OFFICIAL REPORT

OF THE

STATES OF DELIBERATION OF THE ISLAND OF GUERNSEY

HANSARD

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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	M. P. Leadbeater
Y. Burford	R. Le Brun
T. L. Bury	M. Malik
A. K. Cameron	A. D. S. Matthews
H. L. Camp	L. J. McKenna
G. M. Collins	P. S. N. Montague
R. P. Curgenven	A. J. Niles
D. F. Dorrity	G. A. Oswald
S. J. Falla	J. M. Ozanne OBE
A. Gabriel	C. N. K. Parkinson
J. A. B. Gollop	S. R. Rochester
L. T. Goy	T. M. Rylatt
M. A. J. Helyar	A. S. Sloan
R. M. Humphreys	G. A. St Pier
N. R. Inder	J. D. Strachan
B. R. Kay-Mouat	L. C. Van Katwyk
A. Kazantseva-Miller	S. P. J. Vermeulen
M. S. Laine	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 H. L. de Sausmarez (*relevée à 9h 02*) ; Deputy S. T. Hansmann Rouxel (*relevée à 9h 04*)

Business transacted

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States of Deliberation

The States met at 9.00 a.m.

[THE DEPUTY BAILIFF *in the Chair*]

PRAYERS
The States' Greffier

EVOCATION

Billet d'État XII

POLICY & RESOURCES COMMITTEE

**9. Tax Reform –
Debate Continued**

The States' Greffier: Billet d'État XII. Article 9, Amendment 2, the continuation of the debate.

The Deputy Bailiff: Before we start the debate, Deputy de Sausmarez, do you wish to be relevéed?

Deputy de Sausmarez: Yes, please, madam.

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

Deputy Matthews: Thank you, ma'am.
In a previous debate in February on a similar amendment, I voted against, and that was an amendment from Deputy McKenna to remove GST as an option. It did not have any plan B with it, and that was part of my thinking behind voting against it at that time. I was especially motivated to do that at that time because workstream 2 was still in play, and that was a great hope that that might deliver an alternative through Corporate Tax reform.
Of course, workstream 2 has now disappeared, or has not disappeared but it has failed to deliver substantial revenue opportunities. Although we are, I believe, informed about the presence of workstreams 3, 4, and I am not sure if there is a workstream 5, but there are certainly other workstreams looking at alternatives, which have yet to produce any results. I have always said that GST should be a last resort, which would make it very difficult for me to vote for an amendment which takes it completely off the table.
I am in somewhat of a quandary about what to do with this amendment but I think I would find it very difficult to support it at this time.
Thank you, ma'am.

The Deputy Bailiff: Thank you.

Members, if you do wish to take your jackets off please do. It is very warm in here again. And, States' Greffier team and Madam Comptroller, if you wish to take your robes off, you are welcome to.

Deputy Hansmann Rouxel, do you wish to be relevéed?

Deputy Hansmann Rouxel: Yes, please, madam.

The Deputy Bailiff: Thank you.

Who else wishes to speak on this amendment?

Deputy Collins.

Deputy Collins: Thank you, ma'am.

I will be very brief. Overnight we have seen a wonderful picture on, Guernsey People Have Your Say!; Guardians of Guernsey, on the Guardians of the Galaxy kind of request. So today I am really encouraging Members of the Assembly, we are recruiting today so if you would like to join this select group, ma'am – not yourself but obviously colleagues in the room – we have spaces for four or five if they would like to join that group. *(Laughter)* I am very happy to have a conversation at any time.

I was really interested in reading the explanatory note on this. It reminded us that it said:

> To direct the Policy & Resources Committee working with the Committee *for* Employment & Social Security …

I sit there thinking, 'Well, I used to sit on Employment & Social Security' and I reflect over the last year of that working with the Committee and I found myself thinking I certainly had lots of conversations with officers who when speaking to me in Committee offered lots of different views, but actually not working with the Committee themselves until the end maybe when the proposals suddenly got put together and suddenly there were lots of emergency meetings. Obviously just to highlight that I think that we do need to look at our system, because I think there were perhaps some conversations President to President but maybe not Committee to Committee, and we were not able to, 10 of us around the table, maybe discuss all of these things put together. Because I think for me, as I have highlighted before, I was with Policy Council on some elements of it, and clearly there were a lot of elements from ESS that perhaps were not in agreement with. But it was really interesting to point out that the old resolution was actually working with Employment & Social Security.

That is all I really had to say. I think I have said where I am with this and I do not want to repeat where we are with GST, but I will be supporting this amendment and I do encourage Members to support it, ma'am.

Thank you.

The Deputy Bailiff: Thank you.

Deputy Van Katwyk.

Deputy Van Katwyk: Thank you, ma'am.

I want to start my speech by stating a fact that unfortunately seems to be getting diluted: Guerns are bold. There has been much talk of S&P and credit ratings. As I understand it, what Standard * Poor's (S&P) actually wants is fiscal sustainability. GST is potentially a route to that, but not the only one. A rating is a means to a cheaper borrowing, not an end. In my opinion, trading a certain permanent tax for a speculative rating risk is a bad deal.

Put simply, policy should not be outsourced to a rating agency. S&P responds to sustainable finances, however they are achieved, including through spending discipline. I would like to remind you, Guernsey and Guerns have always been bold. It is harder now than at any time in the past, which is exactly why it matters more than ever.

Ma'am, I hope you will allow me to tell a short and relevant story from yesterday lunchtime.

The Deputy Bailiff: If it is relevant, yes, you may.

Deputy Van Katwyk: And short.

The Deputy Bailiff: And short. *(Laughter)*

Deputy Van Katwyk: I was finishing up at Chop, my good friend Deputy Ozanne had already left, and I was replying to emails when I tuned in to the lads behind me. They were talking about how incredible the atmosphere in Market Square is now the States have allowed al fresco dining. (**A Member:** Hear, hear.) What they said next – and hear, hear, thank you – almost had me falling off my stool. In the summer, they said, the seafront between Crown and Albert Pier should be shut every Friday and Saturday night.

This is one initiative that I have been struggling to get off the ground the last year due to bureaucracy and cost. 'We can just drive around the back', one of them said. 'How good would that be?' the other answered rhetorically. I had to turn around and say, 'Could not agree more, lads'. Then one of them turns to me and says, 'Well, get it done, Lee'. No idea who the guy was.

I thought, fair point, I should be the one who can get this done. But I keep getting told we need £5 million for automatic rising bollards. Or we need a £3 million security gate to protect the crowds. Or that the stones currently used are breaking and it costs a lot of money to get them moved each time. We need to count the cars and make sure we understand the disruption. The answer is always, 'We have not got enough money', but we have got plenty bureaucracy rather than how can we get this done the Guernsey way?

Let me tell you, I have got a contact down Ronez, and I bet if we ask nicely they would lend us four huge stones to block the road. I have got a stonemason mate who will deep screw islets into the stones. My uncle owns Alpha Cranes, and he will get them moved in and out at cost; for the first year at least. Can you imagine the atmosphere of a pedestrianised seafront? Locals would flock in to enjoy it. Perhaps retailers would start providing evening shopping on a Friday and Saturday night. Can you imagine the experience of sailing into a vibrant and bustling St Peter Port at sunset, to disembark on a pedestrianised seafront with maybe a couple of street musicians at either end, and even monthly theatre productions with a harbour backdrop? This is the Guernsey way. Not resting on our laurels, taxing the population to death, and acquiescing to the whims of a rating agency. (**A Member:** Hear, hear.)

We need to batten down the hatches for the next few years. Focus on only, one, our critical infrastructure – and I mean critical – and, two, putting time and effort into creative economic drivers, as we have always done.

The Chief Executive made an admission yesterday, she said that artificial intelligence is coming in a big way. That £130 million deficit forecast assumes the economy of 2035 looks like the economy of today. It will not. Our economy is finance and professional services; the exact sector AI is disrupting fastest.

We are being asked to bolt a whole new tax system on to an economy that may not exist in this form by 2028. The prudent move, when so much is uncertain, is to keep our options open. Use the surplus and the Pillar Two buffer, hold off on irreversible structural change, and reassess as the AI picture becomes clearer. It is much easier to reject GST today and, if we must, implement it in 2029, when the AI picture is clearer than to rush ahead now.

I implore you, do not force GST on us simply because it is what the rest of the world has done. Guernsey is, and will always be, unique. I implore you not to take the easy path politicians have taken for two decades; frivolously spending our cash in the comfortable knowledge that we will simply tax the people more. I implore you to think like a Guern and be bold.

Thank you.

The Deputy Bailiff: Does anybody else wish to speak? In that case, I will ask Deputy Niles, who is responding on behalf of P&R.

Deputy Niles: Madam, where shall I start in summing up? There has been quite a lot of talk but I was quite compelled by Deputy Collins's reference to Guardians of the Galaxy, and I did see the picture. I used to be a Marvel fan a long time ago, and I remember that it lived in a world of fantasy. I can say that, also, the Guardians of the Galaxy were always reactive. That they were always reacting against a plan. They never actually had a plan. *(Laughter)*

Madam, saying no is easy. It requires no courage, no plan, no accountability, and no insight as to what comes next. This amendment just says no. It offers nothing. It directs P&R to cease all preparations for GST and no alternative revenue source. It is not a credible plan.

I am glad that Deputy Van Katwyk raised Standard & Poor's because I could just imagine some far off online puppeteer raising their eyes if I had raised it. So I am glad that you have. Because Standard & Poor's is a very important aspect of us having a financial centre and us being a credible Government (**A Member:** Hear, hear.) that has the ability to be able to raise money. If we do not have that rating, if we have an alternative rating that is lower, it costs us money. It not only costs us money tomorrow, it costs us money forever. So it is something we should look to protect.

If we were a board on a company, we would be paranoid about losing this rating. We would not be making jokes about business rating, and so I take that very seriously. To quote from them:

> Standard & Poor's expect a suite of tax reforms including a GST to be implemented from 2028 to strengthen and diversify Guernsey's revenue base and slightly improve its long-term fiscal position.

They understand that we need to improve. They understand that this will only slightly improve it, but we must improve it. I will quote again, actually, because quotes are always useful in this Chamber, and I will quote this time from the oracle of Beaucette, Deputy Inder, in his previous job as head of Economic Development. It was actually Deputy de Sausmarez that prompted me yesterday to think about a speech that Deputy Inder made in 2023 where he imagined a distant Assembly, and here we are today. He imagines an Assembly – and I quote directly from *Hansard* – he imagines an Assembly not too long from now who had the hubris to ignore advice from experts in the community, from independent advisers and from external credit rating agencies, and who had encouraged them to reform their taxes to address their structural deficit and to adopt measured fiscal prudence.

We all know that Deputy Inder is a visionary, and I thank him for thinking forward in 2023 in giving us that guidance that we should accept good advice. Because when we do not, we can see very clearly, when we look across to the UK – and I know that we are not the UK, we are Guerns – there are countless councils who have ignored advice and who have spent their savings, who have found themselves in failed situations. Do not believe that that cannot happen to us if we do not shore up our fiscal position.

Deputy Goy gave us some thoughts on the strenuous process that it would take to fill out quarterly returns to file these numbers. I can tell him that it is a quarterly form and there are seven fields to complete and to submit. It is not an onerous task, and I am sure that he would be able to use AI to be able to help to do this and that can help all things, apparently, apart from the International Services Entity (ISE), which definitely will not be because regulated entities have to be regulated in a certain way and they will pay for exemption.

Deputy Curgenven talked to us about the calculator, and that is important. It is important to get numbers right, and I should talk to that because it is relevant. When we built the financial models that sit behind the plan that we have, we use whole Island data. We did not look at specific households, we looked at what the whole Island looked like and we tried to segment it to try to understand the relative effect on what average people look like.

People will tell us there is no such thing as average people, and that is the effect. When you go into the market and the real average person completes the data, they come up with slightly different outputs to the ones that we have. They make them no less or more relevant, but it is important that you have a starting place. A starting place is really important because I saw Deputy Curgenven on television last night on the BBC telling us that a credible plan was not for today at all, it was for another time, and that no to GST was what this was about now.

Deputy Curgenven: Point of correct, ma'am.

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

Deputy Curgenven: That was actually a cut of my quote. That was not what I said but that was what you saw.

Thank you, ma'am.

Deputy Niles: Okay, to go on with another cut that was included, it said that or Deputy Curgenven told us that there was going to be a visitor's tax of some £15 million to £16 million.

Deputy Curgenven: Point of correction, ma'am.

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

Deputy Curgenven: Unfortunately, the BBC cut that one. I had actually given a – I cannot remember what they were, but there were one or two or three different things that added up, so it actually looked like I said a visitor's levy would be £15 million, £16 million; £15 million, £16 million was the aggregate total of the changes that I had given the BBC but they decided to cut to the end, just to be very clear on that one.

Thank you, ma'am.

The Deputy Bailiff: Thank you.

Deputy Curgenven: I know my figures.

Deputy Niles: I understand, there is conspiracy everywhere.

The Deputy Bailiff: Deputy Niles.

Deputy Niles: But I will not dwell upon that. If Deputy Curgenven wanted to show us his workings by the end of the day, that would be great.

But I will come back, and in just summation, to this particular amendment. It states in Rule 4(1) that no consultation has taken place in preparation of this amendment. None. Compare that to the process behind the package that we are actually debating that has had two independent Fiscal Policy Panel reviews, multiple working groups, successive Assemblies, years of analysis culminating in today.

Deputy Vermeulen : Point of correction.

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

Deputy Vermeulen: The point of correction is that you have not engaged with the public, otherwise you would not have thousands of people protesting and dropping us emails.

The Deputy Bailiff: I am terribly sorry, Deputy Vermeulen, I cannot hear what you are saying. Can you look towards me when you are making your point of correction, please?

