Yes, I think kicking us off, Deputy Rylatt actually said, 'The sursis is incredibly vague. It does not really give us anything tangible. We do not really know what the objectives are and how will we know when we get there?'

It is bit like the questions that Deputy Blin reeled off. 'Well, when will we ever know?' We will always have a bit more clarity the following year. There is never going to be a definitive point where we go, 'Now we know absolutely everything. We have got our perfectly working crystal ball. That is it. This is the moment where we make that'. We have known about the structural issue for quite a long time and we have known that we need to address it, so I just do not see the point in any further delay because it will have ramifications and it will have material impacts on us in the meantime.

Deputy Sloan talked about wanting to know about the tax burden and what it has done. I think we do touch on this in the policy letter. To an extent, we do talk about how the pendulum of the tax burden swung from the introduction of Zero-10. What we can tell him about these proposals is that the tax burden moves away from the shoulders of individuals and we know that because, at the moment, around 77% of our tax revenue comes from income-based taxation and actually we know that, under the package, that comes down to about 64%.

So that is a significant redistribution away from the shoulders of individual households and that is why it is so important, and that is why I feel so strongly about it in fact because I do think that people are really struggling under a disproportionate burden of taxation that really was catalysed at that point of Zero-10. Whatever great reasons there were to introduce it at the time, that was one of the effects. The individual taxpayers and individual households and families were the ones left bearing a disproportionate tax burden as a result.

The Deputy Bailiff: You have 30 seconds left.

Deputy de Sausmarez: Right. A really fantastic quote from Deputy Helyar, which I would love to read out, but really just saying, we are at two minutes to midnight and we cannot leave this issue to another Assembly to resolve because the impacts are going to be so much more significant.

My final question to Deputy McKenna is if Revenue Service come back and we are all okay and if the Chief Financial Officer says, 'Yes, we need to do this', please put on record will he vote for it or is this really just a delaying tactic?

Thank you.

The Deputy Bailiff: Deputy McKenna.

Deputy McKenna: Thank you, ma'am.

I think it has been a very dignified and respectful debate. In the spirit of that I would like to withdraw any threat of a vote of no confidence in P&R (**Several Members:** Hear, hear.), no matter how the dice falls. If you want to vote for it, you want to vote against, I am not putting it on the table. I say that through you, ma'am, and take that as read.

The Deputy Bailiff: Thank you.

Deputy McKenna: It is a very valid question from the Chief Minister, saying if the Tax gets themselves sorted out. They are telling us at the moment they are 20,000 behind. Do you want me to make a prediction on when they get through that 20,000? The 20,000; what year is that? Because when the Returns Creator was mentioned – I am self-employed so I am in the Returns Creator and, unfortunately, for 2024 the Revenue Service cannot do the fourth quarter because of the new system they have got in place, so there is nothing for 2025 and nothing for 2026 but that is okay. So there are 20,000-plus. What we will say is let us wait and see how – very capable people, let us just see how they do.

What this sursis is doing is trying to get the trust and I have heard – I think it is the community, the electorate and the Islanders. I would be more inclined to call these people our mums, dads, aunts, uncles, family friends, our children and grandchildren. That is what we are here to do. This is not me speaking. This is 7,000 who voted for me to say this. It is not me, it is 7,000. Just random figures, if you count Deputy Vermeulen and Deputy Helyar, 20,000.

The Deputy Bailiff: You might have got some double counting there, Deputy McKenna. *(Laughter)*

Deputy McKenna: So that is it. We are trying to gain the trust of our families. Plenty has been said. If I only had have had the knowledge and eloquence I would have summed up Deputy Sloan's speech and Deputy Camp's speech. I am very fortunate to be on the Scrutiny Management with Deputy Sloan and Deputy Camp, and I think they are brilliant.

Again, I thank Deputy Helyar for running with me on this amendment. What we are saying is let us gain the trust of the people of Guernsey. Let them look at us. They think we are leaders but at the moment they do not see us as that. Our family and friends are actually full of almost mistrust, where they are almost disappointed that they voted for some of us because we are not doing what they expected.

So, let us gain their trust, through you, ma'am. Let us gain their trust, show leadership to all our families and then we move forward together. Not just on the P&R but all of us together help as a unified, not a divided, States, not a fractured States. Like I have said before, Deputy Vermeulen, a united States, a united Island. I should say Island, a united Island where they can look at us and say, 'We are glad that they are looking after us'. So, please, vote for our families. Vote for the sursis.

Several members: Hear, hear.

The Deputy Bailiff: Thank you.

Members, you have before you on the SEV the vote for the sursis. I will ask the States' Greffier to please open the voting.

There was a recorded vote.

Not carried – Pour 17, Contre 22, Ne vote pas 0, Did not vote 0, Absent 1

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

Ozanne, Jayne
Sloan, Andy
Snowdon, Alexander
Van Katwyk, Lee
Vermeulen, Simon

Leadbeater, Marc
Montague, Paul
Niles, Andrew
Oswald, George
Parkinson, Charles
Rochester, Sally
Rylatt, Tom
St Pier, Gavin
Strachan, Jennifer
Williams, Steve

The Deputy Bailiff: In relation to the sursis, there voted pour 17, contre 22. I therefore declare that the sursis has not been passed. We will therefore turn to Amendment 3.

Amendment 3.
To delete the propositions and substitute therefor:
1. To direct the States Assembly and Constitution Committee to return to the States at its meeting on 21st October 2026 with arrangements for the holding (under the provisions of the relevant legislation) of a referendum on Tax reform.
2. To direct the Committee to agree that the question to be put to the electorate in the referendum shall be in a binary form along the following lines:
"Do you support the introduction of a GST (goods and services tax)? Yes or No.".

The Deputy Bailiff: Deputy McKenna, this is your amendment. Would you like the States' Greffier to read that amendment?

The States' Greffier read out Amendment 3.

Deputy McKenna: Ma'am, the referendum would allow the people of Guernsey to decide on what is obviously a very contentious issue. I have heard a figure that if we did a referendum it would cost £300,000, but I have also heard it has cost over £1.6 million to try and convince the community that they should have GST. So I think it is what the community deserve, to have that chance, a bit like they did on Island-wide voting. This gives them a chance, on something as significant as this, to vote one way or the other.
Thank you.

The Deputy Bailiff: Deputy Vermeulen, do you support this amendment?

Deputy Vermeulen: Thank you, ma'am.
I absolutely do.

The Deputy Bailiff: Are you taking your opportunity to speak now as well as second it?

Deputy Gabriel: 24(6), ma'am.

Deputy Vermeulen: Yes, I am.

The Deputy Bailiff: I am sorry, I did not hear you, Deputy Gabriel.

Deputy Gabriel: I would like to apply Rule 24(6).

The Deputy Bailiff: Yes. So Deputy Gabriel has asked for a vote on –

Deputy Gabriel: 26(4).

The Deputy Bailiff: 26(4)?

Deputy Gabriel: Yes, sorry. My mistake.

The Deputy Bailiff: I think you do mean 24(6).

Deputy Gabriel: Sorry, it is 24. *(Laughter)*.

The Deputy Bailiff: Right. So this is on the basis that the amendment goes further than the original Proposition and should therefore not be debated unless there is a formal vote on it, if it is supported by a majority of Members voting on the motion.

I will just read that again:

An amendment which goes further than the original proposition shall not, on that account, be ruled out of order, but a motion that the amendment be not debated and no vote be taken thereon may be laid only immediately after the amendment has been proposed and formally seconded (i.e. before any speech by its seconder or further debate) and shall have effect if supported by a majority of the Members voting on the motion.

> An amendment which goes further than the original proposition …

I say that it does go further:

> … shall not on, that account, be ruled out of order, but a motion that the amendment be not debated and no vote be taken thereon may be laid only immediately after the amendment has been proposed and formally seconded (i.e. before any speech …)

That is what Deputy Gabriel has done. And if that is supported by a majority of Members then there will be no vote on it.

I will therefore put the motion to the Chamber, those who consider the motion should not be debated please say pour; those against?

Some Members voted Pour, others voted Contre.

A Member: A recorded vote.

The Deputy Bailiff: Yes, could you put the SEV on please, States' Greffier?

Members, you should have your motion before you. This is a motion in effect to stop any further debate or voting on the amendment that Deputy McKenna has put forward and Deputy Vermeulen supports. So this will stop any further discussion on this amendment and will not permit a vote.

I will therefore ask States' Greffier to open the voting on this motion. Could you put the SEV on please, States' Greffier?

Deputy Vermeulen: Can I have just clarity on which is the meaning of pour and which is the meaning of contre? Am I debating contre in order for the debate to proceed?

The Deputy Bailiff: Yes. If you vote for the motion you are voting for this amendment to stop; this amendment discussion and debate to stop on Amendment 3, to put it simply.

There was a recorded vote.

Not carried – Pour 18, Contre 19, Ne vote pas 0, Did not vote 2, Absent 1

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

The Deputy Bailiff: There voting in relation to Amendment 3 and the motion to curtail any further debate on this motion and not go to a vote, pour 18, contre 19, and there were 2 abstentions. Therefore, we will continue to debate this amendment.

Deputy Vermeulen, do you wish to speak now?

Deputy Vermeulen: I did before, and I still do.

I am so pleased that we can debate this because I think it is really important. It does not matter too much really what I think but we do live in a democracy, do we not, in Guernsey? As someone whose parents lived through an occupation by Nazis I think that is quite important, that we can have our say and the people have freedom of speech.

They have certainly expressed their dismay and their request for a referendum. How have they reached that? The majority of this House was elected on an anti-GST stance. We owe it to the electorate to fulfil our election promises. The introduction of GST is one, if not the biggest, decision for generations to come, and we need to have full consultation and consensus on GST.

This is really important because whether you are for or against GST how can you possibly deny democracy? How can you do that? You cannot use the cost of a referendum as opposition to this proposal as it pales into insignificance as we count the cost of the package, what we have spent so far and the damage it will do to the Island's economy in the future.

Why should you vote for this? It kind of lets the pro-GST voters off the hook because it lets the public have their say. If I am critical of P&R, this has all been such a rush job. There has not been proper engagement with the public. You have not taken the public with you. You failed to do that. You failed to convince them that it is a good thing.

They have seen through dubious figures and recommendations. They can see through it. They cut through it. They know exactly where they are and, boy oh boy, are they struggling at the moment. You have not communicated with the small businesses that are out there, that were in the market square on Sunday.

Deputy de Sausmarez: Point of order.

The Deputy Bailiff: Your point of order?

Deputy de Sausmarez: Rule 17(1), please, madam.

The Deputy Bailiff: No, I do not agree. I think it is relevant to the question of referendum. *(Interjection)* Sorry? Yes, you need to make sure you address things through me. I am sorry, I thought –

Deputy Vermeulen: Absolutely, ma'am.
I always do. *(Laughter)*

The Deputy Bailiff: Perhaps not every single time, Deputy Vermeulen.

Deputy Vermeulen: Perish the thought that I would direct any comment at somebody else, so through you, ma'am.

Yes, the small businesses have not been brought along. As I have said earlier, they are struggling at the moment with the secondary pension. The bureaucracy of it all really. The fact that we are using out-of-date figures. They have lost their trust. The increases and the introduction of TRP and the increase in social security contributions. This really affects the majority of small businesses in Guernsey and those are the people who have been outside, ma'am.

So, yes, I can remember my friend, Lyndon Trott, telling me that when he introduced GST he was most proud that he attended 200 meetings – not GST, Zero-10. He attended 200 meetings before he could finally get support for Zero-10. This has been a complete fudge, a complete budge and a rush job. It should not be because this is going to affect those generations for years to come. So I would welcome any debate, any points that you have.

I am saying let the people of Guernsey decide if they can afford this. If they can support it then it is not a problem, is it? I think it is really undemocratic to deny people that vote. That is what they have called for. That is what I am putting for, and I am going to support it.