Deputy Vermeulen: Yes. Deputy Niles has not engaged and P&R have not engaged with the public whatsoever.

The Deputy Bailiff: That is not a point of correction, Deputy Vermeulen.

Deputy Vermeulen: Okay, that is your ruling then I respect your viewpoint.

The Deputy Bailiff: Thank you.
Deputy Niles.

Deputy Niles: And I respect the comments from Deputy Vermeulen. In respect to ourselves, we feel that we have engaged, but ...

The Deputy Bailiff: Deputy Collins, it seems that Deputy Niles has given way to you.

Deputy Collins: Thank you very much for giving way. I thought I would get up and just comment about a couple of new things he has just said. Certainly about the Guardians of the Galaxy, of course their main plan is to save the planet. Of course they have no idea when a disaster would fall. As he has just talked about, the fact that this has been a plan coming, I thought this is a plan designed five weeks ago.

We did not know it was going to be 3% GST proposed. He is quoting S&P, but are they talking about this package from the year before at 5% with all the mitigations? What is he talking about? This package in front of us today, or this week, is very different to the package before. That is the issue that we are talking about, the fact that the 3% also perhaps is not enough, so I am wondering if he will explain to me how consultation has really happened in the last four weeks, just on this package.

The Deputy Bailiff: Deputy Niles.

Deputy Niles: To complete my summing up, there has been extensive consultation, as my colleague knows there has, and he is using rhetoric to try to undermine it. But, as I said, when I started, saying no is easy and trying to turn to fantasy is an option for you if you want, but our population is ageing, our infrastructure is ageing, and our reserves are depleting. If we do not have a credible plan, the cost of delay is not hypothetical, it is measurable, it is compounding, and it will fall to the hardest and the least able to support it in the future if we do nothing.

If you want to force us into a position where, in 2031, we have nothing, that is where you are pushing us. For the generations before us who have invested in this Island's schools, harbours and roads, long before they benefited, they knew then that they had the responsibility to invest in the future. That is what our plan says; this plan does not.

Thank you.

A Member: Hear, hear.

The Deputy Bailiff: Deputy McKenna.

Deputy McKenna: Thank you, ma'am.

I should declare then. Deputy Oswald said: would my dental business be affected in this? Yes of course it will, and I think every business in Guernsey will be affected by this. (**A Member:** Hear,

hear.) I am not a dentist, ma'am. I have a Royal College of Surgeons accreditation in Clinical Dental Technology and my Master's Degree was a dental one and my PhD, I have got two years left, is on the current status and challenges of clinical dental technicians in the UK.

The reason I brought that up was clinical dental technicians were formed in 2008 and there was a great paper written by Jaggee, Dooey, Gallagher and Radford saying: are clinical dental technicians bouncing on the fringe of the dental system? This PhD will say where we are 20 years on.

The reason for that because we have a – it is called the dental deserts, there are 2 million to 4 million people in the UK on NHS dental.

Deputy Kazantseva-Miller: Madam, point of order.

Deputy McKenna: It is not a 17(1).

Deputy Kazantseva-Miller: Point of order. The summing up needs to be to the points raised in the debate.

The Deputy Bailiff: To be fair, Deputy Oswald did raise the issue of Deputy McKenna's business. Deputy McKenna, please make this relevant to the closing, but the issue of his business did come up. But, Deputy McKenna, please get to the point.

Deputy McKenna: My apologies. I shall move on.

Yes, it will affect my dental business because there are 28 nursing homes, care homes and residential homes in Guernsey, which I work in, as well as the prison and the hospital. Every family that is in there has said what the Father of the House, Deputy Gollop, has said, we have a cost-of-living crisis and a housing crisis. They are saying that they remember from 40 years ago where people would say in Guernsey, 'Oh, I will tell you how I am getting on at the end of the month when I get paid'. Now people are having to live day by day. They are almost frightened to open every envelope that comes through the post to see what bill is coming next. That is why this GST could be the tipping point that we in the Island can no longer afford.

Whether it affects my business or not, it is not about me. It is about everybody in the Island. It is about the next generation coming after us. I have said this many times, you cannot tax a generation that is no longer here. The children are leaving and yet – and Deputy Niles quite rightly said we have got an ageing demographic, but if our younger children are leaving, our grandchildren are leaving, then we who are left will have to take on more of the task. That is why when sometimes Deputies say – Deputy Vermeulen and myself – why are we saying no? It is because we see the problems that are coming ahead.

When the community see how millions and millions seem to be wasted of their money, their hard-earned money, where they are working sometimes seven days a week, night and day. a husband comes in from work, the wife goes out to work, or partners or whatever way you want to put it. But I am saying this is why Deputy Vermeulen and I are saying – we are not just saying no, we are saying we agree with Deputy Gollop, there is a cost-of-living crisis, there is a housing crisis, and this is too much because the danger is the dial can be turned.

Three per cent has already been said, well, it will probably be 5%. Before you know it, we will be having a discussion to say, 'We have got a deficit. We need 10%. We need 20%'. Where does it end? So we are saying, do not open the door.

We have said that in the sursis. We have said that in the referendum, which did not pass, ma'am, but that is okay because, like I said, all your votes are carved in stone. As long as you are happy with what you are doing, you will live with what you write. You will live on how you vote, and that is okay. If you are happy with that, good luck. But when you criticise people like Deputy Vermeulen and myself for saying, 'Oh, all you say is no', we are not saying that. We are saying because of the cost-of-living crisis, we have got to have an alternative. There are 40 of us so instead of pointing at me and go, 'What is your alternative?'; there are 40 of us. There are some brilliant brains in this

Assembly and together we could come up with a far better solution than this. (**A Member:** Hear, hear.)

As I say, ma'am, thank you for your time. Thank you for giving me the time. But it is the community that is saying to us, 'We cannot take this anymore. We cannot incur any more costs. We are surviving, we are not thriving'. My son is 21, is on a WhatsApp group of 12. Eleven have already left the Island, and they are 21. That is only one that I know of. So to say it is not happening, I think the public are not going to forgive you for that; bury your head in the sand.

Okay, your conscience tells you, as I say, I have got no bad feelings towards you all but the public will.

The Deputy Bailiff: Thank you.

States' Greffier, would you open the voting on Amendment 2? There are still some of you that have not signed in, so you might need to sign in first.

There was a recorded vote.

Not carried – Pour 10, Contre 28, Ne vote pas 2, Did not vote 0, Absent 0

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

The Deputy Bailiff: There voted in relation to Amendment 2: pour 10, contre 28, there were 2 abstentions. I therefore declare that the amendment was not passed.

Amendment 1.
To delete all propositions and to substitute therefor:
"1. To agree to establish, by no later than September 2026, and in accordance with Rule 53 of the Rules of Procedure of the States of Deliberation and their Committees, a States' Investigation & Advisory Committee to be known as the Appropriations Committee whose mandate shall be to;

a. identify core services provided by the States of Guernsey across all committees and service areas which of those services; must be delivered by the States of Guernsey, would be better suited to being commissioned by others, should be paid for by users and should cease;
b. consider new methods of taxation and contributions systems of the States to ensure a steady and stable financial future or to propose suitable reform to existing methods; and
c. investigate all other public sector expenditure for sustainable savings, efficiencies, optimisation, harmonisation or other, as the case may be.
2. To direct all Committees of the States to make available the resources necessary for the Appropriations Committee to fulfil its mandate.
3. To direct the Policy & Resources Committee to release funding up to £100,000 from the budget reserve, should it be deemed necessary by the Appropriations Committee.
4. To direct the Appropriations Committee to report back to the States with its findings and recommendations as soon as possible but no later than December 2028.
5. The Committee's membership shall be:
a. President, who shall be referred to as Chair, elected by the States, who must have completed a minimum of one complete political term, and is not a member of the Policy & Resources Committee or the Committee for Employment and Social Security;
b. Four members elected by the States, who are not Members of the Policy & Resources Committee or the Committee for Employment and Social Security; and
c. One member appointed by the Policy & Resources Committee, who is a member of the Policy & Resources Committee but not its President; and
d. One member appointed by the Committee for Employment & Social Security, who is a member of the Committee for Employment & Social Security but not its President.".

The Deputy Bailiff: Deputy Collins, would you like the States' Greffier to read your amendment? We are dealing with Amendment 1 now.

Deputy Collins: Yes, please, ma'am.
Thank you.

The States' Greffier read out Amendment 1.

The Deputy Bailiff: Deputy Collins.

Deputy Collins: Thank you, ma'am.
I will not deliver a very emotional speech. I think we heard a lot yesterday for a lot of the reasons asking Members to support this, and this is obviously a motion to really go away and do some more homework. What I really wanted to say, that maybe that was my fault because intentionally or my certainly can was to possibly allow a group to go away and do some work for a year and come back, so if Members were willing to support this but maybe not so because the timelines were not right, that can be amended after you perhaps vote for this. Again, if you are not happy with the make-up of the membership, that could also be amended if you, in spirit of it, were happy to put it on the table. Those could also be amended slightly afterwards.

It gives us that time that we have heard over the last day or so, that to do that extra work, and we have heard the phrase 'Every stone has been turned'. I mentioned this on Sunday, I do not necessarily think all of us in the room have gone to the beach and looked at the stones, let alone turned them over. For many of us workstream 3 came out of the blue, and P&R reached out to Committees with ideas and ideas, backwards and forwards, about what we could do. I do not think that has really done enough work to convince me, to convince the members of the public that put me here, that we have done enough work to really say there are savings, there are different ways of doing it.

It is not part of this package, but at the same time I did let Members know, as former Deputy Roffey, thinking the unthinkable. An alternative, looking at different ways of doing things. But that is the whole point of if we were to sit down today and design a tax package of this Island – what we have at the moment does not necessarily make sense. It is the point that a lot of people have said to me, 'Why did you not make it 22p?' But actually when you start looking at the numbers as I have, we know that Social Security now are collecting through the contribution system £34 million, which they then really put in general revenue. If you actually adjusted that anyway, the tax rate should be 22p because that £34 million goes into general revenue spend.

If you were to look at it all again, and I know we have another amendment looking at possibly one rate and looking at two different things, the problem that I had, and really when this policy letter got delivered, there just was not enough time. There was not enough time to put a serious different package together.

I think this is one of the things I have said to P&R in leading up to this. Having been here in 2015, and all the work we did with the Green Paper and all the stuff of bringing Members together, workshops, we just have not been afforded that luxury as Members. I know this package was put together at the last moment, and it could convince me otherwise, but I know from Members that this thing was still being scribbled together the weekend, the days before it was published, and they were not too sure what we are going to do.

It is absolutely true, this motor tax had been thrown in – it is a bit of a distraction really because I thought we were merely talking a tax package, should be looking our core taxes, which is Income Tax and social security. At the end of the day, motor taxes could be a totally separate issue. It did not need to be for part of our core package. Whether somebody pays a little bit more for road infrastructure or not is a little bit irrelevant. It is quoted at £7 million, but I have a feeling we are hearing it could be only £3 million.

For me, I am not really convinced of the numbers and, for me, one of the big issues were when we are talking to officers and the modelling that they are using that we have heard, it is going to take 30 minutes to do a calculation. So you put some numbers in their magical spreadsheet, it is going to take 30 minutes, and me trying to reset the whole system, it could take a couple of weeks just to verify the numbers and the work I have done. There was no way to get credible support for any alternative if you were serious about doing alternatives.

For me, as I said, this really is the opportunity to do what this Assembly has already done, which it decided to do last term and supported this term with the idea of the EDDIAC man, that we are going to give certain Members in the Assembly, not the Education Committee and Sport & Culture, because they are exceptionally busy with their day-to-day job. But give Members in here, bring in the skillset that we have, and that is why we form, in my opinion, this finance lead function. We have seen, and as I have talked before about in meetings – and the first meeting I had with the finance lead, I was really interested to talk to members about what the spend was in their budgets. I got told by the member from Economic Development, Deputy Collins, 'You cannot know what is in my budget just focus on your own', and it was a bit like, 'I have come to the table because I want to look at everything, look at every stone' and yet we, as finance leads, are just looking at the budget.

As I said before, I am sure I could do a lot to reform the benefit system and reform what goes out the door. As I have mentioned before, we have a – as the Chief Minister has pointed out to us, we have a third of pensioners live off Island. They are getting the same cost of living wise as those that are in Guernsey. That is a relevant point.

For me, being on EDDIAC and really seeing the benefit of that, and this goes back to Members, a little bit of criticism, 'You have got in there £100,000'. Well, we may not need that. If we can get some officers that would be willing to be independent from their Committees or whatever, just some admin support. But if we could not get that, then maybe we would need to reach for some extra support to help a Committee put together a paper. Again, the plan certainly was that. Again, it is up to Members, if you are willing to put that on the table we are quite happy to report every quarter or do something of what we are finding in savings. So we are really passionate about this could be the last chance to deliver something before we go into delivering a tax package this term or not.

I think, ma'am, that is all I really wanted to say, because I really do not want to echo; I would just be here for another 10 minutes giving the arguments I have given over the last day or so. But I would really welcome questions and anything I can help with. I would just ask Members to support it.

Thank you.

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

Deputy Camp: I do, thank you.

The Deputy Bailiff: Thank you.

Deputy Laine.

Deputy Laine: Thank you, ma'am.

Before I start, Deputy Collins mentioned the complexity of the spreadsheet that when you make a change it takes half an hour for it to compute, and that used to be an issue in Financial Services. It is incredibly unsafe and clearly it is the sheer volume of data. But if we are using or dependent on those tools, we need to be using different tools. Excel is not the product that you should be using for such large datasets. In fact, if you are a regulated company and the GFSC discovered that you were doing that, you would be marked down. Hopefully, we will get the right tools in.

The other thing I wanted to say, I compliment the authors of this amendment in their authenticity and their wish to to find those savings. I would vote for it if I thought it would work. I take nothing away from the author's intent.

But I want to offer this Assembly one sentence and then spend my time defending it. Reform can only be delivered by a competent and effective executive team. Until we have built one, every other proposal, including the one before us, is a way of not saying that out loud. This amendment rests on a theory. The theory says that somewhere in Government there is a great seam of waste and I agree with that. That if seven diligent Deputies sit down with it for long enough they will find it, list it and this Assembly will remove it.

It is an honest theory. It is how a small business works, and it is to the credit of the proposers that they have run businesses and know the world well. But the States of Guernsey is not a small business. It is 5,500 people delivering health, teaching children, maintaining harbours and keeping order, and at that scale the knowledge of where the money is wasted does not sit in any one set of accounts a Committee can read. It sits at the front line with the nurse who fills in the same information four times, with the officer who works around a broken process every single day. No committee room grants seven members sight across all of that, and an external review does not unlock that knowledge.

In fact, it buries it because the moment a service knows it is under review by a body whose own mandate has the word 'cease' in it, every energy goes into self-defence. Finding apparent waste is a press release. Extracting it without breaking things and making the removal stick is execution. Execution is not a committee's job, it is an executive's.

We do not have to imagine this, we have lived it. The Financial Transformation Programme promised this Assembly over £30 million of savings. Members will recall what was banked and how quietly it was closed. The Public Service reform that followed did genuine good and still fell chronically short of its numbers. The same theory has just been tested across the Atlantic at the largest scale in history, and the verified savings were a sliver of the claims.

Three programmes, one lesson. None of them failed for lack of ideas or lack of review. They failed because the lists were handed to an organisation that lacked the executive strength to deliver them. The evidence on government transformation worldwide says four programmes in five fail, and it is strikingly consistent about the fifth: committed leadership inside the organisation, a few clear priorities, real investment in capability. Capability; I will re-emphasise that.

If we measure this amendment against the moment, it does not sit alongside the tax reform package, it deletes it. Every Proposition, a review reporting as soon as possible but no later than December 2028, two and a half years while £20 million of savings are already written into the plans before us. It directs every Committee to divert resources into feeding that review; the very officers any real reform needs at the front of it.

Policy & Resources is not opposing it. Indeed, the amendment reserves them a team in at least one of the options. So it reserves them a seat at the table. I understand that temptation because it is the easiest of outs. Let seven others go looking for the savings, welcome success, disown failure. But the old story has a king carried to the shore to command the tide, and the wise version of that king knew it would not obey him. This sends seven Deputies to the water's edge with a clipboard and a tide of rising costs, ageing demographics and an unreformed machine. An unreformed machine will not pause until 2028 to be audited. It will be turned by the one thing only, the deep and patient engineering of reform, which requires an executive to do the engineering.

The Assembly has already accepted by its own vote in January this year, we mandated the Chief Executive to lead organisational reform as a priority, culture and capability across the whole public service, with the duties attached, terms of reference published, resources provided by Policy & Resources as necessary, progress reported to this Assembly. We chose the executive route and we chose rightly. But let us be honest about what we have, what we lack. A leader, yes, moving diligently; beneath him, gaps.

A programme of scale is executed by a senior leadership team, chief officers with the experience and authority to redesign services, hold performance to account and carry their people through change, and we do not yet have that team. It is the reason so much lands on one man's desk, and a leader without an executive is an executive in name only.

The Chief Executive is moving to fill those chief officer posts and he is right to but permanent recruitment at that level done properly from a small Island will take a year at the very least. A year is precisely what we do not have. The resolution's own words tell Policy & Resources what to do: resource the programme as necessary. Necessary means now. Bridge the gap; bring in proven senior capability on interim appointments; mandates measured in months; a brief to drive reform at pace; and a handover as the permanent team arrives so that when our new chief officers walk through the door a year from now they inherit a programme in motion, not a mandate gathering dust against the £20 million those posts exist to secure. The cost is a rounding error. The cost of a wasted year is not.

Members, lasting savings are not something a committee finds in an organisation, they are something a reformed organisation produces and it produces those savings year after year because it is led differently, it is equipped differently, it is redesigned by the people who run it. That takes what I began with and what I will end with: a competent and effective executive is not one option among several for delivering reform. It is the only thing that has ever delivered it anywhere. We mandated it in January. Please, P&R, lead and prioritise the reform and the interim actions.

Thank you.

The Deputy Bailiff: Deputy Burford.

Deputy Burford: Thank you, madam.

I did not want to interrupt the Deputy on a point of correction on what was a very articulate and measured and indeed sensible speech, and something which I am sure that we are on a very similar page. Only I did think he said that – I may have misheard – P&R does not oppose this amendment. For clarity, we most certainly do oppose this amendment.

Thank you.

Deputy Laine: Thank you for the clarification.

The Deputy Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, madam.

When I first read the amendments it was quite interesting to see that this new committee was to be named an appropriations committee because I have never come across an appropriations committee before within familiar systems of government. So I did some research to see where such appropriations committees existed.

Basically, where such committee exists, it is the United States. You have got the House and Senate Appropriations Committee and their function is to control federal spending, review budget requests, and have substantial power to modify or reject spending proposals. I hope I do not need to remind the Assembly that the United States has perhaps the most extremely opposite type of government to what we have got today, where they have got a presidential type of government where the President has extreme executive powers with the ability to, as we well see nowadays with the current President, execute all sorts of numbers of executive orders.

In terms of the system of government, this is just about as far as it gets from our existing system of government. Our system of government is a committee system of government, and we are, as the legislature, we are also the Government. There is no opposition and Government, right? We are here to scrutinise and to review through the existing process to do that. The core of our Government work is delegated through the committee system, where the Committee have specific mandates; they control their budgets to execute and deliver on the public services agreed within their mandate.

This theory of an appropriations committee cuts completely across our system of government, which I think both proposers and seconders are quite in favour. They do not want to see any kind of executive system of Government in place.

I want to remind the Members that we have gone through a version of this type of committee previously. In fact, it was brought through the work that myself, Deputy St Pier and others did on the fairer alternative proposals, which were brought to the 2023 tax debate. Many of those Propositions were successfully approved. One of them was the creation of a saving sub-committee under the Policy & Resources Committee. That was successfully endorsed by this and the previous Assemblies, and created. It was chaired by then Deputy Mahoney, who was on the first iteration of P&R.

I want to remind Members of who were other Members that were part of that Sub-Committee. It was Deputy Vermeulen, it was Deputy Carl Meerveld, and also myself. We were on that sub-committee. We went out with all the right intentions, which I can see behind this amendment. One of the first things that Sub-Committee did was undertake a really extensive level of engagement, both with the public, through a public survey, where we had hundreds and hundreds of responses, but also through internal staff, where again, we had excellent engagement from the Civil Service, and there was also engagement with Deputies.

The combined work generated a big Excel spreadsheet of lots and lots of ideas. All of that was shared with the Committees, all of that was also shared – the summary of the findings were shared with the States. The issue is that, which then draws very much to the conclusion Deputy Laine has made, this work starts dissipating if we do not have the executive power within the Civil Service under the committee system to go and execute and run with it.

We have gone through an iteration of a savings sub-committee. My experience is that, unfortunately, for all sorts of reasons, it has not worked. What we need to do, just back to the very well-articulated argument by Deputy Laine, is that day-to-day work on efficiencies, on savings, on transformation has to come from those Committees, the Principal Committees that are delivering (**A Member:** Hear, hear.) the public services day-to-day.

When the Chief Executive started looking at the Revenue Service debacle he said to all of us, 'I have engaged with the staff. The staff have so many ideas about what needs to be done, I do not need someone else to come and tell me what to do. This staff does not need someone else, another consultant or another Deputy for that extent, to come and tell them what to do. They know what needs to be done. We do not need more ideas, we need execution'. This is where our absolute focus should be. Both Deputies proposing these amendments have chosen to leave the Committees where this work is done. This is where the hard work through budget, through decision by decision is done on a daily basis. That is where change happens.

But this amendment goes further than being a savings sub-committee. Not only wanting to be a savings sub-committee, it wants to completely relook at the whole sphere of taxation and look overall at which services is to be provided. This is completely unachievable. Its scope is well beyond what EDDIAC is said to do. I think the power of EDDIAC is very specific, it is very concrete, it is there to deliver a very specific objective. The scope in terms of reference of this committee are so wide it is how long is the piece of string. I think it is completely setting this whole process up for failure.

Deputy Collins already said that he thinks it is not an actually perfect amendment because, first of all, the timings are not great because basically it means nothing will happen this political term because this appropriations committee is due to bring recommendations back by December 2028, just a few months ahead of the election. This is an amendment that says nothing will be done this political term. So if it is not a perfect amendment, why lay it in the first place?

Members, this is just disguising the hard work we all have to do by making decisions in this Assembly, such as through the debates on policies like this, but, more importantly, through the daily work on our Committees. That is where the work, the delivery of public services is done, and we need the Civil Service empowered to deliver, to help us deliver our mandates. Let us not pretend otherwise.

The Deputy Bailiff: Deputy Goy.

Deputy Goy: Thank you, ma'am.

Deputy Sasha Kazantseva-Miller, when she said the word 'consultant' and she said that we do not need consultants to tell us what is obvious to do, it reminded me of something that is actually quite ironic. Just last year, Deputy Sasha Kazantseva-Miller's Economic Development Committee approved a more than half a million pounds of consultation fees to be paid to a UK consultant to give Guernsey a tax strategy –

Deputy Kazantseva-Miller: Point of correction.

Deputy Goy: Not a tax, a finance strategy.

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

Deputy Kazantseva-Miller: The point of correction, it was not more than half a million pounds of what the taxpayers were paying. Deputy Goy is misleading this.

The Deputy Bailiff: Deputy Goy.

Deputy Goy: I think that number is out in the press and anyone can look at it. It is about £500,000-plus, so it is half a million pounds, a bit more. That is how much they approve, that is how much –

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

Deputy Kazantseva-Miller: Deputy Goy is referring to the taxpayer funding that has been approved, that is not the amount of taxpayer funding that has been committed to the projects. I think there is a clear difference between the total value of the project versus the taxpayer funding because it was a project co-funded with both industry and regulator, which just exemplifies of how it is not taxpayer funding only.

The Deputy Bailiff: Deputy Goy.

Deputy Goy: I think Deputy Kazantseva Miller is quibbling here.

The Deputy Bailiff: Deputy Goy, that is not appropriate parliamentary language.

Deputy Goy: Okay, I apologise.

Suffice to say, we paid hundreds of thousands of pounds to a UK consultant to give us a finance strategy, and this is an Island that is supposed to be full of finance experts. What a waste of money. I want to remind the Assembly another thing as well. Between the year 2020 and 2024, the States spent £63 million – not thousand – in consultation, basically paid to people to give them advice. We know how many six-figure salary officers we have. We have a lot of them. Cannot any of them give us all that? Cannot any of them do their work and come up with the answers? Do we have to spend £63 million on consultants?

I want to bring up another point. We also have multiple IT fiascos. Chief of them is £42 million that we were going to be told whodunit, but I do not think any of us in this Assembly knew whodunit. That has never been told to us so there are a lot of holes, a lot of problems in this boat called the States of Guernsey. And we want to ask people for more money? Really?

Deputy Leadbeater: Point of order, madam.

The Deputy Bailiff: Yes, Deputy Leadbeater.

Deputy Leadbeater: As interesting as this is, I am not quite sure what relevance this has to the amendment.

The Deputy Bailiff: I am hoping that Deputy Goy will now lead it to, I imagine, the sustainable savings and efficiencies, but I am sure he is going to get to his point shortly.

Deputy Goy: Here is the thing, this is what I am trying to say. I think a committee that is independent and to be able to look at all this wasteful spending is actually quite relevant, simply because of our terrible track record up to this point. This is why I say, before you ask the public, before you ask ordinary families to fork out more of their precious pounds, we need to fix the boat first.

I have said this yesterday and I am going to say this again, please learn from Jersey. They had GST in 2008 at 3%, hoping to cover the black hole that they had. It did not work and, in 2011, that black hole came back with a vengeance and they have upped the GST to 5%. Please, Members, learn from Jersey. Yes, they did raise a lot of money with GST but a lot of money with a hole that big, all of that is just going to drain away. We need to fix the fundamentals first. This is what I am trying to say.

Thank you.

The Deputy Bailiff: Deputy Dorrity.

Deputy Dorrity: Good morning, madam.

The Deputy Bailiff: Good morning.

Deputy Dorrity: I see the attraction of this amendment. There may well be merit in establishing a sub-committee with a broad remit to examine public expenditure, the delivery of public services and our long-term approach to taxation. Those are all worthwhile objectives. However, I have concerns about the way the proposal has been drafted, particularly the restrictions on membership. It feels almost personal. I struggle to see why certain Members or Committee Presidents should be excluded from serving, especially when those Committees have significant responsibility for the very areas the proposed sub-committee would be examining. If the aim is to create a body to build consensus and confidence, then that body should be constituted in a way that encourages broad participation, not limits it.

More generally, whilst I think this is an interesting concept, it feels underdeveloped. There are important questions about its remit, powers, composition and relationship with existing Committees that are not properly explained.

I feel that this proposal would benefit from further work and wider engagement with Members across the Assembly before it is brought back for debate. With more thought and collaboration, it may well become a workable Proposition. As it stands today, however, I do not think it is sufficiently developed for us to adopt.

Thank you.

The Deputy Bailiff: Deputy Rylatt.

Deputy Rylatt: Thank you, madam.

Before explaining why I am not going to support this, I just want to put on record my appreciation to Deputy Collins in putting this together. I know he has put considerable work into this and other amendments, no doubt with the help of his trusty guardians.