The Deputy Bailiff: Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Thank you, ma'am.

As the President of the States' Assembly and Constitution Committee I feel it is important to put a number of facts on record. The first is procedural. The amendment bears little resemblance to the Propositions before the Assembly. It does not seek to improve, refine or amend the Committee's proposals. Instead it deletes every Proposition and substitutes an entirely different course of action, directing an entirely different Committee to undertake an entirely different piece of work.

Secondly, there is the issue of cost. The amendment states that a referendum would cost circa £55,000 based on the recent by-election. We all know how that by-election came about and how much work it took to keep it in the minimum. That figure is simply asserted. There is no consultation that has taken place with the States' Assembly and Constitution Committee before it was included.

Had the Members who brought this to the Assembly asked us we could have explained that a referendum is not the same as a by-election, and the timing of a referendum would mean that we would need to re-open the electoral roll, which adds significant expense, just as a starter. So there is no way a referendum would cost anywhere near £55,000, no matter how much shoestring savings we would want to make.

The 2018 referendum required a bespoke legal framework, public information campaign, referendum materials; an entirely different administrative process. It was considerably more complex than simply electing one Member. Any suggestion that it could be delivered at the cost of a by-election is at best wildly optimistic.

There is also another important distinction. The 2018 referendum deliberately did not ask a simple binary question. It presented a range of electoral systems because the issue itself was more nuanced than a simple yes or no. So the binary question that this Proposition directs us to make the referendum about is the key flaw.

We only have to look at the Brexit referendum to understand why binary questions – no, I am not giving way – on complex constitutional matters can create years of argument over what the result actually means. 'Leave' turned into endless debates about what form leaving should take. A simple question does not necessarily produce a simple mandate.

Finally, and perhaps most importantly, we have within a year had a general election. That is the point where people make their voices heard. They are able to vote on the nuance of issues, not just simply a binary yes or no. They vote for people based on the ability that person demonstrates to make decisions and understand complex issues on which you cannot necessarily have all that information when you are just a member of the public.

Candidates stood before the electorate setting out their positions on taxation, GST and the future funding of public services. The public made their choices. That is representative democracy in action. We cannot simply disregard the outcome because Members do not like where the democratic process has led. There is no evidence before this Assembly that there is a public clamour for an expensive Island-wide vote on a question which Members were elected a year ago to determine on the public's behalf.

I am not giving way. Our job is to make difficult decisions, not to outsource them whenever they become politically uncomfortable. I understand that there is, and I am not dismissing that there is, public outrage, but having a binary referendum is not being clamoured for and it is not the solution.

This amendment would delay decisions, incur significant cost and send us off to revisit a debate that has already occupied this Assembly for the year that it has started and two previous Assemblies. I do not believe the public expect us to spend more time and more money asking a question that this Assembly was elected to answer. So please, Members, dismiss this and let us get on.

The Deputy Bailiff: Deputy Dorrity.

Deputy Dorrity: Thank you, madam.

I cannot support this amendment. Its practical effect would be to delay implementation of any tax reform package, should such be approved, well beyond the point at which our reserves are projected to run out.

It is also worth noting that, as my colleague has mentioned, for all intents and purposes last year's election might be viewed as something of a referendum on tax reform. Candidates made their positions on a consumption tax very clear in their manifestos because the public demanded that we do so, so did the media.

Some of us who were elected stood openly in support of GST Plus while others campaigned firmly against it. The electorate made its choice and notably, alongside some who overtly supported the GST Plus proposal, some of the most prominent opponents of GST Plus were also not returned to this Assembly, which I think amply reflects the two positions held by the electorate.

The people of Guernsey have elected this Assembly to make decisions about the running of the Island on their behalf. (**A Member:** Hear, hear.) This is one of the most important decisions we will face during this term and it is our responsibility to make it. In my opinion, we should not seek to avoid that responsibility or postpone it by passing the question elsewhere.

Just on the subject of the referendum as a tool, I wondered how that other great referendum in recent history had fared. So I looked it up and found an Ipsos poll that suggested that if a referendum were to be held in the UK today 52% of Britains said they would now support rejoining the EU while only 33% would vote to remain outside it; just saying.

Members are of course free to support or reject the package before us, but I believe that decision belongs to this Assembly; we, sitting here today. I believe we are now sufficiently well-informed to make it, even we newbies a year in the job.

Thank you.

The Deputy Bailiff: Deputy Gollop.

Deputy Gollop: Thank you.

Deputy Dorrity has made an excellent speech but I do not necessarily agree with all of his points. One point I do agree with, the Brexit referendum would be a case in point. When the Brexit referendum won on its wording, the UK was more than free to rejoin effectively the Council of Europe in the way Norway and Switzerland did, the European Free Trade Area, but they chose not to with the interpretation issues.

One salient point he made was the election. In some people's minds, in a lot of the letters we have had, the referendum or decision of the electorate was last June. Some of us did not get in. Some of us got in, in a lower position. I look very much with envy and also respect for the leading people who topped the poll and, funnily enough, all the top four have all ended up on Policy & Resources, which I think is good because it accurately reflects the views of the electorate.

But not everybody who did well necessarily supported GST in the past. I think that is why you have seen perhaps a very irate response from the public. Deputy Hansmann Rouxel, as president of SACC, makes salient points that I agree with; I am bound to really as I sit on the Committee. I do not think it could be done for £55,000. It would probably be more than that, perhaps £200,000, I would guess.

The point she did not quite make but I certainly would make is the resources available to SACC in terms of people who can help us within the budget are relatively limited. They would have to be used on this, presumably with other senior resources people, rather than other tasks.

That does not mean to say I am against this amendment though because I support the people. I often say in Committees, 'I do not care what it costs, let us get on and do it'. This is one of those areas.

I think a referendum may not come up with the best answer. We have heard from Deputy Dorrity and others that is not necessarily the outcome. But it would come up with a *vox populi*, and I think there would be some merits in going ahead with it apart from democracy.

One point I would mention, this is not the first time Guernsey has had a sales tax. I found out in a fascinating historical lecture from Mr Ken Tough, former Greffier, that we had one in World War Two. The Nazi occupation imposed it on the people. Whether that is a useful precedent or not remains to be seen.

This is a major change. I believe a significant number of Islanders, not necessarily the majority, support it. A very large number of people disapprove of it. Some for very legitimate reasons, others perhaps from misunderstandings or for the wrong assumptions.

I would be more than willing to lead a group. I led a group before and it lost; option B for the Island-wide referendum. But I think what would be really good in a referendum – and Deputy Inder and others might agree with me here – is it allows the opportunity for professional people, members of the public, non-States' Members, businesspeople, professional advertising agencies, to actually put across a message that cuts through to the public and allows everybody their fair say and everybody an opportunity to vote.

I do not particularly like this Proposition. It is too general. I wonder if by the end of this debate we will actually have a debate on an amendment I would be prepared to make on whether the GST rate should be 3% or 5%, or higher or lower. It makes a big difference to the sense of GST. That is a different question.

But let us look at the mechanics. Let us just see if this amendment wins. It directs SACC to come back in October – that is a tall order but it can be done – and the arrangements for the holding. It directs:

> … the Committee to agree that the question to be put to the electorate in the referendum shall be in a binary form along the following lines:
> "Do you support the introduction of a GST (goods and services tax)? Yes or No.".

Of course that is simplistic and there are nuances, Deputy Helyar and others would argue, about the mitigations and the quantum and the systems and the exemptions. But surely once the SACC policy letter is drafted it would be the opportunity for amendments to be made in the October debate as to the different propositions in the referendum. Yes, some might argue it was bit of a dog's breakfast, but we had a five scenario for the Island-wide election. The very first official referendum we had there were five different options, A, B, C, D and E. I would imagine, to make this more cogent, you would not just have yes or no. I will give way to Deputy Vermeulen.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: I am grateful to Deputy Gollop for giving way, ma'am.

Referendums usually are linear in their meaning. A great example of that is Brexit. Do you want to be in Europe, or do you want to leave? That is it, and we got the answer. It was only Guernsey that came up with multiple choice tick boxes and all these different options. That was a complete waste of time, but one clear winner in that, we have got an Island-wide election now.

The Deputy Bailiff: Deputy Gollop.

Deputy Gollop: I take that point and I will support the amendment. I am just saying that if it wins, that will then be the time to discuss whether Deputy Vermeulen is right about the binary choice or whether to have a more single, transferable, multilateral approach.

My point is this, the single referendum could be changed or amended, and even at the level Deputy Vermeulen poses it at, 'Do you support the introduction of a GST, yes or no?' does not take into account, for example, the rates or the exemptions. Also, we would be in the issue, as Deputy Dorrity said, about interpretation.

That said, though, I think it gives the public a chance to cool down and us a chance we narrowly missed on the last sursis, an opportunity to step back, reflect, and actually come up with something that is more muscular in answering everybody's questions and produces the figures that I know Deputy Curgenven and others want to see.

The Deputy Bailiff: Deputy Camp.

Deputy Camp: Gosh, I was not expecting that. I only want to ask a question on this amendment, perhaps that comes through yourself or through H.M. Comptroller as we wrap up this debate, is actually the binding nature of what we are being asked to do here. I guess I foresee a referendum; great. Do you have to do anything with it? How long does that binding nature remain in place? Because it is a binary yes/no, and there are clear ramifications and questions for me that surround that yes/no request.

Thank you.

The Deputy Bailiff: Madam Comptroller, would you like some time to think about the answer to that, or would you like to give your answer straightaway?

The Comptroller: I can give a brief answer now, if that would assist Members?

The Deputy Bailiff: Yes, thank you. I think it would.

The Comptroller: As I understand it, in terms of a referendum, this Assembly can never bind future iterations of itself. Whilst it can have a referendum and it can take the consequences of that referendum into account, future Assemblies would not have to follow it.

The Deputy Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

Sorry, I just managed to spill water all over my desk. Sorry, Deputy Matthews.

You will not be surprised, ma'am, but I support this referendum and for the same reasons as I made in my previous speech, that I do believe that we have a trust and confidence gap, that people think that we are deaf to what they have to say. (**A Member:** Hear, hear.) Many of them feel that they voted for colleagues in the election and that those Deputies have changed their position on GST. I fear that has a huge impact on the trust and confidence of the public.

We heard from one member of the public, one of the first emails we got saying that the silent majority were with us, and yet there is no evidence to back that up. I think the hundreds of emails that we have had over the last few days puts that claim to question.

For me, the really important point here is what are referendums for and when do we use them? We have heard that Brexit was a contentious referendum, but I would suggest there have been many other countries who have used referendums on issues that have been deadlocked and tricky and where their debating chambers have been split.

For me personally, the referendum in Ireland in 2015, where they decided to vote for same-sex marriage, was a critical referendum that impacted the lives of many. This year we have had a referendum in Switzerland, we are about to have one in Iceland, and I believe there was one in Italy on the justice system. They are used for very binary decisions. I agree with Deputy Vermeulen that these tend to be yes or no; simple questions put to the people.

I believe that if we are going to change our tax system in a way that impacts so many people, we need to know that those people have (a) had a voice and (b) are coming with us on that journey. To have that referendum, we will have to engage, we will have to deal with the concerns of business, with the concerns of families, with the concerns of pensioners and I think that that would be a very good thing. There is no cost – well, there is no value, perhaps that is a better way of putting it, to the importance of trust.

For me, this is a foundational piece in the jigsaw that says that we need to learn to govern by consensus and that consensus can only be had when people trust us. A referendum, I believe, will help deliver that.

Thank you.

The Deputy Bailiff: Deputy Inder.

Deputy Inder: Sorry, I am going to have to disappoint Deputy Gollop because I do not agree with him. I personally have no objection to referendums in principle. Indeed, I was a member of SACC that delivered the first referendum in Guernsey on Island-wide voting, but that is because it concerned the constitution of our democracy, how we elect our representatives.