However, I would ask Members to think back to the election last year and all the conversations we had with members of the public. Imagine saying at a hustings or on someone's doorstep that if you were elected to the States, the term would go as follows: P&R is going to spend a year conducting yet another tax review. In doing so, it is going to use hundreds, if not thousands, of civil servant hours, we are going to debate GST's treatment of food and the role of mitigations in February, we are going to establish a tax review sub-committee populated by Deputies and international subject matter experts who will produce a substantial report. Following that process, we are going to end up with a package of proposals and a 172-page policy letter. What we are then going to do is throw that entire piece of work away via a wrecking amendment and undergo a two-year process of yet more reviewing via a States' Investigation & Advisory Committee (SIAC).

This new committee is going to determine what services Government should or should not provide to review the entire tax and social security system and scrutinise all other public expenditure. The committee will be tasked, in effect, and with very limited resource, to redesign the state by December 2028, which, as Deputy Kazantseva-Miller referenced, is just not realistic.

In all that time, you will not see a fairer tax system, you will not see any fundamental change or reform. Things will remain the same, and you will have no guarantee that even by the end of that process, the States will actually agree to do anything, as any firm proposals are unlikely to emerge until we are on the cusp of another election. At which point anything substantial would have a weaker chance of getting the approval of this Assembly.

You probably cannot imagine saying that at the election because it would not have been defensible then; respectfully, I do not think it is defensible now. I do not accept Deputy Collins's assertion that we can just simply amend the Constitution and timelines of the SIAC after the fact. We have to vote on what is in front of us. That is not the basis on which we should approve or not approve amendments.

To approve this, I believe it will mean we have failed in the most basic ask of the electorate in 2025, namely to actually make some decisions. So while I applaud some of Deputy Collins's individual ideas, many of which I think we should pursue, I really do urge Members not to support this.

The Deputy Bailiff: Deputy Rochester.

Deputy Rochester: Thank you.

I absolutely applaud the three questions that this amendment seeks to answer: what services should we provide; how should we fund them; and how can we deliver those services using less taxpayers' money? But I will not be supporting this amendment because I think it duplicates the role of the Committee. Each Principal Committee has two core elements in its mandate. The first is to develop and deliver policy, and the second is to oversee operational effectiveness. If we, as members of our Committees, focus on that, focus on our mandate and deliver on our mandate, we should, by definition, answer these three questions. There are challenges to us doing that, and I know those that sit in Committee with me are working hard to answer those questions.

Deputy Laine's excellent speech shows the answer to one of those challenges, which is how do we deliver the answers to these questions and what needs to change for that to happen. But I do not think that layering on additional governance to answer these questions is going to be the solution to our problems. So for that reason, I will not support the amendment, but I will ask Members to keep striving to answer those questions.

Thank you.

The Deputy Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

I too believe that this amendment is well-intentioned but sadly I cannot support it for many of the reasons that Deputy Laine has very eloquently set out, far better than I was going to be able to do, but for which I want to go slightly further than Deputy Laine.

We know through the emails that we have received, through the voices outside, through engagement with the public, that the cry is for cost savings. That is a constant theme, certainly on social media. We hear Deputy Goy's cry to fix the hole in the boat and to put our house in order. But from where I am standing, the hard truth is that as a population of 60,000 people, we cannot deliver the level of public service that people expect with the income that we can generate.

We have expectations to have first-world-class healthcare, education, public services, and yet the cry is to pay people less, to stop bringing people in from the UK, or elsewhere as it may go. The harsh reality is, I do not believe that this is a problem that can be solved by cost savings.

When I was at the BBC, as head of marketing, I was involved at a time when we were having to bring in new satellite and cable channels and a whole new digital world, and we needed a significant level of change. But the trouble is, we had to keep the show on the road at the same time. We could not just turn the signal off. That is a very similar problem to what we have here in the States. We cannot just pause things. We have to be able to keep the show on the road.

We are trying to deal with legislation that is out of date, with processes that are cumbersome. Our pace of change is very slow on Guernsey, at a time when the world's pace has really speeded up. So that gap of change, or need for change, has winded. That is a significant gap we ought to be looking at. Do we go for evolution or revolution?

The evolutionary approach is to look, as we are doing with Committees, at what savings we can afford. It is, as Deputy Laine has set out, to ensure that we have an executive team that can deliver. But I do wonder whether we need to go for a far more revolutionary approach, and I am likely at some stage to bring a requête to look at this, that says do we actually have to recognise the reality in which we are, and that we have to look at whether we can work far more closely with Jersey or with other jurisdictions to deliver some of the services that we have.

I am afraid this appropriations committee will not be able to do that, and for that reason I will not be supporting this amendment.

The Deputy Bailiff: Deputy Inder.

Deputy Inder: Thank you, ma'am.

I will remember to speak through you this time, and I will probably fail anyway. I am going to begin by recognising the genuine intentions of Deputy Camp and Deputy Collins, and they brought this Proposition, as other people said, because they are reflecting a concern that many members of the public share; and the public is correct. It is absolutely right. It is angry of the wastage that we see through the States, and rightly so.

What I have said to anyone who will listen, is do not do with public money which you would not do with yours. But unfortunately, there is a sentiment out there that the States of Guernsey is wasting money hand over fist, and I generally believe that it is headcounts, budgets.

I have actually seen no evidence, to be perfectly frank with you, of the big spending Committees to make any real attempt at what I call savings, and I will repeat again, that is in headcount. In fact, Deputy Collins in his opening speech made reference to the work he would like to conduct through this new appropriations committee in reference to ESS and the benefit system.

Unless we have another acronym that I am unaware of, ESS stands for Committee *for* Employment & Social Security, and I thought that is the one he has just resigned from. *(Laughter)* For someone who I know can read accounts, like I cannot, in my view he has made a mistake, and this amendment is not the solution. He should not have left the Committee. He should have stood his ground, and he should have helped that Committee deliver its savings in the Committee, not through an appropriations committee.

Members, I have had a long-held belief that the politicians are largely captured by governments. You go in as an independent Member and come out as a hostage, a sort of Stockholm syndrome. The difficulty is not within the sentiment of the amendment; it is in its mechanism. Deputy Kazantseva-Miller has given the history of the 'Never Likely to Save Anything' Committee. It was created with the same ambition, identifying efficiencies, reduce expenditure, challenge the way Government operates, yet it did not deliver the transformational savings that had been hoped for.

The reason is straightforward. No Committee, panel, review body can make meaningful savings unless those who control the budgets are prepared to make difficult decisions. I will be likely repeating this to fade very regularly. The responsibility is in the Committees. It is with the budget holders. That is where the work is done. They set the priorities. They direct the officers. They approve staffing structures. They own their budgets. They control the budgets on behalf of the public in Guernsey.

If this States are serious about reducing the cost of Government, then each Committee must instruct its officers to examine every area of expenditure, challenge every assumption and identify where efficiencies can generally be made including, where appropriate, reductions in headcount through restructuring and natural turnover. Stop backfilling the retirees. Creating another body to recommend savings does not change that fundamental reality.

You cannot abdicate your responsibility as members of Committees, those that are on Committees, many are not, and they are quite good at shouting from the back of the Assembly telling everyone else what they should be doing. This risks becoming another layer of review, another report, another set of recommendations that can be welcomed, noted and set aside. You cannot outsource your leadership. This is your job.

The Deputy Bailiff: Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Thank you, ma'am.

Like many others have said before me, I do have sympathy with the motive behind this amendment, the idea of doing it across Government, but the clue is in the name, an investigation and advisory committee. It can investigate. It can advise. It cannot implement. It cannot save a single pound. It cannot raise a single pound. It investigates, then advises.

Every Member who has served on a committee, especially one of the major Committees, knows exactly what happens next. We spend months, sometimes years, developing complex policy. We examine every angle, consult widely, test assumptions, revise proposals through multiple iterations, because that is how you make policy. It has to go through multiple iterations, and you build up an enormous depth of knowledge about your particular mandate.

Eventually, we bring the policy letter to this Assembly because, and based on everything that we have learned, we believe it represents the best course of action. Then the Assembly is perfectly entitled to reject it, amend it, or simply send us back to the drawing board. I feel like there might be a déjà vu. That is the work that the amendment seeks to have happen.

This is the nature of our system. Committees advise, the Assembly decides. Creating another committee whose only function is to investigate and advise does not in itself solve anything. That is the fundamental weakness of this amendment. It creates another process, not another solution. Then there is the cost. It is not just the direct cost referred to in Proposition 3 of up to £100,000 from the Budget Reserve, but the resource cost.

Proposition 2, and my colleague Deputy Laine did mention this, directs all Committees of the States to make available the resources necessary for this Committee to fulfil its mandate. Resources are not sitting on a shelf waiting to be used. If officers are supporting this Committee, they are not doing the work they are already committed to do. What work – the actual doing work – will be delayed or deprioritised to provide the resources to this Committee? Because the direction is to make all available resources necessary for this Committee to fulfil its mandate, which is, as Deputy Kazantseva-Miller pointed out, a broad remit. It is vast. It will be sucking all of the resources to be effective.

All of it comes at a cost. I understand why this proposal feels attractive. It gives the impression that we are doing something, perhaps offers reassurance to those who are worried about getting the tax package wrong. In reality, it simply creates another Committee, another layer of process, another report. It delays decisions rather than making them. Ironically, it risks becoming exactly the sort of bureaucracy and duplication that Members say they want to reduce. Please, do not vote for this amendment.

The Deputy Bailiff: Deputy Bury.

Deputy Bury: Thank you, ma'am.

I will be brief. I am not intending to repeat all the points that have been made. I entirely agree with Deputy Laine in his excellent speech, and I thank him for helping me to crystallise my thoughts on it far more eloquently than I was thinking them.

The EDDIAC has been mentioned a couple of times. As Chair of that Committee, and the Deputies bringing this are both members of our Committee, I just wanted to speak to some of the points that have been made but through that lens, particularly around resourcing and the breadth of the work. EDDIAC is a huge piece of work. It is taking a lot of resource and that is a tiny sliver of one Principal Committee's mandate; a tiny sliver. This amendment is, I do not know, 100 times that. It is vast.

EDDIAC is working exceptionally hard. We are making really good progress, but we are struggling on the resource front. Necessarily, we asked for resource that was independent of the Committee *for* Education, Sport & Culture because we felt that was the point of EDDIAC, to be independent. What that has done is drawn resource from the centre, which should be doing something else and is now not.

This appropriations committee will do exactly the same, but many times more. It will draw from the centre and from the Committees that are all in the process of, or reaching the conclusion of, finalising their work plans. We are setting our priorities. This will be a direction to all Committees to decide what not to do, essentially. Also, not just the officer resource, but us as a resource. In the way that the direction has been that the Committee should be constituted, many Deputies are already very heavily committed on one or two Principal Committees.

I am not entirely sure where these people are going to be drawn from, and that is not about being shy of hard work, that is making sure that you do your work properly. We all know that you have an inordinate amount of papers to read. I am sure everybody in here, we all try to do it as diligently as possible. To add this level of work to someone who already may be committed on one or two Principal Committees will add an incredible workload. To the point that has been made, I do not think it will achieve its intention, despite how well-intentioned it is.

I have started to repeat points, so I am going to stop that. I just wanted Members to be clear, from the EDDIAC point of view, we are making progress, but I have also been made aware that our constitution and the way we have requested resource is causing issues elsewhere.

Thank you, ma'am.

The Deputy Bailiff: Deputy Gollop.

Deputy Gollop: We have had some excellent speeches, Deputy Laine, Deputy Bury, Deputy Kazantseva-Miller. I would first of all concur with Deputy Rochester in one respect in that I have got high hopes of the finance leads from the Committees, the principal spending Committees who meet. Perhaps after a slightly slow start, I think they are making progress and, in that sense, it is a pity Deputy Collins has already left them in one – no, Deputy Collins is still there apparently. Inevitably, they have had a little bit of change. I suppose I thought that body would do some of this work.

We have been talking about what this amendment is and what it is not, and I could certainly pick holes in it. We all could. When it was first published, I was a bit dismayed by it because of the implications on resources and delay and potential bureaucracy, but I have warmed to it because I know what it is. It is an opportunity for Members – some Members maybe – who have not got the work and the portfolio that could really maximise their talents to shine. That is one issue.

I am sure Deputy Collins, for example, will be an excellent member or even President of this appropriations committee. Also, after 29 years' experience, I think I know what this is. It really should not be an amendment. I think it is a sursis, because effectively it replaces all of the package and puts into it a new set of proposals which may not see potential joy until Christmas 2028.

The point is, where I have a degree of sympathy, Deputy Kazantseva-Miller mentioned the work of the fairer tax alternative and of the savings committee that she was an extremely able and diligent member of, as was Deputy Vermeulen. She did not mention there was a non-States' Member who sat on it for some of the time, who also communicated to us. One point he made, for example, he made a whole list of expenditures in another context, which included the money we spent on the bus subsidy. Some people would see that as too much; others would see it as an essential and useful public and environmental service.

I mention it because I have been here so long. We went through this cycle before with the Tribal HELM/Capita process, when we paid them a percentage to tell us to reduce subsidies to the college, for example, and reduce the bus subsidy. We ended up paying the price and having to up things later. Therefore, I am always a little bit sceptical of savings committees, but the savings committee that we had last term was not only the victim of circumstances when the political lead resigned before a vote of no confidence was taken in that P&R.

The following P&R, which I was a member – I am the last survivor of it in a sense in this Chamber – we were perhaps a bit naughty in that we did not publish it. We had advice from officers and a degree of political consensus that it would have embroiled a lot of data protection issues. Apparently, a lot of resources. I think there were certain people who did not want it published.

I think there was an issue that a lot of the respondents had talked about policy changes or they talked about raising charges or raising revenue in a better way than what they thought was being done. It was a bit generic, but I regret that at least a redacted and shortened version was not published. I think maybe Policy & Resources can look to that, or Scrutiny, as to building on that work, particularly if this amendment is not successful.

I think why I warmed to this amendment is – although the constitution of it is clumsy, and 'appropriations' to me did sound like a weird cross between accountancy groups and legalistic groups. America is a strange example because America shuts down its government from time to time, and I do not think we want to see that here – well, possibly some of the protesters might. My fundamental point is that many of the protesters and people who have kindly written to us are not necessarily opposed to spending more on public services which are useful to the community, nor are they necessarily opposed to tax increases or consumption tax. What they are opposed to is the sense that we have not turned over every stone.

Deputy Laine made a very brilliant point from a point of view of successful understanding that the core of this is Civil Service change executive implementation. I would add to that, that it would help if we had a more executive system of government and maybe reinstituting a Civil Service board or something a bit more logical in structure than this. I see this group, if it appears, and it could come back as a requête if it fails today, would be a group of politicians who would be like a semi-Scrutiny Committee, calling in resources and being objective.

Deputy Inder mentioned the Stockholm syndrome. I think all of us get a bit captured by Committees. However diligent we are on boards, we tend to be champions and team leaders for the workers and clients of that Committee. Therefore, we need to have a very good working relationship with the professionals and the staff. In that context, there will only be, in my experience, a minority of Members who will regularly challenge about human resources issues or budgetary issues or have a fundamentally different view to what is being presented. I personally think Deputies are not operational enough, but I am probably the minority in that.

What I would say is that it is hard enough managing the boards, delivering projects and ensuring that we are implementing the mandate of the Committee and the statutory authorities and ensuring that we are up to date with risks and performance. Therefore, an additional group, that was like a star chamber that had ideas and would debate with us, could be useful, but it would need a lot of resourcing, and Deputy Bury is right there.

I am open-minded about this. I think if we want, and I do want, to ensure that GST and the other parts of the package stay in the game, but on the other hand, we take the public with us. We build confidence and we build a sense that we are making a difference and can say, in all honesty, that we are prepared to publish savings and reflections on how things can be done more efficiently on both a political and executive level, then I think many of the public will expect us to support this amendment today.

Thank you.

The Deputy Bailiff: Deputy Helyar.

Deputy Helyar: Thank you, ma'am.

I would just like to go back to a theme we had yesterday which was trust and honesty. I feel from my discussions with the public that there would be more reassurance about the plans that we can see if we were willing at the same time to demonstrate that we were making savings. The process of savings, every time that they happen, in my view, focus on the wrong thing because the areas that are costing the Government money are headcount (**A Member:** Hear, hear.), process that we do not need, and benefits, unfortunately.

That does not mean taking money away from people who genuinely need it, but we are paying the States' pension, for example, to everybody that reaches retirement age. Do all of those people genuinely need a States' pension? I know that is a really difficult question to ask and it is something that used to get Deputy Roffey to his feet almost immediately. He would say, 'You have paid in, you should get it out again'. (**A Member:** Hear, hear.) The problem is we have not paid enough. That is the problem, and that money is running out.

If we really genuinely mean that we are not going to increase tax and we are going to make savings, then I think that we should just get on with it instead of looking at what services you can cut, 'Do we need a hornet coordinator or a doggy daycare co-ordinator?' Instead of looking at that on a service-wide basis and saying, 'Actually, that is really important. I think it is really important', you just say, 'No, you have got 10% fewer people next year'. That is the way to do it. It cuts £30 million off the budget tomorrow, and it does not go up next year because you do not have to pay RPIX, plus whatever is asked for, for GST, if it happens or not. That is what we have to do if we want to cut costs. It really is. There is not any other way around this, and no number of committees that you have is going to make any difference.

I really did like this amendment when I saw it. I can genuinely see where it is coming from. I know Deputy Collins sincerely believes that it is important that we look much harder at those kinds of costs and different ways of addressing them, but we do not need another Committee to do this. We already have one. It is called P&R. In my view, we should be providing it with more executive authority to do these things rather than less. We need to have somebody in Government rather than this – I am a firm believer we need an executive government system and a smaller group of people in this room making decisions, and we need to do that. We should be addressing that issue.

In none of this discussion that we are having are we talking at all about Government reform itself. We waste a vast amount of time talking about stuff instead of doing things. Unfortunately, the more people you add in, the more ideas come out. The more ideas there are, the more cost there is and the more people have to run around after us, unfortunately, investigating things which are never going to happen. That is reflected by the several hundred resolutions that we have that are never going to get looked at. They just are not.

One of the ones that we looked at when I joined P&R was bull bars on cars, on four by fours. I think it had been on the book since 1994, or that is when they started to talk about it. There were lots of things on there. It was just completely pointless. It is not our business to be worrying about such things and wasting time in here looking at them. We need to be honest with ourselves and honest with the public.

Until we start making some cuts and being more ruthless about it, frankly, we are not going to get anywhere. I do not think we are going to get anywhere either whilst we have a room of people, all well-intentioned. We all want to do the right thing. None of us wants to put tax up. P&R do not want to put tax up either, I can absolutely assure you of that, but we are running out of money. It is a simple fact. We cannot get away from it. The money is running out.

I spent a lot of time looking at it. I thought Deputy Laine's speech was excellent, was very insightful, because he has the opportunity, because of his expertise, to work much more closely with the executive team. He can see that a lot of this needs change at an executive level. We have hundreds of people inputting data all over the States, duplicating the same data into different systems. It is a mess. It really is a mess. The Chief Executive needs our full support in amending that, but it is going to cost money to change it. It is going to cost money to change it, and we need to find that money from somewhere.

I cannot support this. I really do, though, want to say to Deputy Collins, I genuinely appreciate his reasons for bringing it, but I just think we need to be more ruthless. We need a change in our structure – definitely need a change in our structure – and rapid reform. Otherwise, we are going to end up with the CCA running the Island because we are going to go bust. We are going to end up with a version of the CCA having to deal with it. There is no other alternative. That is where this is going, and in pretty rapid order.

Please, if you want to make savings, as the President of P&R has already said, get on with it. I have experienced already, having never been on a project board before because we were too far away from it on P&R, but projects are a nightmare. It is no wonder everything is covered in scaffolding. It is almost like mounting a military operation to get yourself into Treasury, to find your way through the labyrinthine process in order just to get some money to do it, and whilst you are waiting you are wasting money. It is just bonkers, a lot of it. We really need to push all of that to one side, focus on what needs to get done and just get on with doing it.

I thank Deputy Collins for his amendment. Unfortunately, I cannot support.

The Deputy Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, madam.

I really agree with some of the points made by Deputy Helyar there, and I will be speaking in a similar vein in that regard in general debate. I am not going to be supporting this amendment to delete all Propositions, and I will just go straight to:

> 2. To direct all Committees of the States to make available resources necessary for the Appropriations Committee to fulfil its mandate.

There are no available resources at Home Affairs, I can tell him that now, sir – madam, sorry, I apologise. *(Laughter)* I think, madam, I am the only one that has not congratulated you, so congratulations.

The Deputy Bailiff: I have got a list actually, but … *(Laughter)*

Deputy Leadbeater: Just on that point, there are no resources. We are really under the cosh at Home Affairs. We cannot keep up with what is being fired at us day-to-day. We must be the most sard Committee in the States of Guernsey. I can see Deputy Oswald questioning that in the corner with his HSC hat on, but we are really stretched. We do not have the resources to make available for this Committee to be able to function, so there is no way that I could support it.

Setting that aside, though, I still do not think I will be supporting this appropriations committee anyway. There is a point that has been made by other Members, this is P&R's job, what this appropriations committee is supposed to be doing. We have had talk of the savings committee from last term that Deputy Kazantseva-Miller chaired, and I remember being on HSC going in front of that Committee. Deputy Oswald was with me. It was a real struggle for us at HSC last term to try and look for savings.

There are all the same things that come out of the Finance Business Partner (FBP), like medicines management and e-rostering and all stuff like that. All stuff that needs investment upfront to be able to do anything, and that investment is tricky to get hold of. I think the point was made by Deputy Gollop that the cost savings committee, when it went out to survey the public, the vast majority of input from the public was about raising extra revenue, not about cost savings whatsoever because even members of the public would find it difficult to make cost savings.

Deputy Helyar has hit the nail on the head. We spend a considerable amount of money, and it is the spending of that money that if we want to bank recurring savings, that is where we need to look. I am not going to criticise ESS for the size of our welfare bill, even though I have my own thoughts on that. Deputy Inder reminded me only a few days ago, the amendment that Deputy Cameron and I brought to a tax review last term, it was the only amendment that got full unanimous 40 votes at the amendment stage and at the Proposition stage.

That was a piece of work for P&R to return to the States with proposals, Propositions, to get people back into work, looking at all the barriers, looking at the childcare barriers, looking at the fact that people just blag their doctor (**A Member:** Hear, hear.) to be able to get on to long-term benefits. These people on these long-term benefits, we are also paying for their drugs. It is difficult when you have got people living on an estate and you have got these people on this side of the estate that are getting up at seven o'clock in the morning and going to work. These people on this side of the estate only get up on a Saturday in their onesie to go and get an ice cream from the van. It is all visible and these people live next door to each other.

Anyway, I digress and I will save that for general debate. I am not going to be supporting this amendment, and I encourage other Members to do so also.

The Deputy Bailiff: Deputy Oswald.

Deputy Oswald: Thank you, ma'am, and please, my congratulations, I do not want to be added to your hit list, thank you very much. *(Laughter)*

I will not echo Deputy Leadbeater's experiences that I also experienced with the savings committee in the last political term, but all I feel is that this appropriation committee just risks raising the mistakes that the previous one did. Deputy Rochester succinctly fed my thoughts as to what is the role of the committee. I have to ask Deputy Collins if he feels Committees are too busy to answer the three questions which he is proposing, which we and our Committee are trying our best to do, then what is the function of the committee structure as it currently is?

Thank you.

The Deputy Bailiff: Thank you.

Deputy Curgenven.

Deputy Curgenven: Thank you, ma'am.

As you are the most engaged audience member when I speak, ma'am, this is mostly addressed to you. Ma'am, with your judge's hat on, imagine, if you will, two chairs at the front of the Assembly. In the first chair sits the revenue case for this package. It is a well-dressed witness. It has been prepared for months. It arrives with a sub-committee behind it, five Corporate Tax alternatives formally assessed and set aside, and a start date circled on the calendar. It has been cross-examined inside Policy & Resource and presented to us in full ceremonial dress.

In the second chair, the chair reserved for the spending case. The case that says that every pound we already take from Islanders is a pound the States genuinely must spend. In that chair sits nobody. There is a note pinned to the seat. The note says, '1%'. That empty chair deserves more than a glance because the emptiness of that chair is not an accident of timetabling; it is the structural flaw in the package before us. Amendment 1 exists for only one reason, to put somebody in that chair.

Between roughly February and May of this year the Tax Review Sub-Committee did serious work on the revenue side. I do not diminish it. Months of structured, dedicated, single purpose analysis. Hold that up against the expenditure side. Where is the equivalent body? Where is the dedicated, independent, months or years long, whole of Government examination of whether the money we already take is spent on things the State must do? It is not there because it does not exist.

What the package offers instead is a savings target: a self-assessed 1% efficiency ambition, housed inside the very Committee that designed the tax it is meant to counterbalance. The revenue side got a sub-committee, a methodology, a report, yet the spending side got a percentage and a little promise.

Members may say, 'But Policy & Resources tells us it has spent its first year turning over every stone.' Ma'am, I have no doubt stones were turned, but turning over stones inside your own garden is not an audit of the garden. The Tax Review Sub-Committee is itself the proof of my point, not the answer to it. It is the revenue side body. Its very existence demonstrated that when this administration wants rigour it knows exactly how to construct it: a dedicated panel, a defined mandate, a reporting deadline. It built that machinery to work out how to raise money but it has never built the same machine to work out whether the money needs raising at all.

Amendment 1 is this machine. It is the missing counterpart. The person for the empty chair; independent of Policy & Resources, and of ESS, by its own express terms, answerable to this Assembly, and it has a deadline.

Now, enter the exhibits, because a prosecution should never rest on architecture alone. If the spending side has never been independent and properly examined the fair question is, does it matter? Perhaps the States of Guernsey's own internal discipline is good enough. Perhaps a self-marked 1% target is a safe thing to bank a permanent tax against. Well, is it?

Exhibit 1, MyGov, the promise was £7.4 million a year in recurring savings. Instead we spent £21.6 million with – and I quote Deputy St Pier here – no meaningful benefit to taxpayers. Exhibit 2, the Revenue Service transformation, £24 million to transform a service and, at the end of the money, the transformation itself needs transforming. Here, he most damning assessment came from inside Policy & Resources itself. A Member described what these episodes revealed: ineffective governance, unclear accountability, and unconscionable waste of public money. These are not my words, they are the words from the Senior Committee.

Two failures of exactly this species promised efficiencies, quantified upfront, undelivered in the event, inside the recent memory of every Member of this Assembly. The question this debate must answer is a jury question, and it is a simple one at that: does a third efficiency promise from the same body deserve credit in advance? Because that is what this package is asking of us. It asks us to legislate the certain half of the bargain – a permanent, regressive, inflationary consumption tax – on the strength of the uncertain half, a savings plan underwritten by an institution whose last two attempts of precisely this kind of delivery ended in words that I have just quoted.

I anticipate the answer. Members will say there is a new Chief Executive, lessons have been learned. Good, I hope that is true, but notice what the answer actually concedes. It concedes in a way what Deputy Laine and Deputy Helyar concede, that the old internal machinery failed. Yet it asks us to trust that new internal machinery will not, on no evidence yet because the new machinery has by definition not delivered a savings programme of this scale. A change of personnel is not retrospective evidence.