As a decider, I remember clearly when former Deputy Roffey was President of SACC. He said that he was looking forward to delivering the referendum and the results, and a huge volte-face as he only decided that electing 38 Deputies on one day in a single district was a choice to people, he promptly resigned, along with the rest of his Committee. I did not. I was left on my own, was elected as President, and moved on to deliver the Island's first Island-wide election.

Taxation is fundamentally different. It is effectively what you – all of us – are actually paid to do, make decisions on behalf of the people of this Island for better or for worse. We are elected to make those difficult decisions. We debate the evidence, scrutinise the consequences, weigh competing priorities, and then we vote. That is how a representative democracy works. If we begin ferrying out every contentious fiscal decision to a referendum, our responsibility is diminished overnight (**A Member:** Hear, hear.), and what the electorate has entrusted us to do, what you are all getting paid very good money for, and you all may as well go home.

Seriously, if that is what this Assembly wants to do, resign, go home, cut the Assembly in half and we can hand the whole shebang to referendums, civil servants and consultants. This is weak, weak, weak. GST is not a constitutional issue; it is a policy choice. The clue is in the name. You are politicians. These are policy choices.

The Deputy Bailiff: Deputy Inder, can I remind you again?

Deputy Inder: Yes. *(Laughter)*

The Deputy Bailiff: 17(1).

Deputy Inder: Yes, I was waiting for that. Thank you. You are right, my apologies.

Ma'am, governments, as you know, are elected to determine how public services are funded, just as they decide levels of Income Tax, Stamp Duty, taxation. If Members believe GST is the wrong answer, then they should make the case in the Assembly and vote accordingly. They do not need a referendum. You are paid – they are paid. They are elected. Make a decision. If not, go home. We can cut the size of this body politic in half and save us a shed load of cash. Everyone, go home.

It reduces reducing the complex question into a simple yes or no campaign. Guess what? The question is, 'Do you support having your arm chopped off: yes or no?' What do you think the response is going to be on a simple binary choice? *(Laughter)* 'Sorry, I misread that'. 'Do you support the introduction of GST: yes or no?' You know I am the oracle here. I already know what the response is. The public will ultimately have their verdict, not only on GST, but on all of our decisions at the next election. It really is.

Our responsibility today is to exercise that judgement we were elected to provide, not to avoid that responsibility by passing it back to the electorate. If that is what this Assembly wants, seriously, resign. Go home. We will hand this all to the consultants, have a Greek referendum every seven days. We do not need you. We will save a fortune. There we are, I have just saved you £500,000.

The Deputy Bailiff: Thank you, Deputy Inder.

I am going to introduce a buzzer soon. You really need to get the hang of this 17(1). Deputy Leadbeater.

Deputy Leadbeater: Thank you, madam.

I am not going to go on for too long because what I am going to say is pretty much similar to Deputy Inder, but just I am not quite as angry as he is. *(Laughter)*

The point is, it is a complete abdication of our responsibility if we are going to support this. (**Several Members:** Hear, hear.) What is the point of us being here? We have gone out there. We have campaigned and we have said to the electorate, 'I think I can do a good job here'. Madam, this is what I said, 'I can do a good job. Here is my manifesto. I asked you to vote for me to represent you'. This is what I am doing. I am here now representing the people that put me in this job, and I am prepared to make these difficult decisions. (**A Member:** Hear, hear.) They are decisions that nobody likes to take, especially when it comes to things like tax.

Nobody ever wants more tax. This is why we know the answer to this. I can save you £250,000 straightaway by telling you what the answer is. It is going to be no. We know that, so it is completely pointless. All this does is cost the taxpayer more money, kicks the cans down the road, and it demonstrates to the people out there that have put us in this job that we are not fit to be here because we are saying, 'I do not want to make this decision. No, we will just hand it back over to you and you make the decision'. No, that is our job. This is what we are here to do. We need to grow a set and make the decisions ourselves.

The Deputy Bailiff: Deputy Sloan.

Deputy Sloan: Thank you, madam.

I must admit, I have had some surreal times in my life but hearing our voting system held up as a paragon of representative democracy is a first for me, because the one thing I think is lacking in our electoral system is accountability. If there was accountability, you would not have what you are basically having this week, as alluded to by Deputy Ozanne already, madam, effectively people that campaigned or positioned themselves against GST at the ballot box last year but leading the charge for it. Let us not be in any doubt, it was the swing what won it last year, to paraphrase an article that I wrote. I worked out the vote cost 3,000. The swing from people that supported GST to those who were against GST was 3,000 votes. It was a 14.5% swing. Trust me, I know how to do the maths.

I agree, it is an issue of trust. I do not think that we are here to make every decision. If there are decisions that can be passed on to the electorate, because I would see it as a mature decision by the States. Do not get me wrong, I did not walk into this room enamoured with the idea of there being a referendum on GST, but binary decisions are exactly what referenda are about. The Swiss do them on many occasions. They do them more on not purely constitutional issues. Yes, they do them on tax issues. The international precedent is there.

Let us be frank about this. This is an issue that has divided this Island for the last 20 years. All we talk about it in the last 20 years. Here is the thing. I might not actually like – if I think about it, I do not think I would like the vote. I do not think I would be happy with it. I do not believe today the vote would go in favour of GST. I support GST. I like consumption tax. I have explained that before, I am an economist.

Because there was a survey – well, that I read about today. I have not seen the information released. I have not seen it shared, but it was paid for by taxpayers' money that said that 50% of people were against GST, only a third of people supported it and 20% were neutral. That was the survey reportedly commissioned by P&R. I am having to rely on *The Guernsey Press* for the information about it because I have not received it despite taxpayers' funds being used for it. In fact, what you saw in there was taxpayers' funds answering the questions about how to sell it. That was the shocking thing about it to me. However, I digress.

Referendum. Yes, it is an appropriate issue. Binary decisions are correct. I do not think it would be an abdication of responsibility. If after 20 years we turn around to the public and they turn around and say, 'No, figure it out another way', go figure it out another way. As it is, the package that is on the table, it is only net raising more than £4 million off Guernsey individuals anyway. There is no real huge contribution within GST today in the package presented. I think it was a mistake, 20 years ago, not to introduce GST when we used Zero-10. I think it was a mistake not to introduce territorial tax when we had the opportunity in 2011, 2012.

But I think it would be a mistake today not to listen to the public or give the public an opportunity to say what they think, then the issue can be decided effectively once and for all. Effectively for a generation or a good 10, 20 years, but we would not have this back and forth. Given the evidence and all the evidence that we have been provided, it would be a huge betrayal of trust from the public to ignore what they said at the ballot box last year within 12 months of that election.

Against my emotional preference, I will probably vote for this amendment.

The Deputy Bailiff: Deputy Goy.

Deputy Goy: Thank you, ma'am.

I want to give this Assembly today a very good reason why this referendum is necessary. A significant number of the Deputies sitting in this room today were elected on a clear, unambiguous platform. They stood on the doorsteps, looked their voters in the eye, and promised, or at least made them believe, that they were anti-GST. It was on those manifestos and on those explicit promises that they were handed the privilege of sitting in these seats. To turn around now and vote for GST is a profound breach of that trust.

If circumstances have changed so drastically that Members feel they must break their election promises, then we have lost our democratic mandate on this issue. We cannot use a mandate gained by promising not to introduce GST to then force it upon the public. If you believe you must change your mind, fine, but you must have the democratic humility to go back to the people who put you here and ask for their permission first. (**A Member:** Hear, hear.) A referendum is the only honest way to do that.

Some of my colleagues in this Assembly will argue that we were elected to make the hard choices. They will say that the referendum is an abdication of our duty as Deputies. To them I say there is a vast difference between routine policy-making and rewriting our social contract. Adjusting minor tax allowances or setting Committee budgets, that is what we are elected to do. Introducing a brand-new regressive consumption tax that will permanently increase the cost of living for every single Islander, that is a structural transformation of our society. A change of this magnitude, especially one that contradicts the very promises that form this Assembly, requires a mandate that standard majority in this Chamber simply cannot provide.

Let us be honest with ourselves and with the public. This Assembly and the ones before it have been utterly deadlocked on tax reform for years. We have seen policy letter after policy letter, amendment after amendment, and protest after protest. If we force GST through on a knife edge, we will not have solved our financial problems. We will have created a legacy of deep division, resentment, and a total breakdown of trust between Islanders and the States.

The only way to achieve a durable, respected, and stable fiscal future is to ask the community for their consent. If the argument for GST is as robust as its proponents claim, let them make that case to the public and win their hearts and minds. If they cannot win that argument out there, we have no right to impose it in here.

Ma'am, let us clear the air. Let us end the years of circular debates, the broken promises, and the profound public anxiety. Let us trust the people of Guernsey. Let us give them the facts. Lay out the alternatives – and I say, again, alternatives – and put this to a public vote. I urge all Members to support this amendment. Let the public decide, please.

Thank you.

The Deputy Bailiff: Deputy Gabriel.

Deputy Gabriel: Thank you, ma'am.

I am not going to rehearse the arguments which Deputy Leadbeater and Inder have already said, but I totally agree with them. This referendum oversimplifies complex issues. We know that there are many political questions which involve trade-offs, amendments and multiple possible solutions, and that a yes/no vote may force people to choose between options that do not fully reflect their views. Two people might both vote no for completely different reasons, but we will not understand those reasons. We will learn the outcome, but not the preferred alternative. There is no, 'Yes, but …' or 'No, but if …'. It is a yes or a no. There is no chance to interpret those reasons.

What about if the referendum comes back at 50.1% voting one way and 49.9% the other? Nearly half of the population will feel undone to or their preferences ignored. That can make implementing that really difficult, and did we capture everyone in the referendum? Binary choices, we know, can incentivise simple emotional messages such as no or yes. Voters will have limited time and opportunity to voice any nuanced proposals.

A yes and a no will be versus the status quo. We know what the status quo is, and people will know where they are, they might not know where they are going, and a binary ballot, the yes/no, may not communicate any of those differences. We are here to amend and create –I will give way.

The Deputy Bailiff: Deputy Ozanne.

Deputy Ozanne: I am very grateful to Deputy Gabriel for giving way.

I just want to stress that there are many referendums that many countries have had that have been on a knife edge, but that is precisely why they have had them. I am thinking of France. I am thinking of Scotland with the independence vote. That is the whole point that when things are so close where there is deadlock, that is when you go to the people. I just want to urge him to look at other countries' referendums that have been exactly at that point. There is a huge precedence, and we would not be alone in having something that is so close because it is so deeply divided.

The Deputy Bailiff: Deputy Gabriel.

Deputy Gabriel: We know that voting systems generally do not measure strong preferences either. It is either a yes or a no, the binary, if we go down this route. It does not capture the slight yeses or the strong yeses or the slight noes or the definitely strong noes. Effectively, as other people have said, we have had a referendum already. The people have put us here to make decisions, to do our job. Let us get on with it and not delay any further.

The Deputy Bailiff: Deputy Humphreys.

Deputy Humphreys: Madam, I cannot support this amendment because the proposed referendum is solely on GST when we are debating and voting on wider tax reform. (**A Member:** Hear, hear.) A referendum on part of the package is misleading. It does not ask the whole question. Dare I say that amongst us, there are individuals who would vote differently on a standalone GST package than they will on wider tax reform. I therefore think any result will be misleading and the proposal should be rejected.

A Member: Hear, hear.

The Deputy Bailiff: Deputy Oswald.

Deputy Oswald: Thank you, ma'am.