If the lesson of MyGov and the Revenue Service transformation is anything at all, it is that internal delivery inside Policy & Resources needs external independent structural challenge, not a fresh set of hopeful faces around the same marking table.

This amendment states its own evidential standard, in terms I would ask every Member here to weigh. Savings must be demonstrably achievable and deliverable, supported by robust quantitate analysis and implementation planning, rather than relying on aspirational savings or efficiencies that simply cannot be delivered or evidenced.

Some Members will respond, reasonably, that savings always take time to identify. That no Government anywhere has every efficiency itemised before a budget vote. Ma’am, I agree. I agree entirely. That agreement is my argument. If this work generally takes time, structure, and sustained analysis – and it does – then it deserves a body whose whole purpose is to do this, standing, resourced, independent, and with a deadline.

What it does not deserve is to be waived through as an unfinished footnote to a finished tax. The Propositions of the package cannot have it both ways. Either the savings work is easy, in which case why is less than half of it done 80 days before we vote; or it is hard, in which case it is precisely the task Amendment 1 creates the machinery to perform. The difficulty of the work is the case for the Committee.

What we have here, ma’am, is a process to build a rigorous machine for the revenue question, and not the same machine for the spending question. The irrefutable evidence demonstrates that the States blows through budgets year after year and recently blew through £50 million with no benefit to the taxpayer. Amendment 1 cures this defect, and only this defect. It does not pretend the Island has no fiscal challenge; its own text says otherwise. It simply insists that before this Assembly signs the permanent side of the ledger, someone independent, competent, and answerable to us, this Assembly – not to the Committee under examination – completes the other side to the same standard of robust, quantitative analysis that the revenue side has already enjoyed, and reports back by a fixed date.

Ma’am, every Member of the Assembly has at some point sat across a desk from someone who runs a business. Ask any of them what happens when they take a proposal to their bank with the income side worked out to the penny and the cost side reading, ‘1%, details to follow, less than half identified’. Islanders are not asked to extend that kind of credit to anyone and they extend it to no one, yet this package asks them to extend it to us permanently at every till on every necessity, while the spending case sits in an empty chair.

I said at the outset that Amendment 1 exists to put someone in that chair. Let me end by saying what happens if we do not. If this Assembly votes this package through with the spending side unexamined, the half found target will not become found by the act of our voting. The five deficit figures will not converge because we chose one by a show of hands. The delivery record will not improve because we declined to look at it. All that will have changed is that the questions will be asked after the tax is permanent instead of before, when the answers can no longer shape the decision, only embarrass it.

The revenue side of this package got months of dedicated scrutiny, and rightly so. The spending side of this Island's Government has waited years for the same courtesy and Amendment 1 is the first Proposition on any Order Paper to provide it. Ma'am, I urge Members to fill the empty chair.

Thank you.

The Deputy Bailiff: Thank you.

Deputy Van Katwyk.

Deputy Van Katwyk: I just want to place on record my thanks to both Deputy Collins and Deputy Camp for doing the work around this amendment. But for all the reasons already stated, I cannot support it.

Thank you.

The Deputy Bailiff: Deputy Sloan.

Deputy Sloan: Thank you, madam.

Deputy Inder's words earlier reminded me of a conversation myself and Deputy Montague had yesterday afternoon when we were reminiscing about our political awakenings. We were going on about television political programmes and demonstrating how old the two of us were to the audience in front of us.

The reason why I am reminded of it, it also is the time of my economic sort of awakenings too, and Deputy Inder's comment reminded me of Milton Friedman's theory of spending money. He paraphrased it quite well, which is obviously you are most careful when you spend your own money. That is when you care about cost and value. When you spend your money on someone else you care about cost but not necessarily value. When you spend somebody else's money on you, you care about value but not necessarily cost. When you spend somebody else's money on somebody else you neither care about cost or value.

It is an important point about public expenditure. Friedman was making the point that it is very important to have strong governance, fiscal discipline and scrutiny when it comes to public expenditure, because we are always spending somebody else's money on someone else.

It gave me a wry smile to hear the committee system of expenditure and the committee system defended earlier in this debate. Again to echo Deputy Inder's comments about Stockholm syndrome, lots of Committees go native quite quickly. You will see in the Budget process it is rare that a Committee will vote for the collective interest in reducing expenditure or restraining expenditure because they always have the exceptional case of, 'I need my Committee to have more money. I can see the argument when it relates to everybody else, but not when it relates to myself or my Committee'.

Quite frankly there are lots of lunacies about our system, both in terms of the structure of Government and the electoral system, and I share the sentiments of Deputy Helyar that we need to find a way to have stronger and more effective Government. I do not think we agree on all of the issues such as contributary benefits. I am – as I have given away – a believer in universal benefits, but that is one of my idiosyncrasies.

We do need to find a way to do things better than spending many days debating the same points over and over again. What I liked about the amendment was the fact that it recognised something else that I think is a flaw in the current approach: the asymmetry of our current approach of looking at revenue generation as opposed to control of expenditure. For that I do believe that a different way of looking at this must be found. If we are reliant on the way that we are doing it presently we will never get a different answer.

I have heard so many times about expenditure that is demand driven. Well, I do not necessarily agree. It is a proxy for somebody wishing to increase spending. It is not necessarily that all demand is legitimate and all demand is right. Sometimes demand has to be faced down and said, 'I am sorry but that cannot happen'. It is not a populist opinion but it cannot happen in Health forever and a day because the numbers do not stack.

I actually commissioned a report in 2022 about long-term projections of Health expenditure and other expenditure, to make the point that the future was not affordable, not that we must try and afford the future. We are coming up with the wrong answer to the same question time and time again. But it is possible to restrain expenditure. Deputy Parkinson is back in the room now. Back in 2010 to 2014 we managed to retrain expenditure by putting a policy in place in real terms that it could not go up. Over those four years it was constrained and the Zero-10 deficit was eradicated. We had a revenue surplus.

We could do it then and I suggest that back in those days there was a will and a way, and we had a stronger system of Government. You might not agree with me but, in my view, the Policy Council version of quasi-collective responsibility was better than the one we have now. There were strong characters in both Policy Council and at Treasury that had a common view of what was required, and that was progressed forward.

In that respect I agree with the sentiments of the amendment. I cannot quite find myself supporting it wholeheartedly because of the other aspects that it does, another tax review. Personally, when I read it, Deputy Collins, I was like, 'Yes, I could do that, I will give that one a go if you want me to. I will go and sit in my study at home and spend the next 12 months doing it'. I am sure some of you that have not the most flattering views of my ego would appreciate that I could consider that I have reasonable enough expertise to give it a go. But it is about finding things that everyone can find reasonable common ground and getting the support of a reasonable majority, because we have got to go through the democratic system in any event.

But I do think we need to find a report that says the unsayable, because we are also ducking saying the unsayable, and the process that we are taking. I would like to see analysis that is devoid from spin to support a particular political approach. We have a problem with our system of Government, is the Civil Service, and this goes back to a previous Chief Executive who used to say they are civil servants, policy advisers, and political advisers too. The Civil Service wears various different hats depending on which day. You look at the communications from Government nowadays and it is so divorced from what I think is appropriate communication. I think it is a scandal and a public disgrace, but is because the civil servants are trying to fill three or four different jobs at the same time, which means that most of the stuff that comes out from the Government is rarely completely objective.

I do believe, therefore, some sort of committee that looks at expenditure and takes that step back would be a good way to get there. I am not entirely sure that this particular amendment is. I am happy to speak over the summer.

In terms of Scrutiny Committee we talk about looking at Health expenditure and trying to get there as a review. There has got to be some other way than leaving it just to the people in charge of spending the money to have a look at it, because they have to take an emotional detachment from what it is we are looking at.

To that point I cannot support the amendment but I can support much of the sentiment in it. I shall defer to the vote and see where we go.

Thank you very much, madam.

The Deputy Bailiff: Thank you.

Deputy Blin.

Deputy Blin: Thank you, madam.

Before I address this I just want to explain a couple of points about my position. It feels like ages ago but earlier on today with the last amendment seeking to remove elements of the GST from the policy letter, I supported that even though I knew full well it was very unlikely to succeed. I think it was 10 votes.

Sometimes it is not about just the vote, it is the outcome. Sometimes it is about sending the message we want to get across, especially to our electorate and to our colleagues in the Assembly. For me that message remains clear. I am fundamentally opposed to introducing GST unless we have first of all done everything reasonably possible to reform, improve productivity, grow economy, challenge expenditure, etc. All the things we have discussed. That position has not changed.

Yesterday I also supported the sursis because, in my view, it offered the Assembly the best opportunity to pause and improve the proposals. Against that background Members might reasonably expect me to support this amendment. In truth I really wanted to because its heart is absolutely in the right place. This is why I really feel strong to speak. It recognised something that many Islanders have been saying for years, before asking the public to contribute more, Government must first demonstrate it has challenged itself. This is the principle I constantly wholeheartedly support.

But, through you, madam, good principles do not always produce the right solution. The more I have listened to this and studied amendments, the more I have come to the conclusion that this is not the right vehicle I can see. This amendment does not simply establish an appropriations committee – interesting, Deputy Kazantseva-Miller's history of the terminology of it – to sit alongside the work before us, because if it affects the whole tax reform package that is a different process. But that is still a huge step.

It creates a committee with an extraordinarily broad remit to examine the future shape of Government expenditure and taxation. That left me asking a few questions. Who is responsible? We already have Policy & Resources charged with providing the strategic direction. We already have Principal Committees, which Deputy Inder has referred to all of those heads of Committees responsible for delivering the services. We already have Scrutiny holding those decisions to account. So I worry that this amendment risks creating another strategic body sitting alongside those structures, influencing Government, without carrying the responsibility for the governing.

If Government needs reform – of which I am sure we all feel it does – then Government itself must deliver that reform. We cannot outsource that responsibility to another Committee. However – and this is the important part for myself – I do not want today's debate on this amendment to end the impression that to make the amendment disappear would be the greatest thing. That is not what I am saying; it is far from it.

I actually believe there is merit in establishing a States' Investigation Advisory Committee to undertake exactly this whole kind of government review, but not as a replacement for the fiscal. Not as an alternative executive but as a focused investigation to identify where services can be modernised, where duplication exists – I very strongly relate back to the speech of Deputy Laine – where technology and AI can improve productive, where commissioning may deliver better value, etc.

Here, because I cannot support it, it is through Policy & Resources – I hope they listen to the strengths of feeling expressed in this debate – to consider bringing forward such a committee in its own right. I do believe there is a clear mandate from this Assembly for that work to happen. We have seen it under the last term on the cost savings and the other aspects, and we know where that finished. I fear the same thing would have happened, should the appropriation committee succeed in its amendment.

Ma'am, throughout this debate I have argued that growth, productivity, and technology reform should come before asking for any Islanders to pay. I have repeated that throughout. That conviction only grows stronger, but I do not believe we can achieve those objectives by replacing one process just with another. This is where responsibility belongs. It deserves efficiency, better value for every taxpayer, but it deserves a Government that accepts responsibility for delivering that reform, not another Committee to do the governing on its behalf.

I wholeheartedly support the ambition behind the amendment but I am afraid I cannot support this amendment.

Thank you.

The Deputy Bailiff: Thank you.
Deputy Camp.

Deputy Camp: Thank you.

Before I start I want to address one thing. The name of the Committee is really quite a low blow to attack an amendment on, given that names are not constitutional imports. As we know, 'President' is given many different meanings, and if I was to accept Deputy Kazantseva-Miller's comparison here to the US appropriations committee, well then I must be looking around the room at about 10 or more President Trumps. We go to the common meaning of words; that is how words are formed, not based upon the US's appropriation of them, or even indeed our own. Nobody would worry about Guernsey having an appropriation committee because it meant to scrutinise and prioritise public expenditure. What a terrible proposition.

Yesterday I supported the sursis because I believed we were asking the wrong question in the wrong order. Much of this debate has centred on how much additional revenue Government requires. Far less time has been spent asking the more fundamental question: what should Government actually be. Until we answer that question we cannot know what Government should cost, and until we know what Government should cost we cannot accurately rely on assumptions as to funding gaps because nobody should be assessing such things based on unknown spend, haemorrhage risk, and an assumption that everything was rosy after the last few years.

That is why I rise to support and second the amendment. Not because I have any great enthusiasm for creating another committee, but because this amendment creates something our system currently lacks: a vehicle with an explicit whole of Government mandate to ask those fundamental questions before we ask taxpayers to contribute more. This is the work that workstream 3 could and should have been for the last year, but it has not been done.

Every Committee in this Assembly quite properly focuses on delivering its own mandate. Health focuses on health. Education focuses on education. Employment & Social Security focuses on its responsibilities. They should. Members develop expertise within their own areas and carry out valuable work challenging budgets, improving services, and looking for efficiencies. Nothing in this amendment changes that. Indeed, I would argue the opposite.

This proposal does not replace the excellent work of individual Committees; it strengthens it. The detailed work remains exactly where it belongs: within those Committees that understand their policy areas best. What this Committee provides is something different. It brings that work together, while also allowing Committees to get on with the day job. It identifies where responsibilities overlap, where decisions in one Committee create costs or opportunities for another, where information can be shared, where assumptions can be tested, and where Government can begin to think as one organisation rather than a collection of individual mandates.

In that sense this is not an additional layer of Government, it is the mechanism through which the Assembly can make better use of the expertise that already exists across Government. Today there is no committee with responsibility for standing back and asking the broader questions: what should Government continue to do? What could Government do differently? What could be commissioned elsewhere? Where are we duplicating effort? Where are regulations adding unnecessary cost? Where are we – to use a phrase from previous States' reports – gold-plating public services?

Those are not political questions, they are governance questions, they are management questions, and they are questions every successful organisation periodically asks itself. No successful organisation assumes that because something has always been done, it should continue to be done in exactly the same way. Businesses review themselves, charities review themselves, public bodies review themselves. Government should be no different.

Some Members may say this work is already underway. I respectfully disagree. If it were, I question why successive Assemblies have repeatedly called for a fundamental services review. Excellent work is undoubtedly taking place within Departments. Excellent work is undoubtedly taking place within Committees, but that is not the same as having a democratic mandate to examine Government as a whole. That is what this amendment provides.

My experience serving on EDDIAC has re-enforced that belief. EDDIAC has brought Departments together to share information, explain costs, challenge assumptions, commissioning modelling where appropriate, and draw upon independent expertise. I believe this Committee can achieve precisely the same thing. It can support other Committees, help identify opportunities that may never be visible from within a single mandate, and strengthen – not diminish – the work already being undertaken throughout Government.

Perhaps the simplest analogy is this. Think of an orchestra; every musician may be exceptionally talented, every section may rehearse diligently, but unless someone ensures they are all playing the same piece at the same tempo and towards the same outcome, excellence in one section does not necessarily produce excellence overall. The conductor does not replace the musicians; the conductor enables them to perform at their very best. That, to me, is the role of this committee. It is not there to replace Committees. It is there to help Government perform as one cohesive and collaborative organisation.

Let me also be clear about something else. The outcome of this work should not be predetermined. This is not a savings programme, it is not austerity, it is not slash and burn. Nor should it begin with an arbitrary financial target and work backwards. Instead it asks the questions first. What should Government actually do? Why does it do it? Who is best placed to deliver those services? How should those services evolve over the next decade? Only once we understand those answers can we sensibly ask what Government should cost, because cost is not the starting point, cost is the consequence of purpose. Get the purpose right and the cost becomes evidence based rather than assumed. Get the purpose wrong and no amount of taxation will ever make Government truly sustainable. Some areas may become more efficient, some services may require greater investment because they demonstrably prevent greater costs elsewhere. Some may already represent excellent value and require little change at all.

Success should never be measured simply by how much money is saved. Success should be measured by where the Government becomes more effective, more sustainable, and delivers better value for every pound the taxpayer entrust to us. Yesterday I argued that we should better understand Government before asking Islanders to contribute permanently more. This amendment gives us the opportunity to do exactly that.

If the review concludes that Government is already organised in the most efficient, effective, and sustainable way possible, Members can proceed with far greater confidence. If it identifies opportunities to improve outcomes, reduce duplication or increase productivity, then we owe it to the taxpayers to act upon that evidence before permanently increasing the tax burden. Either outcome strengthens Government, either outcome strengthens public confidence, and either outcome improves the decisions this Assembly will make in the years ahead.

I will conclude with you cannot know what Government should cost until you first decide what Government should be. That is why I believe this amendment deserves the support of this Assembly.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: What a speech that was, ma'am. I commend Deputy Camp for opening the eyes of this Assembly with that speech.

I have been listening and looking for pearls of wisdom about how we do things currently and is everything okay and is everything right. If I went with the majority in this Assembly who seem to be saying, 'It is okay, we are going to introduce GST just like Jersey has and it is going to fix everything. You might need to employ 16 more here in Customs and 20 more in the Tax, a load more in Social Security. We are not going to change anything, we are just going to keep doing what we have always done'.

I do not think that GST is the fix-all, and I think Deputy Camp has demonstrated that we do need to change things. The reason I think that is when I look at Jersey –

The Deputy Bailiff: Deputy Vermeulen, you are now competing with noise outside so would you mind projecting. I am finding it quite difficult to hear you.

Deputy Vermeulen: You want me to look at you?

The Deputy Bailiff: Just project.

Deputy Vermeulen: You want me to project my voice on this limited sound system.

The reason I think we should be looking at things is what Jersey has done. As we know, I upset a few people when I said we were blindly following the UK, and I apologise if I upset people in that, but that seems to be just what is happening in the race to the bottom. They have a VAT and we are copying that, and we are doing a lot of things on Social Security which seems to be copying just what they have got. We will inherit the problems which they have already got right now.

But Jersey, who introduced the GST, also introduced growth control measures on public sector jobs last year. If we had done that already – which we have not – there is an argument that says, 'We might not need to support Deputy Collins and Deputy Camp in this amendment because everything is going to be fine, it is going to be tickety-boo, and the public out there who tell us they do not want GST, they cannot afford it, and all the small businesses that are talking of upping and leaving the Island that they truly love, it is not going to happen.'

Well, those are very real concerns that have been expressed to us, and I honestly do not know how Alderney is going to survive this. I think Deputy Camp nailed it on the head when she said she has made the case for this, things are not perfect how they are going, and that we have to look at doing things better. Yes, I was on the savings committee, and some of that £17 million savings which we identified with Deputy Kazantseva-Miller were adopted. Not many. Some of them failed on the floor of this Assembly when they were brought, which was very interesting. But *c'est la vie*, that is the States.

Perhaps a different way of looking at things is the right answer, so I feel –

Deputy Inder: Point of correction, ma'am.

The Deputy Bailiff: Point of correction, Deputy Inder.

Deputy Inder: Deputy Vermeulen said the savings committee report came to the floor of the Assembly –

Deputy Vermeulen: I cannot hear you.

Deputy Inder: I am a bit shorter than you. I am closer to the mic.

Deputy Vermeulen: You are mumbling.

Deputy Inder: I am not mumbling.

The Deputy Bailiff: I know it is done in jest but please do not communicate –

Deputy Inder: I am genuinely not mumbling. It is the sound system. Deputy Vermeulen said the savings committee report came to the floor of the Assembly. I do not believe it did.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: I have been terribly misquoted, but I will not take any umbrage with my friend, Deputy Inder.

What I said was one of the suggestions, not all of it, and it is a shame it never really did come, but what it does, it proves the point that you can lead a horse to water – the savings committee, this amendment is not about a savings committee – but you cannot make it drink. We identified all those and then it came back with education and getting rid of the grants for the colleges, which nobody wanted. That is what happened there.

I will give way to Deputy Inder.

The Deputy Bailiff: Deputy Inder.

Deputy Inder: Deputy Vermeulen knows that I have got a lot of respect for him, but I am genuinely intrigued. He is fully behind this appropriations committee, as he has stated, and – well, he said he is about to vote for it so he is behind the Appropriations Committee. He made reference to Deputy Camp, who is not on Home. Deputy Vermeulen is on Home and it is one of the biggest spending Committees. Could he explain to me what he thinks Deputy Camp can do on the appropriations committee which he cannot do as a Member of Home?

Several Members: Hear, hear.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Well, how long have you got, Deputy Inder?

I am a man, Deputy Camp is a woman, and she has got a completely different perspective, which is very welcome. We have had to wait 748 years to get a lady –

The Deputy Bailiff: Do not bring me into this, Deputy. *(Laughter)*

Deputy Vermeulen: It was a long wait, ma'am, and what an opportunity; 740 years, what an opportunity that has been missed. I have to keep repeating it because I cannot believe how long that has taken. But we fixed that problem and we are where we are. We are just about to make these introductions.

I think a fresh pair of eyes with a different perspective always helps. My father used to tell me that three eyes were better than one, and he was right. We had great discussions and debates. But if you just look at it in silo, 'We are not changing anything, we have always done it this way and the Committee is the only way. We do not need anybody'. The committee will, Deputy Goy, from time to time use consultants because I believe that States' employees were not allowed to use artificial intelligence six or seven years ago.

I remember famously in one Committee meeting on Economic Development where I said, 'Look, another report on finance, we have just done a report on finance from consultants. We have got all you top guys that work for us in the States, these officers are really quite intelligent. Could we not just get you to do the review, instead of paying these consultants who will use AI and then give that AI-generated report to the Committee?' You can see what happened; they went ahead and spent the money anyway.

So, yes, I welcome this amendment. I do not think it should be shot down in flames for having a different opinion, and I certainly value Deputy Camp's take on things. I have enjoyed this debate.

Thank you, ma'am.

The Deputy Bailiff: Thank you.

Does anybody else wish to speak on this amendment?

Deputy Le Brun.

Deputy Le Brun: Thank you, madam.

A lot of the points have been raised already so this is more for the people listening at home. I know the Greffier has read this out already but I just wanted to emphasise (a) and (b) in the Proposition:

> a. identify core services provided by the States of Guernsey across all committees and service areas which of those services; must be delivered by the States of Guernsey, would be better suited to being commissioned by others …

That is basically cuts. (b):

> b. consider new methods of taxation …

So we delay this until December 2028 to again talk about tax, and what we are here to do now today is to debate something that is going to keep core services open. For that reason I cannot support it.

The Deputy Bailiff: Thank you.

Deputy Matthews.

Deputy Matthews: Thank you, madam.

Actually I have decided that I will support this amendment. The reason why is I think that is based on – and I have talked to Deputy Collins about this – the EDDIAC principles. It is essentially a transfer of EDDIAC into an appropriations committee. I think there are some weaknesses with EDDIAC. I was somebody who thought that EDDIAC could have been done by the Committee *for* Education, Sport & Culture, the ESC Committee. In fact, it was voted in, in the last term, largely out of a lot of scepticism that members of that Committee from last term would be able to separate themselves very much from the operation of Education.

The thinking certainly in my mind when I voted for it – and I think a number of Members – was, well, let us separate them out, let us have a separate Committee which is not members of ESC, and they can take a second opinion and have a look at how things could be run.

I appreciate that is often a useful approach. It does have its challenges because members of EDDIAC have to then go about their business not having been through any of the papers that would be to ESC, and there is the challenge of linking up between the two Committees. I think the Committee that Deputy Collins proposes in this amendment would face exactly those same challenges, but more so because it would be looking at all Committees and trying to find savings across every area of States' business without, in most cases, being members of those Committees and seeing the papers that those Committees get.

Having said that, there is a genuine sense that having that second opinion, that second pair of eyes, would be perhaps a useful way of doing things. When Members join Committees it is often the case that you get this odd sort of symbiotic relationship where officers are there to help you and to do things, and you are there to try and advance the aims of that Committee. Members are not necessarily best placed to deliver the type of challenge that needs to be done in order to do things differently and to think outside of the box. A Committee like this might well produce some useful input in a way that Committee members would find more difficult.

I think the writing is on the wall; I do not think the amendment is likely to pass, but I will support it because I think the principle is very valid and I would like to see that there is some work done towards looking at setting up some independent mechanism to be able to look at how costs and revenue are to be addressed from a Committee basis.

Thank you.

The Deputy Bailiff: Deputy Parkinson.

Deputy Parkinson: Thank you, ma'am.

As a member of EDDIAC I have a slightly different take on why it was formed. I do not think it was from a lack of resources at Education; it was frankly a deep cynicism in the last Assembly about whether the officials in the Education office were really committed to devolution, which the Assembly strongly supported. But by the by. I rise mainly in response to comments from Deputy Sloan. I was the Treasury Minister in that period of the States when for three or four years we kept Government spending flat, so I have been through this before. As Deputy Gollop has pointed out, we brought in some consultants called Tribal HELM, and they were supposed to be helping us find efficiencies in the States.

I would have to say, although we did achieve a reduction in baseline budgets over several years of around £27 million, the truth is a lot of the cost was simply passed on to the consumers. Whether it was reductions in grants to the colleges or putting up charges at Beau Sejour, whatever, a lot of the time, we managed to keep Government spending flat, but really only by passing the cost on to consumers. I give way to Deputy Sloan.

The Deputy Bailiff: Are you giving way, Deputy Parkinson?

Deputy Parkinson: I am.

The Deputy Bailiff: Deputy Sloan.

Deputy Sloan: Thank you, Deputy Parkinson.

I just challenge 'the majority' of it. I was actually the senior official in charge of the fees and charities workstream and whilst I did not agree with the approach, but I was a civil servant, I did as he instructed. It was an unsuccessful part of the programme, but it was not the majority of savings were achieved by increasing fees and charges. It is wrong to say 'the majority' of that £27 million was through fees and charges.

The Deputy Bailiff: Deputy Parkinson.

Deputy Parkinson: Well, I do not remember the exact breakdown of the £27 million of savings, but a significant portion of them were achieved simply by passing costs on to the consumer. The reality is that Tribal HELM, who are paid on a – as Deputy Gollop reminded us – percentage of savings basis and therefore incentivised to find savings, really did not find many. For people like myself who, like many people who are relatively new to politics, thought that there was lots of waste to be rooted out in Government, it was perhaps a little disheartening but also illuminating to find that these so-called experts could not find the efficiency savings which, at the outset, they promised they could. The lesson I took away from that is actually the States of Guernsey is not as inefficient as people generally think.

Of course, in any organisation it is possible to make some efficiency savings; there is not a perfect organisation anywhere in the world. But the idea that we could make wholesale reductions in the cost of Government was not borne out by our experience. We can take quiet satisfaction from the fact we kept Government spending down, while admitting that some of that was achieved by just passing the costs on to the consumer. But more importantly, I think what we learned was that actually it is not that easy. The States of Guernsey is not as wasteful as people imagine.

If you really want to make cost reductions in the cost of Government, you have to reduce the scope of what Government does.

The Deputy Bailiff: Deputy Williams.

Deputy Williams: Thank you, madam.

I would like to be added to your list of congratulations, please.

The Deputy Bailiff: I have taken you off my list of people who have not.

Deputy Williams: Okay, whichever way it works.

On first principle, when I looked at this on reading through the amendments, I thought, yes, this looks like a pretty good idea. It is to challenge everything, look across the board, fresh pair of eyes. Overall, after a lot of thought about it, I think it is potentially more bureaucracy and letting those individual Committees potentially off the hook of what they should be doing already. So everyone has been required to go ahead and look at savings already. I think that needs to be looked at in a lot of detail working with P&R, and P&R taking the lead on that.