I follow on from Deputy Humphrey's comments, which mine are very similar, because I feel the process we are going through is an example of parliamentary democracy in action at its best. We have 22 amendments to consider, all coming from outside the Principal Committee, the P&R Committee. Many contain elements that would enhance any subsequent policy letter if, and when, such amendments are considered. This is not an option which would follow on from any referendum. I cannot support the amendment as it stands.

The Deputy Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, madam.

I intend to support the idea of a referendum. I think it would be a genuinely useful tool to try and understand what the electorate thinks of this. This is not, as Deputy Inder, I think, intonated in his speech, an idea where we would just outsource all of our decision-making to a referendum. The amendment, madam, is not asking for the entire agenda to be sent out for a referendum. It is asking for the one big issue that has divided this Assembly and this Island, as Deputy Sloan said, for 20 years.

This is clearly Guernsey's Brexit decision, and it would be a useful gauge of what the real strength of public feeling and public view is on this issue. I think it would be a genuinely useful thing to do, and for that reason I will be supporting the proposal.

Thank you.

The Deputy Bailiff: Deputy Curgenven.

Deputy Curgenven: Thank you, ma'am.

I want to begin somewhere other than this Chamber. I want to begin on a doorstep, a terraced house off the Bridge or a bungalow up L'Islet. The door opens. Standing there is a pensioner counting out her pennies and every single one of them counts because she struggles to get by already. She asks the question she is entitled to ask of any one of us at any time because we work for her, 'What did you do with my vote?' Now imagine the answer spoken plainly without the upholstery of policy language, 'I voted to put a new tax on your shopping, on your bread, your soap, the shoes you buy for your little grandson at school and no, we never asked you. We decided you did not need to be asked'.

The principle I am standing on is not novel. It is not new. It is not radical. It is the oldest principle in the Anglo-Norman tradition, older than this Chamber, older than most of the institutions of this Island. Taxation requires consent, not acquiescence after the fact, not resignation, consent. Now Members will say – and they will be right, and they have said it – that in the ordinary run of things that consent flows through us, through this Assembly.

Ma'am, the people elect us. We set the rates. That is representative democracy working as designed. I accept that entirely. When we adjust the personal allowance, when we move a duty up or down, when we tune out the threshold of a tax the Island has lived for, for generations, we act within a settlement the electorate has, over decades, tactically accepted.

Nobody seriously argues that every budget line needs a plebiscite, and this amendment does not say so either. Ma'am, that is not what is in front of us. What is in front of us is categorically different. A Goods and Services Tax is not an adjustment within this existing settlement. It is the creation of an entirely new base of taxation, a levy not on income, not on property, not on a particular good, but on the act of spending itself. It reaches every transaction on this Island every day in perpetuity.

A change that alters the very architecture of who is taxed and how, and on what, a change to the foundations rather than the furniture, cannot honestly draw its legitimacy from a Chamber vote won by a handful of hands on a Wednesday afternoon. This is not an insult to this Assembly. It is a recognition that some decisions are constitutional in character, whatever the technical instrument that carries them. Decisions of constitutional character belong to the people directly. The amendment before us says exactly that, and only that. Before Guernsey opens a wholly new front of taxation on its own, we should ask the people one question, 'Yes or no?'

That brings me to my second argument, which I want to make more carefully, because it can be made badly, and I do not intend to make it badly. A mandate is not the same thing as a majority in this Chamber today. A mandate is what the electorate confers when a question has been squarely put to it at an election and answered. I ask Members, hand on heart, was this question, a Goods and Services Tax on the people of Guernsey at this race on this base, squarely put to the electorate at the last general election as a settled intention of Government and endorsed by them? It was not, and it could not have been, for a reason that has nothing to do with any individual Deputy's honesty, and everything to do with the structure of our system.

I would be told that the fiscal position was openly discussed, that the deficit was no secret, that anyone paying attention knew hard choices were coming. In fact, that is what we have heard. All true, and all beside the point, ma'am. Awareness of a problem is not a mandate for a particular solution. The electorate knowing that revenue must be found is not the same as the electorate consenting to this way of finding it.

Ma'am, my third argument moves from principle to consequence, from why consent is right to why consent works, because there is a practical truth about consumption taxes that distinguishes them from almost every other levy. It is this: they live or die on public acceptance in a way Income Tax never has to. Income Tax is largely invisible. It is settled at source or by return. Most people never see it itemised against their morning shopping. A GST is the opposite. It is printed on every receipt. It is felt at every checkout. It is stamped visibly and daily on to the cost of living. A tax that visible cannot be administered against the grain of public consent, it has to be carried by it. A tax carried by the people is a tax that sticks. If the people of Guernsey vote yes, and those who believe in this package should have the courage of that belief, then the Government gains something no Chamber vote can ever give it, a durable settlement. If the people vote no, we have clarity of a kind, five years of contention is never produced, and this Assembly will know, at last, on solid ground what it must do instead.

I anticipate the response, and in fact I have heard some, because it is the oldest response to any argument of this kind, that necessary taxes should not be hostage to a popularity contest. The Governments are elected precisely to do the unpopular but needful thing. Ma'am, I have some sympathy for that instance – I do – but it misstates what is being argued. I am not arguing that we should only ever do popular things, I am arguing that this particular kind of measure, uniquely visible and uniquely universal, does not merely benefit from public consent, its functionality depends on it.

An unpopular tax with public consent survives, an unpopular tax without it festers. It is about giving a hard decision the one foundation on which hard decisions last. That word 'last' brings me to my final argument. There is an asymmetry at the heart of this debate. The Assembly can lower an Income Tax rate next year; we can raise a duty and finding a mistake can bring it down again. The ordinary machinery of the Budget is a machinery of correction. It assumes we will sometimes be wrong, and it lets us amend it.

A consumption tax base is not like that. Once the base exists, once the registrations are made, the systems built, it does not come back out. I am aware the package before us contains a safeguard, a statutory lock requiring allowances to be uprated before any rate rise, and I expect the President of Policy & Resources to lean on it a little bit.

I will make one observation and move on, a statutory promise made by a legislature to itself is a promise a future legislature can amend, and history does not encourage us to think such locks hold when the money runs short. Procedural safeguards guard the procedure; they do not and cannot address the things my argument is about, which is the permeance of the tax base itself.

Because following the logic through, if the decision to introduce this tax is effectively irreversible, and it is if the base once created tends only to grow, and it does, then this is not an ordinary Budget line at all, it is a permanent commitment of the people of the Island and their children, and of the children not yet born, to a new form of taxation forever.

We asked Islanders for their consent before we altered their constitution's electoral machinery. We did precisely that within living memory in 2018 and the sky did not fall in. Are we seriously to say that how we elect Deputies warranted a direct question but a permanent universal, irreversible tax on each Islander's daily bread does not?

Ma'am, let me deal briefly and honestly with what I am not arguing so the debate can be joined on the right grounds. Members will hear it said that this amendment wrecks an integrated package. Others of my colleagues will address the mechanics of that charge directly, and I simply note in passing that an amendment which names its Committee is instrument and its return date is a decision mechanism, not a postponement.

Members will hear arguments about the referendum's cost and about the 2018 machinery; those two belong to other speeches and I leave them here. My case does not stand on mechanics, it stands on one Proposition, and I will state it once more bare. The creation of a new, permanent universal tax base is a constitutional scale act, and constitutional scale acts draw their legitimacy from the people or they do not truly have it.

I come back at the end to the doorstop because this is where all of this begins and ends. The door of the bungalow, the woman who worked at the till and opened the door, the pensioner, the question she asks, 'What did you do with my vote today?' Support this amendment and every one of us can give her an answer that needs no upholstery at all, 'There was a proposal to tax your bread and milk, your essentials for the rest of your life, and we decided that a question that big did not belong to just us, it belonged to you, it belonged to the people'. (**A Member:** Hear, hear.)

Ma'am, there is no answer we could give from this Billet that is more honest than that one, no outcome of this debate that will stand on firmer ground than the ground of the people's own words. The oldest principle we have says that the tax must consent to the tax. This amendment asks nothing more that we honour that. I support Amendment 3 and I urge Members to do the same.

Thank you, ma'am.

The Deputy Bailiff: Thank you.

Deputy Niles.

Deputy Niles: I stand briefly and, although I should say that I sit on P&R, I am not standing now to speak in relation to their position on this but rather my own personal position. Because I remember very well the election that happened last year. I spoke to many people during that election and I printed it on my manifesto that we needed to be able to make effective, better and difficult decisions in this Assembly.

People at that time agreed with me and people were concerned that there had not been effective decisions made previously. I believe, rightly or wrongly, that despite my stance on GST, my stance on being able to make effective decisions here is why I got elected. It is very important to me that we are able to do that and that we do not go to the public every time that we find things are difficult.

This is probably the first really difficult decision that we are making this term of Government. We find ourselves in this situation that people are trying to beguile us that we can sit here as politicians and let other people make decisions for us. I just cannot support this. I would be going against everything that I said at the election and I would be going against everything that I printed in my manifesto.

One other point that I would like to come to is in relation to Deputy Curgenven's point about the visibility of tax. I think it is an important one because I know that when I look at my pay cheque and when I have looked at pay cheques in years gone by, the Income Tax that I pay and the deductions that are made to Social Security, they are really very clear and evidenced. I can understand them and I can reconcile them.

A month ago I went on a fact-finding mission to Jersey *(Laughter)* and I really enjoyed their hospitality. It is a vibrant economy and one in which they have had a consumption tax for quite some years. Every drink that I ordered, every meal that I had, every bike that I hired, every taxi that I took, every ice cream that I bought for my children, I asked for a receipt so that I could see where the GST fell.

Every single one, GST was absent on the bill. Every time that happened I asked, 'Where is the GST?' and they said, 'It is an accounting mechanism, it is done in our accounts. My wife does it. The bar does it. The hotel does it'. So if you think that GST is visible on every receipt you get, please go to Jersey, go on a fact-finding mission, and you will find it is invisible.

Thank you.

The Deputy Bailiff: Deputy Van Katwyk.

Deputy Van Katwyk: Ma'am, I rise briefly but strongly in support of this amendment. I want to add a little bit more clarity, a little bit more emphasis on the point that this is one of the biggest decisions in the last 20 years. Actually, I think it is even longer than that. This is bigger than Zero-10. Zero-10 affected corporations directly, it was supposed to be a knock-on effect, that we would all get rich from them and never have to pay taxes in the future; did not quite occur. This decision that we are being asked to make today has direct impact on every single person's lives who live in Guernsey. We should give them the right to have a say and to have a choice, so I strongly support a referendum.

Thank you.

The Deputy Bailiff: Thank you.

Deputy St Pier.

Deputy St Pier: Madam, the Rules and yourself encourage that we do not engage in repetition and a number of Members today have already congratulated your becoming Bailiff in due course. *(Laughter)* However, nobody has yet congratulated you on perhaps the more significant in the context of today and this place, of course, of becoming the President of the States of Deliberation and the Presiding Officer, so congratulations, ma'am.

The Deputy Bailiff: Thank you.

Deputy St Pier: Because that is perhaps 78 years in the waiting in its modern creation rather than 748.

I am rather amused by Deputy Niles's fact-finding expedition to Jersey. I can imagine the excruciating embarrassment of his children as he asked for a receipt for every ice cream. *(Laughter)* I would be interested to know how close he got to be thumped by *(Laughter)* taxi drivers when asking for a GST-inclusive receipt, but perhaps we can pursue that at another time.

I just want to respond to a couple of things which have come up in debate. Deputy Van Katwyk quite rightly drew attention to the fact that this has been ongoing certainly a lot longer than five years. In the context of the Zero-10 debates in the mid-2000s, of course what was then called the General Services Tax legislation, which is actually the enabling legislation for a Goods and Services Tax, albeit with a different name but it is there, was of course approved by our predecessors at that stage. It is on the Statute Book and of course all of that was done without a referendum.

In relation to Deputy Curgenven's points, the situation he describes of us not having a mandate of course applies to everything. Our system of Government and our system of election means that none of us, particularly – dare I say it, speaking from the vested interest of being a member of a party – in the absence of parties there is no clarity in what anybody is being elected for. This I think is really a point that Deputy Inder was making. On that point, we would really need to go to the people on pretty much every issue.

As for it being irreversible, well of course we have already heard from His Majesty's Comptroller that no decision of this States is binding on the next. Any tax that is introduced can of course be unwound in the future by a future States. It is simply constitutionally accurate to describe the decision as being irreversible.

However, the main reason I rose, madam, was to just make some observations in relation to the amendment itself. The explanatory, or the Rule 4(1) Information notes that there has been no consultation, and I think that is unfortunate. I think it would have benefited from consultation with relevant Committees, not only Policy & Resources, but also Home Affairs and the States' Assembly and Constitution Committee. Indeed, I think it would have benefited from some drafting advice as well from other officers beyond simply the States' Greffier.

I think that lack of consultation is unfortunate. I think it would have drawn attention to the fact that the cost of this is going to be considerably greater than £55,000. The 2018 referendum cost around £150,000 and of course that was eight years ago, so we are talking about probably 10 years' inflation at least before a referendum. The cost that Deputy Gollop pulled out of the thin air, £200,000, is probably not far off what it would actually cost, and so I think the Rule 4(1) Information is inaccurate in that respect.

Then finally just to draw attention to the fact that the proposed Proposition 1 directs that SACC returns by 21st October, which of course would mean that the policy letter would need to be prepared and submitted by 14th September, I think there are some pragmatic and practical issues which simply have not been thought about in the context of this amendment which really speaks I think to the substance of it. I hope those further observations are useful to the debate, madam.

The Deputy Bailiff: Alderney Representative Snowdon.

Alderney Representative Snowdon: Thank you very much and also congratulations from us in Alderney on the appointment. Great stuff.

Referendums, to be honest, coming from Alderney I have heard quite a few in the past about referendums. I think it was the FAB Link Project there were quite a lot of calls from the public when they felt the States was not listening – this is eight to 10 years ago – and there will probably be some, depending on what data sensors look like in the future, if they are very big in the green belt.

I actually rise to ask a question to H.M. Comptroller because I believe the way this is written it would not comply to Alderney. Is it just the people of Guernsey or would it be the people of Alderney and Guernsey? That would be quite clarifying for us, just so I am 100% sure.

Thank you very much.

The Deputy Bailiff: Would you like some time, Madam Comptroller?

The Comptroller: Just to find the right pages, please, madam.

The Deputy Bailiff: Yes. Who else would like to speak in debate then before His Majesty's Comptroller?

Yes, Deputy Collins.

Deputy Collins: Thank you, ma'am; I will be very brief.

I have just got to my feet; it was really interesting what Deputy Niles was saying. For me I always find it quite amusing because we are but 30 votes apart when it comes to last year's election – of course, I have the additional 30 votes – and we realistically stood on two different platforms. I reassure him, as I do myself often, that unfortunately 15,000 people did not vote for me because obviously of 19,000 people that turned out, 19,686, of course I only received 5,876, I think.

It is an interesting conversation. For me I could not have been clearer in my manifesto, 'GST, no thank you'. I was in this place in 2015 when I also did not put it on the table. As I said before, the bigger majority then *(Interjection)* of the Assembly were passionate about growing the economy before we go down this road, but here we are today.

I think I am exceptionally tired, ma'am. I think it has been a really difficult four days and I do not know who to thank, whether that statement of the P&R or whether that is my own group to encourage members of the public to email in. I have done my best to answer all of those. I think we are up to 743 emails and I think I have answered all of them. It certainly has made me very tired because I have sat here and, on the face of this, I thought, 'This is absolutely bonkers, there is no way we should be doing this'. Actually, speaker after speaker have convinced me, 'Garry, actually maybe this is a good idea. Maybe we should be going to the public'.

So I am starting to be convinced I am going to vote for this, ma'am, which on the face of it seems I must have gone absolutely nuts, but I may very well do that. I am really undecided so I would like to hear from other Members their views on it. Whether this is going a step too far, because I agree the answer is going to be no, who is going to vote for it? You would have to have a clear package together to say what you are going to do.

I do not want to go down the road that we have seen in the UK with the referendum. A big red bus, 'Vote for us, we will give an extra £350 million to the NHS' and all that sort of jazz that was going on. I do not really want to go down that road. So having got to my feet, I may be waking up that I should really give this a kick. Hopefully I have waffled on and off to allow HMC time to respond.

Thank you.

The Deputy Bailiff: Madam Comptroller, do you have the answer to Alderney Representative Snowdon's question?

The Comptroller: I do indeed; thank you, ma'am.

The Proposition, the amendment says:

> To direct the Committee to agree that the question to be put to the electorate in the referendum shall be in a binary form.

The electorate is the electorate of the States of Deliberation and that would be the people of the Island of Guernsey.

Thank you, ma'am.

The Deputy Bailiff: Thank you.

Deputy Blin.

Deputy Blin: Thank you, ma'am.

I am very much in the same camp as Deputy Collins, as we go through it. I would like to start off, the sentiment of this amendment is brilliant because what has actually happened, particularly the Deputies who have laid it have been out there listening to the people and they have been getting a very clear message. That message is, 'Include the people', so I get it.

The sentiment is also very binary to me in the sense of asking the question. Already I have been supporting the earlier amendment of the sursis. Why? Because I am, with evidence, personally convinced. I have spoken to many people in the Island, not only this term but last term, on the same subject, on the same area. To be very honest, I was very impressed to hear that Deputy Collins has gone through several hundred. I think I have managed about 250 and you want to keep going actually to reflect that we are listening. *(Interjection)*

My feeling is this, I hold an opposition to GST. I hold a faith, and that is P&R have put the package together and because of that package we give a binary question to the people of Guernsey, and it is yes or no. One we said, 'Well, let us include them because that is what we said we should do'. Then I can see – and I do not really want to trouble His Majesty's Comptroller again – but I identified some other bits in there because it will involve personal allowance, social insurance, taxation, all the other aspects there.

The binary question is, I was trying to get out a part of it to ask as a question. The referendum might tell us very clearly what Islanders do not want but it would not necessarily tell us what they are prepared to accept instead, for example, a higher Income Tax, social insurance or something. Listening to the public is the essential part, and I think a lot of us have done that and the sentiment of this amendment is for that.

This is the question I would like to propose through you, ma'am, for the HMC: would the result be legally or politically binding? Is there a turnout limit? This could also be responded to on the policy letter. What would happen immediately after either a yes or no? How much further delay or uncertainty would be created while the referendum was organised? There are so many questions, are we not creating more? The sentiment perfect, but are we not creating more of a problem and more legality and issues from it? That is really what I want to say.

The Deputy Bailiff: Deputy Blin, which is your question for His Majesty's Comptroller because she can only answer a question that is relevant to her role.

Deputy Blin: Ma'am, I am not quite sure if it is actually for HMC, but is the result legally or politically binding, the referendum from that point, and if it has the conditions around it? That is the question, ma'am.

The Deputy Bailiff: Are you seeking a give way?

Deputy Blin: Yes.

The Deputy Bailiff: Yes. Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Thank you.

It is just to clarify, the Proposition directs SACC to come to the Assembly with a policy letter. In that policy letter we could have Propositions which made the referendum binding. In the previous referendum they put Propositions that the outcome of the election would only be valid if more than 40% turn out, things like that, that would be part of the policy letter. This is just a direction for that, and that legislation would come to the Assembly.

The Deputy Bailiff: Thank you.

Deputy Blin, do you still wish to pose a question to His Majesty's Comptroller?

Deputy Blin: No, it has been clarified, ma'am.

The Deputy Bailiff: No. Thank you.

Deputy Blin: On that basis with those qualifications, I will not be supporting this amendment.

The Deputy Bailiff: Thank you.

Does anybody else wish to speak on the amendment? In that case I will invite Deputy Burford, who is responding on behalf of P&R.

Deputy Burford: Thank you, ma'am.

I will come to Deputy McKenna's comments at the end. Deputy Vermeulen – it is Deputy Vermeulen and others in fact – there seems to be a belief in various quarters that the majority of those fortunate enough to be elected to this Assembly stated in their manifestos that they were against GST, and that simply is not the case. Because I have been through and read the 38 manifestos on areas where people talked about taxation policy and there were only 13 people who specifically said they would not vote for a GST.

I did not say I would not vote for a GST. I think even Deputy Parkinson, who has come in for quite a lot of unfair criticism, did actually also set out a whole series of processes that he wanted to go to before he would perhaps consider this position. With credit to him, those processes have been gone through. It is a complete myth that that was the case. I fully accept for some members of the electorate that they may have voted for 38 people who all said they were against GST, it is just that 25 of those people are not necessarily in here.

So, Deputy Dorrity, thank you, a very good speech I thought and hit the nail on the head. Deputy Gollop, I think the figure we are talking about, and it has more or less come out of this debate, is that we would be looking at something like £200,000 plus Civil Service time to run this election, and it would go across several Committees. It has not been noted, apart from perhaps by one person, but it would go very much across Home as well because they are responsible for the electoral roll, and that is no small feat to do that.

The other thing I would say to Deputy Gollop, Deputy Gollop is having to vote on the Proposition in the amendment, not the Proposition as he would like it to be. We can theorise about all the other things but that is not what the proposer and seconder are advancing. Deputy Gollop then suggests if this passes, when the policy letter comes back we could just all more or less design the referendum on the floor of this Assembly. I think that is an even more worrying prospect.

On the question, I think several people have referred to it, of whether this is binding or not, as Deputy Hansmann Rouxel pointed out, in the referendum on Island-wide voting it was said that in the event of at least 40% of those on the electoral roll taking part, this Assembly would consider the result to be binding. This Assembly would have still had the power, as I understand it – yes, the Comptroller is nodding – to ignore that. It would not have been a very good look and it would be a betrayal of trust, but the power actually resides with us, not with a referendum ultimately.

Deputy Ozanne talks about all these other places that have had referendums. For me, I think referendums should be reserved for matters of conscience or constitutional matters. Switzerland actually has a slightly different and rather unique system in any case where it does have a partial direct democracy, but that is not what we had here. Deputy Inder, I agree completely with you. I like to have the opportunity to say that *(Laughter)* so thank you for that. Yes, and the same with Deputy Leadbeater.

I am just trying to now remember what my notes mean. Yes, Deputy Goy, I think at this point I will give credit – and I am pretty sure I did in the last term to Deputy Helyar – who put very clearly on his Guernsey Party manifesto that he was against any increases in tax. I do not remember the exact wording but came in, spent some time on P&R, looked under the bonnet, and came to the realisation that, not only did we need to raise more revenue, we also needed to diversify our tax base, and he changed his mind.

I am trying to remember who it was now who said, 'When the facts change, I change my mind. What do you do?' So although I think that one should be very careful in drafting a manifesto and do all the research and everything that can be done, the point is that if the facts then turn out to be different, I think that we do the public a disservice in fact by sticking doggedly to what we have said when we are less informed.

Deputy Gabriel on the same page as Deputies Inder and Leadbeater, thank you. Deputy Humphreys, yes, this is the whole point, it is not the whole question that is being asked. If I would say to you, 'Would you like to eat some raw flour?' you might say to me, 'That does not sound very appetising' but if I said to you, 'Would you like to eat this cake?' *(Laughter)* you would be taking a piece and yet that is an ingredient of it. The GST element is merely an ingredient of the package that the Policy & Resources are presenting.

To ask a question such as, 'GST, yes or no?' is an utterly redundant question because nobody is proposing a standalone GST. We could equally just go out and say, 'Would you like Income Tax to be cut to 15% up to £28,000?' not ask any other thing. That would be equally redundant because that is merely one part of the package. The question is wrong, notwithstanding the fact that I do not support the idea of a referendum because we are here to make decisions, and difficult decisions.

Deputy Van Katwyk, again I come back to the wrong question point. Deputy St Pier, yes, I agree on both the drafting and the consultation. I think both of those things would have benefited from engagement. Deputy Collins, I agree it is really going a step too far; I do not think your instincts are wrong there and the same with Deputy Blin. I think actually I have covered all the points that I had, so I will not repeat myself, but I would urge Members to vote against this amendment.

Thank you.

The Deputy Bailiff: Thank you.

Deputy McKenna.

Deputy McKenna: Well, ma'am, the reason I brought the amendment with Deputy Vermeulen was because we wanted the people to have a chance to decide because they voted for some Deputies who have changed their mind and I am saying, 'That is okay, change your mind. You stand over there and the 6,000, 7000 who voted for you, they can stand over there' *(Interjection)* so that is why we brought it.

As I said, I said it in the last debate, ma'am, I am quite happy to stand here and take a lot of political bullets; it is a good day to die. I mean that because your votes today will be cast in stone. So as long as you are happy with what you do, I wish you the best of luck.

The Deputy Bailiff: Thank you.

Members, you have before you on SEV Amendment 3, and I will ask States' Greffier to open the voting on it.

There was a recorded vote.

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

Pour	**Contre**	**Ne vote pas**	**Did not vote**	**Absent**
Camp, Haley	Blin, Chris	None	None	Malik, Munazza
Collins, Garry	Burford, Yvonne			
Curgenven, Rob	Bury, Tina			
Gollop, John	Cameron, Andy			
Goy, David	de Sausmarez, Lindsay			
Helyar, Mark	Dorrity, David			
Hill, Edward	Falla, Steve			
Matthews, Aidan	Gabriel, Adrian			
McKenna, Liam	Hansmann Rouxel, Sarah			
Ozanne, Jayne	Humphreys, Rhona			

Sloan, Andy	Inder, Neil
Snowdon, Alexander	Kay-Mouat, Bruno
Van Katwyk, Lee	Kazantseva-Miller, Sasha
Vermeulen, Simon	Laine, Marc
	Le Brun, Ross
	Leadbeater, Marc
	Montague, Paul
	Niles, Andrew
	Oswald, George
	Parkinson, Charles
	Rochester, Sally
	Rylatt, Tom
	St Pier, Gavin
	Strachan, Jennifer
	Williams, Steve

The Deputy Bailiff: There voted in relation to Amendment 3, pour 14, contre 25 and one Member was not in the Chamber, and has been absent through the meeting. I therefore declare that the Proposition and the amendment has not passed.

Members, we will now move to Amendment 2. This is another amendment put forward by Deputy McKenna. I will just remind you it is now almost quarter to five and we have still got another 20 amendments to do after this one, so please do try to be disciplined in the debate.

Amendment 2:
To delete all propositions and to substitute therefor:
'1. To agree a goods and services tax shall not be introduced, and:
(i) to rescind Resolution I. 1B. and Resolution I. 1C. of Billet d'Etat No. XIX dated 14th October, 2024 made on 8th November 2024; and
(ii) to direct the Policy & Resources Committee to cease all preparations for the introduction of any goods and services tax'.

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

The States' Greffier read out Amendment 2.

The Deputy Bailiff: Deputy McKenna.

Deputy McKenna: Thank you, ma'am.

I will let Deputy Vermeulen speak for himself but I think the reason we laid this was because the fear we have is if it is introduced at 3% it has already been suggested very soon it will be 5%. Once you have opened the door my fear would be that you could just turn the dial and it could go up to whatever, pick a figure. It is to try to stop opening the door.

Do not allow GST to come into play because once you open the door it is a bit like when TRP was introduced, ma'am. I can remember it was like a couple of hundred pounds, and now it feels like such a bill that when it lands every March it fills most of every household with fear and dread of what they are going to be paying this year. The fear is that if GST is introduced at 3% and then it goes to 5% the dial can be turned. We will be assured no doubt, 'Oh no, that will not happen'. It will happen.

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

Deputy Vermeulen: I do, ma'am.

Before there are any guillotines or any of that nonsense carried on *(Laughter)* I will tell you why. Now Deputy McKenna and I are both People's Deputies. Before that, Deputy McKenna, a very qualified dentist, and myself an accomplished hotelier, successful people. Successful professional people.

We take this job very seriously that we are doing now because we are supposed to be there to represent people's interests. We listen to people. We do not shout over them, we do not talk to them, we listen, we engage. Even if we do not agree with them, we still listen, we still discuss and we try and reach a point where we understand why we as Deputies might be wrong and they might be right. That is where we are now.

The engagement we have had with the public has been incredible. There has been far more engagement than previous terms, and the stories that we are getting out of the public I think we have completely underestimated the affordability. When I talk about there not being the headroom for people to pay a GST, that is the feeling that is being expressed to us, especially by some of the older people who might be 65 or older.

They feel that with GST their life savings, which they have accumulated, are going to be eroded away. You are going to be eating into that. They are struggling at the moment with the rents that have gone up, the rents that they have to pay. They cannot get mortgages, mortgage relief is being taken away as well, so they are really struggling to afford, not these proposals, they are struggling in the here and now right now. There are a considerable amount of individuals and businesses in that situation.

I do not think that P&R have properly engaged with the public. They could not have. They would never be bringing these draconian proposals if they had understood the full implications of this. Speaking of implications, Deputy McKenna was on Home last term with me. We met the President of Home for Jersey and they explained to us in great detail, yes, it collects money but it is an expensive tax to administer. 'Oh', I said, 'can you explain that?' Well straight away this lady said, 'We employ 100 people', not 16, like we are saying we are going to need another 16 extra. In Jersey it is 100 people; 100 people, right.

The conversation went on. It slows down the whole process – I have spoken about this before – of delivery of packages and anything being brought into the Island. They have to construct new buildings to house all these packages coming in. Parcels and everything that has to have GST taken on it, it has got to be housed. I have been saying this for some while, that you are going to have to create new buildings whilst the paperwork is done and these goods are processed.

Just this week from States' Trading, that has been borne out by the dear old post office saying they have not got the facilities at the moment to manage all this, to hold all these parcels. We are talking about possibly two weeks, three weeks. Some parcels never get claimed. There is an awful lot of work that also has to be done to process those parcels, so extra staff, it slows down the procedure.

Then there is pushback. We are seeing pushback in the UK at the moment. Tom Kerridge, the celebrity chef who came to Guernsey, is leading a call to reduce VAT on food, pubs, restaurants by 50%. Fifty per cent reduction because those businesses right now are going out of business. They are closing at an alarming rate. I understand the new King of the North that might be the Prime Minister next week, who knows, he is receptive to that. When we announced we were going to put it in Guernsey on food as well, Jersey quickly said, 'Well we think we should take it off food' because that is an essential that everybody needs and not everybody can afford to pay. It is those households we have got to think about.

The sursis failed and the referendum has failed. Here we are trying to take GST out of the equation because we have not done proper engagement with the public. The public are questioning the figures which have been presented by P&R, they do not believe them. It is not that they do not understand them, they just have lost that trust which other Deputies have alluded to. It is quite understandable really.

Once this GST does come in, you are not going to get rid of it. It is all the other things. It is all the bureaucracy that the businesses are facing. Like I said before, secondary pensions, they have got to administer all that as well. They have got to administer the TRP which has gone up on their premises. By the time they pay the accountants to fill in their tax forms and all the rest of it, with all the due diligence that they have to do, and the quarterly returns and what-not, there is very little left in those businesses.

As one business wrote to me, the Guernsey Soap Company, just started up. They are saying, 'We have bought all the equipment that we needed to operate and here you are introducing these three things: increased social security, motor taxes and GST, and we are going to have to shut down as quick as we have opened up'. That is really sad because I think if Guernsey is to succeed it needs to truly drive the economy, especially after COVID. It should be trying to drive the economy like the economy has never been driven before.

Why we were successful on Economic Development last term was because that is, with some urgency, how I applied myself for those four, four and a half years. Now we are trying to tax ourselves into prosperity, and that cannot work. We do not believe it can work, the public certainly do not believe it could work. They cannot afford what they have got at the moment and the calculator that does not work. The whole thing is really going in a very sad direction. I think we should try and encourage people to raise their families in Guernsey, to settle in Guernsey and afford to bring their children up in Guernsey. I think we should be encouraging it.

What we are actually doing here, particularly with motor taxes, if you have got a heavy seven-seater motor car or whatever, not only are you going to have to pay a GST on it when you buy it because it is big and it is heavy, but we are going to nobble you for heavier charges. It is anti-family.

The French encourage their residents to have children, the tax the *Branche Famille*, and we do not. We are going the opposite way. Consequently, people are leaving Guernsey and that is not what I want to see. It is very sad when families are split up and they choose to go elsewhere. Of course, housing is cheaper or they see the Island, which they love, is being run in such a style that they can no longer afford to live here and prosper here. It all seems to be geared against them.

That is principally the reasons why we are bringing this amendment. We have never liked GST, we see it as creating extra inflation, which is a huge enemy. We know what happened in Jersey. When it was introduced a load of small businesses ceased to trade. Even though it was introduced at 3%, we know it created them 2%. What is that going to be? What is that going to put on all the rents, all the maintenance of those properties? All going to have GST on it, the paint, the plaster on the ceiling, the carpets on the floor, GST, GST, GST.

The poor carpet layer. I was talking to a lovely former champion boxer who has got a flooring company – I have got a lot of time for that gentleman – he says it is the admin side of it, 'We are busy but it is the extra admin. I want to be laying carpets not doing paperwork'. Bureaucracy, which we are creating.

It is not quite the last ditch attempt, as was illustrated in *The Guernsey Press* by some bright spark; I do not know who it was. He got the crayons out and drew a picture of me wearing clogs and a little Dutch hat. I do not know who would do such a thing but it was not Deputy Inder. Yes, we have got to consider this because this is going to stick with the future generations now forever. The rate is only going to go up. We do not know our true financial position. We have got an Income Tax Department in special measures and our finances have been described as really quite robust, much better than we thought they would be, and you have got Pillar Two as well.

The answer really, is it to introduce a GST? I think not. I think it destroys the fabric of Guernsey, of young families, of the chance of them owning their home, getting on the property ladder, being able to afford to still live here. We are just pricing ourselves out of that market, and that is very sad. I would urge Members to support this amendment because it is what the public want and it is what we think we should be doing.

Thank you, ma'am.

The Deputy Bailiff: Thank you.
Deputy Bury.

Deputy Bury: Thank you, ma'am.

I have not changed my mind in the six months since we last discussed this amendment *(Laughter)* in January, I believe it was. I said then that I thought it was quite disappointing that two experienced Deputies who have held this position against GST for six years, have now had six and a half, to bring a blunt no without any alternative. They are just doing the same, even though they have had more time. It makes me quite cross because there needs to be an alternative.

While some Members have been perhaps a little rude, quite derogatory towards some of Deputy Goy's ideas, and while I might not agree with them all or support them, I will still commend him for working exceptionally hard to come up with what he believes are credible alternatives. (**A Member:** Hear, hear.) We cannot just say no and bury our heads in the sand, as this does, so I will not be supporting it.

Thank you, ma'am.

The Deputy Bailiff: Deputy Inder.

Deputy Inder: Only briefly. We have a set of rules and procedures and it is run by SACC at the moment, so I am not going to make any criticism of any Member bringing a proposal forward. You can try one, and the opportunities only really come as and when we have got policy letters in front of us. Deputy Vermeulen and Deputy McKenna, they have only got an opportunity to put their views forward and have a debate and get voted for or voted against when the opportunity arises. This is an opportunity for them to say the same thing again, so I have got no criticism of that.

I will not be supporting it because I do believe this should be part of the general debate. See how the amendments go, once we have got the combined Propositions then we have usually, sometimes a general debate and that is made there. What I will say, it is somewhat related – I might get told off for going off-piste, and I would not be surprised – is that this may not be the end. It may only be the beginning because there are other opportunities to Deputy Vermeulen and Deputy McKenna. They have strong concerns about whether any GST is deliverable at all, and I do not entirely disagree with them for all the reasons that have been stated, all the complications.

Between now and delivery, I would expect that we would get regular updates from Policy & Resources if indeed this gets through the Assembly. Between the end of this debate and at some point when confidence is lacking in the process or if Deputy Parkinson tells us Revenue Service is all good in the hood, and by the end of the year the 20,000 suddenly becomes 3,000, is the improvement in position, as we are told they are being improved – I accept Deputy Vermeulen – bring back a requête, and that is the point I may actually support them.

If this gets through the Assembly at the end of the day and whether it has my vote or not, right now I genuinely do not know if I am going to support this; that is all. I may end up being fairly weak and abstaining on this because I am quite irritated about the way this policy letter has been put forward for reasons I might explain later, but not like this.

There is another opportunity for both Deputy Vermeulen, and anyone else actually, and Deputy McKenna. If they lose this whole debate, if GST goes through, you can always bring another requête at some point in the future and have it taken off the table. That is entirely a legitimate thing for people to consider. If this gets through, and if I am unconvinced by Policy & Resources and deliverability, I would sign it. I would just like them to consider that as well, and all Members, in fact.

The Deputy Bailiff: Deputy Dorrity.

Deputy Dorrity: Thank you, madam.

At the risk of sounding like a stuck record, I cannot support this amendment. It seeks to remove one element of the package before we have had the opportunity to debate the package as a whole. P&R's proposals have been presented as an integrated package with each element contributing to the overall balance between revenue, fairness and sustainability. Whether Members ultimately support that balance or not, I believe we owe it to the Island to consider the package in its entirety before seeking to remove individual components.

If after a full debate the Assembly concludes that it cannot support a package which includes a GST, then that is a decision it is perfectly entitled to make. I do not think we should pre-empt that discussion by ruling it out before we properly examine the wider package and the consequences of doing so in this Chamber. For that reason, I cannot support this amendment.

Thank you.

The Deputy Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

I have got two questions, which I do not know if I should be directing to you, ma'am, or to H.M. Comptroller but I am sure you will help me understand that.

The Deputy Bailiff: Yes.

Deputy Ozanne: The first is, what happens to all the amendments that happen after this if they are linked to the Proposition that we are about to delete? I would like some direction as to what happens there. Secondly, what happens for the rest of the term? Does this mean that we cannot bring back – I say 'we' – P&R could not bring, or anybody could not bring back anything to do with GST for the next four years or is it purely – I am used to a Chamber where if this was thrown out you would never be able to bring it back for the rest of the term. I am just quite keen to understand that.

That is because, as many people know, I have taken the stance where at this time I am anti-GST. There may be times, as Deputy Dorrity and Deputy Inder have inferred, where things may change. I am keen to keep doors open and I fear that this may close them forever.

The Deputy Bailiff: Thank you.

I will answer the first question, Deputy Ozanne, and I will turn to His Majesty's Comptroller to answer the second. In relation to the first question, the amendment is to delete all Propositions. Although it relates to the Goods and Services Tax not being introduced and rescinding those various resolutions and the directions thereunder, it does delete all Propositions. There would be only this Proposition left, and unless this Proposition was amended or subsequently deleted, there would be nothing else to debate.

Then I will turn to Madam Comptroller to deal with the rest.

The Comptroller: Thank you, madam.

In terms of whether or not this could come back, I do not see that there is any Rule that prohibits amendments that have previously failed being brought back to these Chambers. Of course, that does not mean that they would not be subject to perhaps guillotine motions potentially from other Members. There may be political consequences but there is no practical bar on bringing it back again.

Thank you, madam.

The Deputy Bailiff: Deputy Oswald.

Deputy Oswald: Ma'am, I too have a question. Just to confirm, I totally support Deputy Dorrity's and Deputy Bury's views, but in previous debates Members have had to declare interests. For instance, whether they have a mortgage or whether they are receiving child benefits or not. I am in no way impugning the representation of Deputies Vermeulen or Laine because they have *(Interjection)* –

The Deputy Bailiff: McKenna.

Deputy Oswald: McKenna, sorry. They have explained why they have brought this Proposition forward, and I have no reason whatsoever to disbelieve the good faith of that. Should Members not be declaring interests that they have or own businesses which may be affected by the imposition of GST or not?

Thank you.

The Deputy Bailiff: Madam Comptroller, the vexed question of declarations of interest, which I am afraid often are not always honoured in this Chamber quite as vigorously as perhaps they could be, could you opine on whether or not the ownership of a business is one where a declaration of interest should be made in relation to the question of GST?

The Comptroller: Madam, I do not mean not to give a direct answer but obviously Rule 49 says that if Members have a direct or special interest they should be declared. The difficulty with the GST is I feel that every single Member of this Assembly is going to be affected by GST and the proposals before us. I do not know whether, as a matter of practice, I would think it is not just owners of businesses but also people who may benefit from increased allowances.

Potentially, I think, given that so many of Members may benefit, I am not sure whether you, madam, as Presiding Officer, would like every Member to consider, but I do not think we should single out the owners of businesses in particular.

The Deputy Bailiff: Thank you.

I agree that in relation to a tax such as this, it would be unrealistic to try and carve out who would not be impacted upon. I suspect there is not one person in this Chamber who would not be in some way or other impacted by GST.

Deputy Oswald: Madam, I accept your advice.

The Deputy Bailiff: Thank you.

Deputy Sloan.

Deputy Sloan: Thank you, madam.

I declare an interest, I consume. I have a little income and even less wealth, despite appearances clearly.

But the point is about a consumption tax in GST is actually my little adage. The point is that some people have wealth, most people have income, but everybody consumes. The idea of a consumption tax is it is a broad-based tax. Economists like it for that reason, because it is broad based. Everyone consumes, you cannot avoid it. It is an efficient tax because everyone does the activity. If you apply it to everything generally you cannot avoid it, so it does not impact people's purchasing decisions.

The reason why tax systems have migrated from taxation of wealth to taxation of income to taxation of consumption over history is precisely because of that reason. Consumption is the broadest activity. If you go back to just over 100 years ago, the size of the States, say, in the Western world, the UK, it was about 10%, 12% of GDP. Nowadays it is around 45% of GDP, but back then it was much less. Then obviously you had the expansion of welfare in the early part of the 20th century, and then a much bigger expansion of welfare after the Second World War. And, as Government spending increased, the franchise of taxation increased with it. That is the purpose of taxing consumption.

I am very dry and academic, but it explains This is probably the only time during this week that I am going to be able to wax lyrically about consumption taxes, specifically. Some of these things I am sure will come back to bite me in the debates later on this week, but that is the reason why I cannot support this amendment. GST as a central component of a competitive tax regime has a place.

In fact, I think Deputy de Sausmarez regularly reminds me, I was part of the Fiscal Policy Panel once upon a time for a very fleeting five minutes, and in that report that we authored, we actually made the point that much more egalitarian societies than Guernsey included GST. France, Sweden, not particularly rampant right-wing society I think, they have got VAT rates of 15%, 20%. On that basis, the idea to rule it out as a policy tool for us does not make sense to me. For that reason, I will be voting against the amendment. It is the one where I will be disappointing my Vice-President on my Committee, but he knows my position on consumption taxes, and, in principle, I think they are a very useful tool and we should not rule them out.

Thank you very much.

The Deputy Bailiff: Deputy Goy.

Deputy Goy: Thank you, ma'am.

P&R has released the inflationary figure of 1.9% based on a 3% GST. I think that number presented to the public is wildly optimistic very simply because it does not consider two very important things. Number one, the cascading cost of implementation, and number two, the cascading cost of living.

Let me clarify those two terms. The cascading cost of implementation is when you have suppliers down to suppliers, goods flowing from suppliers to wholesalers, to retailers, to consumers. Yes, they can claim input tax credits; all businesses can claim input tax credits if they are registered for GST. However, there is something that they cannot claim is the labour, the time taken to comply with GST.

As many of you already know, GST is a quarterly affair; it is not an annual affair, it is a quarterly affair. I used to run a business in Australia and I used to do GST every quarter. I know how much work it is to claim back the tax from the Government and to charge customers the right kind of products with GST on it. So there is a lot of labour involved and there are also accounting costs, if you use accountants, extra bookkeeping costs, and of course software costs.

As a business, who do you think I pass those costs down to? Consumers downstream. While P&R's figure of 1.9% inflation for 3% GST assumes that, for example, it is saying that if you have a £100 product on the shelf today you are expected to pay around £105. That is wildly optimistic because they have not taken into account the cascading cost of implementation. At the end of the day, that product sitting on the shelf could be anything from £120 to £130 easily.

This is where I come to my second point; the cascading cost of living. This is best explained with an example. Say there is a gardener, he goes to the supermarket to do his usual shopping and he goes and picks up the bread; it is more expensive now. He goes and picks up the fish, the meat; they are more expensive now. So he picks up vegetables; they are more expensive now. So when he goes to the counter, he realises his normal shopping cost of usually £50 is now about £80. He goes home and he thought to himself, 'You know what, I have been charging customers £35 per hour, maybe I should up that cost to £45 per hour to cover my cost'. So he did. He raised his cost to £45.

He goes and does gardening for an accountant, the accountant said, 'What, your cost has risen by £10 per hour. Okay, all right, I will pay it. I have to pay it because I need my gardening done'. After that, this accountant went to their boss and said, 'Boss, I need a pay rise because costs in the supermarket have gone up, my gardening costs have gone up, my plumber's costs have gone up, my cost of living has gone up. I need a pay rise'. After an hour of to and fro with the boss, the boss says, 'All right, okay, you get your pay rise'. Guess what? This company manufactures goods and I can bet you this is not going to be the only person asking for a pay rise after GST. A lot of people will be asking for a pay rise.

Usually companies try to accommodate that and, if they do accommodate that, where do you think the cost flows? Downstream. Imagine. You multiply that by 1,000 times, you multiply it by thousands of individuals and hundreds of businesses and you get a cascading cost of living; a cascading cost of living, cascading costs of implementation. P&R has not even come upfront with the people about that.

P&R also sold this package as, first of all, making the wealthy who do not pay taxes contribute their fair share. I have already debunked that, so I am not going to repeat that. The second one that P&R said about this GST is that a lot of the money will come from corporate and wealthy people, which is not true. We know that that is not true, but they say corporate.

Let me debunk that as well. There is something called International Services Entity (ISE). Most of us will know what that is, but for anyone hearing this speech who does not understand what ISE is, basically ISE is the fee that the Government, i.e. the States, offer to financial companies in lieu of having to do a quarterly return for themselves and for their customers, for international clients; they pay a yearly fee. This is something that, according to P&R, they learn from Jersey.

Jersey implemented GST in 2005. We have gone a long way since then. Remember, this year is 2026. As you all know, in this one last year, AI has taken off exponentially. If you do a bit of search on Google, you will find that there is a lot of AI-powered GST compliance software. If you are a smart finance company, let me ask you, in 2026 would you forever, year by year, pay the States £10 million to £12 million – for all of them, I am not saying just one company – of ISE fees, or would you rather invest in an AI-powered GST-compliant software that will do the work for you once and forever?

You might say, 'Jersey has got ISE and they are still making'; that is changing too. Like I said, AI has taken off in just this one last year and, trust me, you might get your ISE fees for the first year, maybe the second year, come the third year, any finance company with two brain cells in their head would invest in a one-time AI-powered GST-compliant software and be done with it and you will not get your £10 million to £12 million. You have to be honest with the people if you want to charge them GST.

Ultimately, at the end of the day, the bulk of your GST revenue will come from ordinary families; not the rich, not the finance companies that pay ISE, ordinary families in Guernsey. There, we –

Deputy Helyar: Point of correction.

Deputy Goy: – will be actually –

The Deputy Bailiff: Sorry, Deputy Goy. What is your point of correction, Deputy Helyar?

Deputy Helyar: Ma'am, my understanding is that ISEs will be paid. You are supposed to sit when I am speaking.

The Deputy Bailiff: Point of correction, if you sit down, Deputy Goy, will you?

Deputy Helyar: ISEs will have to pay because they are regulated. No amount of software is going to stop those companies from being regulated by the GFSC.

The Deputy Bailiff: Deputy Goy.

Deputy Goy: ISE is a fee that you pay instead of doing your GST returns quarterly. Yes, you have to do the GST quarterly, but the way you do it, you can do it by yourself. If you do not want to elect to pay ISE, you can. This is what I am trying to say. Companies do not have to pay ISE if they are happy to do the GST compliance.

Deputy Helyar: Point of correction.

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

Deputy Helyar: Perhaps I did not explain myself clearly enough. The reason why those finance companies will have to pay that fee, and why they can pay a fee instead of proper GST, is because they are regulated companies; they are in the fiduciary sector, the insurance sector, the investment sector, and so on. You cannot avoid your regulatory responsibility by buying some AI software.

The Deputy Bailiff: Deputy Kazantseva-Millar.

Deputy Kazantseva-Miller: Point of correction.

The Deputy Bailiff: Another point of correction.

Deputy Kazantseva-Miller: In addition to what Deputy Helyar is saying, they are paying the fee as an exemption to paying GST tax on top of their services because we do not want those services to be taxed, because they will be uncompetitive to other jurisdictions.

The Deputy Bailiff: Deputy Goy.

Deputy Goy: Regardless, my point stands. The bulk of GST revenue will come from the masses, from ordinary families. That is without doubt. That is without dispute, because it is just mathematics. The middle class, ordinary families, we are the biggest in terms of number on the Island, so our spending and our consumption will be the biggest revenue in terms of GST for the Government. Therefore, I think P&R owe it to the public to at least be upfront and be honest with them that the bulk of GST revenue will come from ordinary families. That is my point.

Let me end this with the cautionary tale of Jersey. Jersey implemented GST in 2008. It was very similar to our situation at that time; they had a black hole too. It sounds familiar, right? So they said to the public, 'We need to close this black hole, GST is the answer'. There was an outcry among all the Jersey people, 'No', they said, 'We do not want GST'. The Government at that time tried to sweeten the deal and said, 'Well, you just have to pay 3%; just 3% will give you a bit of mitigation as well. After you have got GST in, the entire black hole will disappear, we will be on a happy way and we will be a happy Island again'.

They got GST in, that was 2008. The black hole disappeared slightly for a bit and in 2011 it came back with a vengeance and then the Government had to go to the people, 'Sorry, we thought that 3% GST is enough to cover the black hole. It turns out that the black hole has returned. We need to up GST to 5% now'. That was an uproar. What is the lesson here? The lesson is quite simple, it is actually quite logical. There are fundamental issues in the Jersey system that have not been resolved.

It is like this, if you have got a hole in your boat you do not ask the people to bail out water, you fix the hole first. If you do not fix the fundamentals, that black hole will keep coming back. Today, 2026, Jersey has GST and a funding gap. How about that.

Thank you very much.

The Deputy Bailiff: Thank you.

Who else wishes to speak on this amendment?

Deputy Curgenven.

Deputy Curgenven: Thank you, ma'am.

Picture a shopping basket, an actual weekly basket. The one that gets filled at the supermarket on a Saturday morning. Many of our constituents fill it knowing, to the pound, what it is going to cost because the week's budget has no slack in it at all. My second object is a calculator. Not a pocket calculator, but the Government's own GST calculator, published to tell Islanders what this package would mean for them. The tool families were invited to trust when deciding what to think about the biggest change to our tax system in a generation.

The basket is what this tax would fall on. The calculator is what we are offered as a reassurance. My case to this Assembly is a simple one. The basket tells us this tax is unfair by its very design and the calculator, which was shown days before this debate to contradict the Government's own policy letter, tells us that the machinery meant to make it fair cannot yet be trusted to add it up. When the tax is unfair in principle and the compensation is unproven in practice, the fair and just course is the one this amendment takes. Do not introduce the tax at all. I say 'fair and just' deliberately, because those are not my words, they are the amendment's words.

A consumption tax is a flat tax on spending; 3% for the wealthiest household on the island, 3% for the poorest. On the face of it, that sounds like equality, right? It is nothing of the kind. The reason is one that every household managing a tight budget understands. A household on a modest income spends everything. Every pound that comes in goes out again on food, heating, kids' shoes, the bus fares, and so on and so forth. A wealthy household, in comparison, spends a fraction of its income and saves or invests the rest. Tax spending at a flat rate and you tax the whole income of the poor and a slice of the income of the rich.

The percentage on the till receipt is identical. The percentage on the family's livelihood taken is not, and it is the family with the least that hands over the most. This is not a partisan claim. It is a settled finding of the most establishment body imaginable.

The OECD examined VAT and GST systems across the countries and found the tax was regressive when measured against disposable income in every single country studied. Everyone. Not most, not the badly designed ones; all of them. The same work carries a warning that ought to sound loudly in this Chamber about to vote on taxing the weekly shop. Even a consumption tax that is only roughly proportional can push lower income households into poverty.

I recently sent round an email to Members to show that, in fact, this is happening in Jersey. A letter published in the *Bailiwick Express* shows a letter from a group of 13 family-focused organisations. It reads:

> Dear States' Members. Many families in Jersey are at breaking point. This is not rhetoric. It is the lived reality for a growing number of people across the Island. Behind these statistics are families making impossible choices every day, cutting back on food, heating, and essential needs, working multiple jobs, experiencing rising stress, exhaustion, and deteriorating mental health. This is no longer simply a question of pressure for many families, it is about survival.

I can hear the rebuttal already forming, 'But we compensate, we have mitigations'. The package, we are told, is progressive when taken as a whole. The new lower Income Tax ban, the higher personal allowance, the relief payment, blah blah blah. On P&R's own figures, some 60% of the net revenue comes from non-households, and most households earning under £50,000, we are assured, end up better off.

I want to take this defence seriously because it is the whole of the Government's fairness case. Taken seriously, it amounts to this. The tax is regressive but the declaration is progressive and the declaration outweighs the tax. Notice what has been conceded in that sentence. Nobody on the other side of this debate argues that a GST is fair in and of itself. The entire argument is that its unfairness can be brought back, bolted over a lattice of compensations or mitigations. Very well. Then everything – absolutely everything – depends on that lattice and whether it is correctly calculated today, honestly presented today, and maintained in full for every year this tax exists. Every year. Because that tax is permanent, so the compensation must be permanent too.

It must be legislated, funded, indexed, uprated and defended in perpetuality, through every future budget round, every future fiscal squeeze, every future Assembly with priorities we cannot foresee. A fairness that has to be actively maintained for everness is a fairness that can fail, and no doubt will. A fairness that consists of simply not levying the tax cannot fail.

The Government published a tool and invited Islanders to type in their circumstances and see what this package would do for them. Families did exactly that. They made judgements about the package, about their budgets and whether to worry on the strength of what it told them. Then, in the days before this debate, it was forensically analysed and the results were not good. They put the same household through the Government's own official answers and compared the results. The two answers to the same question differed by up to several hundred pounds a year. Not a rounding error, not by pennies; by sums that, for households this package claims to protect, are the difference between coping and not coping.

The tool built to demonstrate the package's fairness contradicts the document that defines the very package. One of them is wrong. Days before the vote we do not know which. I anticipate the reply might be a communication problem, a software glitch, regrettable but peripheral. The underlying model stands. If that is true and the underlying modelling stands, where is it? Where are the distribution tables? Where is the breakdown, decile by decile, quartile by quartile, showing precisely which households gain and which lose once the tax and the compensations are netted off. All we have are assertions that the majority will be better off. A headline percentage here, a reassuring sentence there; nothing more.

The fairness case for a permanent tax rests on two supports: a calculator demonstrated to contradict the policy letter, and a table no one outside the administration has seen. This is not a foundation, this is a promissory note. This Assembly is being asked to sign it on behalf of every low-income household in the Bailiwick forever, and Alderney.

That is the heart of my case. The package fairness is an engineering claim. Tax everyone's spending then route relief back to those who need it; accurately, adequately and forever. Every element of that claim is currently in doubt. The routing tool is demonstrably false; several hundred pounds of fault on the Government's own published answers. The accuracy evidence, the distributional tables, has not been produced. The adequacy and the forever rest on the good behaviour of future Assemblies, which no one in this Chamber can promise.

Let me deal with the two objections I know that are coming. First, the Island needs the revenue, and fairness arguments do not pay for hospitals. That is true. Other Members will contest a necessity case on its own terms, and I will not trespass on that ground here. I make only the narrow point that belongs to fairness. A genuine revenue needs to tell us how much must be raised. It does not tell us from whom. Need is not a licence to raise money by the most regressive available instrument any more than household debts or a licence to settle them from the children's dinner money. If revenue must be found, the manner of finding it is precisely where fairness bites. This amendment speaks to that manner, not the amount.

Second, and more seriously, this amendment is destructive. Vote it through, and you delete not only GST but a lower tax ban, the allowance rate, the relief rate; you strip out the very protections you claim to care about. These protections exist for one reason, to offset this tax. They are not freestanding acts of generosity that GST happens to a company. They are the compensation for the harm, packaged with the harm. Remove the harm and the compensation is not 'lost', it is unneeded in the way a bandage is unneeded by the unwounded.

If this Assembly wishes to cut Income Tax for lower earners or raise allowances, nothing in this amendment prevents it bringing those measures forward and passing them on their own two feet, costed on their own terms. What the package does is different. It makes the sweeteners hostage to the tax, and then presents the hostage-taking as a balance.

The amendment before us sets itself one standard, that Guernsey's tax systems remain fair and just. Measured against that standard – its own standard – the case, I feel, is complete.

The base is regressive by the findings of every serious study, the necessities in the net by this Assembly's own vote. The compensations are fragile by their nature and unverified by their authors. Against all of it stands the single, simple, unfailing mitigation this amendment offers. No tax on the basket. No need for the calculator. Nothing to patch. Nothing to promise. Nothing to maintain. Fair and just, or just complicated. That is the choice.

Before I close, I would ask Members, please, if you would not mind reading some of the emails and the news articles, I think, of the BBC and what not, of the business owners and the people that are really worried about this and are already struggling. It obviously speaks to what Deputy Goy and a few of my other peers have spoken to as well.

That is the choice, and I ask the Assembly to choose the basket over the machine and to support amendment 2.

The Deputy Bailiff: Thank you, Deputy Curgenven.

Procedural –
Motion to start next day's sitting at 9 a.m.

The Deputy Bailiff: It is now 25 to six, so we will be closing shortly. One thing we could do tomorrow is start at nine o'clock to try and get more hours in the day. So I am going to put that motion to the Chamber. It is very much your choice. Those who would support starting the States' meeting at nine o'clock tomorrow morning, please say pour; those against?

Members voted Pour.

The Deputy Bailiff: We are starting at nine o'clock tomorrow morning.

Members, I do hope many of you will come to the CPA meeting and talk now; it is going to be extremely interesting. Whatever happens in the football this evening, we have got a really busy day tomorrow, so whether you are commiserating or celebrating please remember that we have got a nine o'clock start and a lot to get through.

States' Greffier, would you close the meeting please?

The Assembly adjourned at 5.35 p.m.