I think Deputy Helyar picked that up as the role of P&R in examining those individual Committees' commitment and we do not want to be letting those individual Committees off the hook. They know their business best, or should do, in terms of the detail. I appreciate fresh pairs of eyes are very good but they need to be – I give way.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: I appreciate you giving way, and I appreciate what is being said there, but unfortunately the Committees do not do the pay reviews. As good and as well-meaning as just letting the Committees get on with that, it is P&R, that Committee, which actually does the pay reviews. When we have got on Home 93% of our expenditure is wages, that is quite difficult to swallow. I hate to think what it is going to be with GST. Is it going to be inflation plus 3%? I do not know what it is going to be. Time will tell.

The Deputy Bailiff: Deputy Williams.

Deputy Williams: Thank you very much, madam.

I note the point. Obviously what I am trying to say is the Committees are responsible for their own individual budgets and therefore they are also now responsible for finding savings and drilling into them. I want those individual Committees to be working very hard on producing those savings and taking full responsibility for their own services and their own actions and their own efficiencies.

Thank you very much.

The Deputy Bailiff: Thank you.

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

Yes, Deputy McKenna.

Deputy McKenna: Ma'am, I am going to support Deputy Collins and Deputy Camp in this amendment. If I could paraphrase, I think what my friend Deputy Vermeulen was saying, is that as an Assembly or, using the analogy of Deputy Camp, as an orchestra, we play all the right notes just at the wrong time and in the wrong order. I am going to vote for Deputy Collins and for Deputy Camp because I think they can make a big difference.

The Deputy Bailiff: Thank you.

Does anybody else wish to speak before I turn to Deputy de Sausmarez?

Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, madam.

I will not take long because I think all the points that need to be made have already been made very articulately by various Members of the Assembly, but just to summarise some of the key points. This amendment deletes all the Propositions, so that is a key fact as well. That there would be nothing other than this going on if this amendment were to succeed. It duplicates the role of Committees. As Deputy Williams has just said, it is those Committees who are best placed – many others have made this point as well – to understand how to deliver savings and prioritise their resources. We have got a number of things underway that help with that. For example, we have got priority-based budgeting, which I know is being undertaken in some areas of the States already. There is more than one specific workstream, but a particularly important one in Health, which is really looking at exactly this. All Committees are tasked with finding savings according to the 1% real-terms target that this Assembly has already agreed. We have already got a Director of Commissioning whose role is to look at precisely that question.

The point that I would make is that all of this work is already ongoing, and I agree with all the people that have made the point that, actually, in the way it is proposed, it is unworkable, it is incredibly resource hungry, it just layers on more process and it certainly layers on an awful lot more delay. I do not think there is anything much more to add to this except to request that Members do not support this amendment.

Thank you.

The Deputy Bailiff: Deputy Collins.

Procedural –
Motion to have a 15 minute adjournment under Rule 17(3)

Deputy Collins: Point of order, ma'am, 17(3).

The Deputy Bailiff: 17(3):

> Immediately before opening or replying on a debate, the representative referred to ...

Oh, you want a 15 minute break?

Deputy Collins: To be honest, ma'am, I could do with just nipping off for five minutes, but I am happy to go through if Members are not, but with respect, the Rules say –

The Deputy Bailiff: Deputy Collins, if you want me to put the motion, I will put the motion. Deputy Collins has put a motion for a 15-minute adjournment, as he is entitled to do, that is ask for it – he is not entitled to it, he is entitled to ask for it before he responds. Those who support the motion, please say pour; those against.

Members voted contre.

The Deputy Bailiff: I think the contre have it, Deputy Collions.

A Member: Could we have a recorded vote?

The Deputy Bailiff: Yes, please. States' Greffier, could you put the motion? The motion is to have the 15-minute break. Yes, it is for a 15-minute break. Members, on your screens you should have the motion. This is for a 15-minute adjournment under 17(3). Would you commence the voting, please, States' Greffier? If you are in the Chamber, please can you vote?

There was a recorded vote.

Not carried – Pour 13, Contre 23, Ne vote pas 1, Did not vote 1, Absent 0

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

The Deputy Bailiff: There voted in relation to the 15-minute adjournment; pour 13, contre 23, there was 1 abstention and 1 Member was not in the Chamber at the time of voting. I therefore declare that the adjournment application has not been passed.

Deputy Collins, would you commence your closing speech?

Deputy Collins: Thank you, ma'am.

Apologies for not being in the Chamber. Good job I am not writing my Christmas card list this week, ma'am. I think there are a few Members that might not be on it.

I do appreciate the Members' time to all contribute, and I will go through this. I think I had one question, three or four rhetorical questions, but I will go through in order and just answer all those bits and pieces. But I do thank Members for having an input into this.

We were asked for alternatives and different ideas on the table, so I will not fill – some people say, 'Oh, you brought this'. Well, we were asked to, so I have; and I thank Deputy Camp for her support in doing so.

Deputy Laine, you make some obviously valid good points. On EDDIAC, we spent a lot of time talking to the CEO who has actually really been engaged in this process. We have regular contact with him because he is absolutely saying the same message. Actually, I think he is indicating that EDDIAC might be the ideal kind of possible – I am not trying to give anything away here, but actually shed some light where light needs to be shone on and could perhaps be some things that come out of that that could be more, and as we know we are due to report back on that later this year. The point about savings, as I have said, identifying them and delivering is certainly the challenge from that point of view.

Let us move on to my good colleague from the Housing Committee that I am with, Deputy Kazantseva-Miller. Obviously very focused about the name. But as we all know, the label does not necessarily mean what is in the tin. I understand that she focused on the name part but when I started to look at options for names, I did not really want to start picking names identified with perhaps projects that failed in the past. I recognise that, of course, she sat on a sub-committee which really identified lots of things, but did not really deliver them.

That was a point that I picked up as soon as I came in the ESS. We mentioned about savings. We represented a number of papers that said, 'There you go, there are these savings'. My question to officers, 'Where are the workstreams from these? Why are you not delivering some of these? Where are the actions?' 'We are waiting for political instruction.' 'Oh, that is how it works, is it? Me and a quarter of your salary needs to tell you to get on and save some money.' Oh, okay, right. I need to tell them to go invest some money in the system and stop emailing out payslips, for example, to pensioners; it is a good example.

She raised a valid point about the way the committee is structured, and this is one point that I have raised before, that as a member of a committee I sit there but I do not control the agenda. I have no control whether an idea I wish to put on that agenda is given five minutes or 30 minutes or an hour. I have no control over, as a man that is – I have always been a committee man, I take committee collectivity –

Deputy Inder: Point of correction.

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

Deputy Inder: I do not recognise that as a committee, or he or she who controls it.

The Deputy Bailiff: Deputy Inder, that sounds to me like a matter of opinion, that is not a point of correction. That is a matter of your opinion.

Deputy Collins, can you please continue?

Deputy Collins: Thank you, ma'am.

As pointed out in the Rules, the agenda is set by the Chair, which is the President. So, with respect, what I was trying to get across, and this comes back to perhaps his point, which I was going to talk about later on but perhaps it is relevant now, about my decision to resign after a year in ESS. It is a little bit, and I will be polite, ma'am, there are two ways of doing things in this system. You are either inside the tent looking out or, with respect, you are outside the tent looking in.

I have come to the conclusion I would be better on the outside, and I promise this Assembly I will be later this year bringing a number of amendments, which are half already written, about looking at some options that we have talked about, about the benefit system. I do reassure Members I will do that. I will not be popular by doing that, but I do not care about popularity.

When I was in this Chamber last time *(Laughter)* – when I was in the Chamber last time, in my first term, I was very unpopular. I closed two schools. I closed the Civil Service – or some of the Rules around the pension scheme, around the Civil Service scheme. I introduced Sunday trading and a member of my family did not speak to me for six months. So that is being unpopular.

Then actually when it was delivered and realised she would have a day off in the week, I became her best friend and since she has been my campaigner for perhaps Deputy Collins or what she calls me, 'nephew'. That maybe actually you are someone who is courageous. I take some of the criticism, but I am a Member that voted to reduce this Assembly from 45 to 38, costing my very seat in this Chamber. So I will not be spoken to that I will not take brave decisions, because certainly I did.

I spent a considerable time trying to get back here because I thought I could add value. This is an area I thought I could add value in, in an appropriations committee, looking at expenses. Going back to my comment from my very first meeting as a finance lead, I am interested about what this whole Government spends, not just what I am mandated to.

Of course, I need the will of four other Members to maybe have these things on the table and to talk about them and to put them forward. Yes, I absolutely understand. I can write minority reports; I absolutely can. But that takes away time from policy officers doing what perhaps other Members want to do. I have seen it first-hand really. When you look at what we are doing and the flip-flopping even on Committees, what you do in the resources, find resources, you put on officers, then you suddenly. as a committee. change your opinion overnight and suddenly a week's worth of new policy letters have to be created. I understand that.

Moving on. Deputy Goy, thank you for your valid contributions, talking about Jersey. Deputy Dorrity, again, I think he was almost in support. I may be mistaken, but I think I will move on from that one. Very close, I think. Deputy Rylatt, he makes a very good point in the sense that if you were to talk to the electorate – well, if you talk to the electorate, they would literally be saying, 'Deliver savings before new taxes. Have you turned over every stone?' That is really what the part of this was that I was trying to get to, that I do not feel that that has happened yet. I am just one person. I do not have an army of researchers. I do not have an army of policy officers. So while I will be criticised, and he mentioned a 172-page policy letter, does he expect me to do the same?

This is my point. We have not been afforded to, and it has been – I have mentioned a few Members, I am newly back to this Assembly after a considerable time. I have not been on the journey the last term, or the term before that, and I really think P&R could have delivered this whole workstream slightly differently. I hope Members appreciate my efforts in the last month or so, or since I got back involved, trying to bring Members together, trying to bring Members into Committee, and trying to bring social events together, to get Members to talk to each other.

If there was a Proposition in front of me today to spend a couple of million quid having a purpose-built building I would do it, because the foundation of this Government is that we, as Members, have the resources to deliver good Government, and if that is broken we are exactly what we are here today, having another internal fight. Because I do believe every Member in this Assembly signed up to make better Government, not worse Government.

Deputy Rochester, I would love it, and I will certainly give way if you can tell me what appendix 2(b)(3) is in the Rules of Committees. Not sure? Well, it is basically about that accounting and responsibility. As a member of a committee you are responsible for every penny. I would love anybody in this Chamber to get up and tell me exactly where all the resources are spent. This is the point that we say resources are not free, officer time is not free. I always think about this when we have committee meetings, us discussing for a number of periods of time while officers are waiting outside. I look at that and I think, 'Well, that is £100 worth of staff time'. That is really interesting because I do not think anyone can answer where all the pay that we spend, what it is focused on, where are the surface areas it gets spent on. So, for me, that is a really interesting point.

Deputy Inder talked about, again, and I have already mentioned – I will not go over that again – but the point, to echo again, was the fact that we have fine resources on Committee and, at the end of the day, a lot what I have been saying is actually not your policy officers but your finance business partners. Because when I have engaged with my finance business partners they have been delighted someone wants to see them and talk to them. How often they say they get five minutes on the agenda, they do some paperwork, they come and it is literally bump, 'Oh that is just the accounts, that is fine'. Or, 'That is the quarterly update, that is fine'.

Where actually, if you are on a board, you should be spending about half your time talking about finance. That is the kind of industry that I am in, and the quality of the reports when I first came in was like, 'Well this is pretty – this budget we have given, I do not know anything about here'. I am sad to leave the Committee because I have really seen a change in that, and the paperwork that has been delivered, but as I said, there is only so much one can take before one has to step away. I have decided not to make much more comment about that.

Moving on, Deputy Hansmann Rouxell, just to echo again; yes, you are absolutely right. This was not an idea that we were going to suck all these officers in. The point of EDDIAC that we really have, we have two officers, and it is the fact that we have a committee structure and we go out and we ask for some work or we get officers in front of us to deliver it. It is back to my point, why is the finance lead or why can I not, as a States' Member here, understand everybody's line item budget, understand the commerciality of it? But how many Members in this Assembly would vote for considerable sums of money spent on an airline, to promote one airline and in the same breath potentially charging people GST on a visitor, which could reduce it.

The logic to that is not necessarily lost on me.

The Deputy Bailiff: You have under four minutes left, by the way.

Deputy Collins: I have four minutes left? Thank you, ma'am.

The Deputy Bailiff: Under four minutes.

Deputy Collins: Deputy Bury, I will not cover that. Deputy Gollop, you made maybe some good points there. This is my point about P&R. P&R I think is the only Committee that does not seem to want to have non-States' Members on it.

Deputy Burford: Point of correction.

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

Deputy Burford: The point of correction, is if you read the mandate of the Committee, P&R is not allowed to have non-States' Members.

Deputy Collins: Yes, I was just saying that.

The Deputy Bailiff: Deputy Collins, you did phrase it slightly differently.

Deputy Collins: Okay, but then I was correcting the fact that they cannot, but they could in theory appoint consultants and do lots of other things.

But, as I say, they are not allowed and it seems very strange that you could have Committees with five and two non-States' Members, yet we have put a lot of work on five people's shoulders, as I have said before, and I think it is a question of focus.

There are some key points I want to get to, that I need to move on. Deputy Ozanne, I will skip over that. Deputy Oswald, I understand where you are coming from and this is no – mentioned about HSC, but regards you are the Committee I was hoping to see maximum effort on. Your membership at the moment, you have one member that sits on your Committee who is Home, another member sits on E&I, another member of yours sits on ESC, another member is involved in the Overseas Aid. With respect, between the five members on HSC, you have nine jobs in this Assembly. I really cannot see – no criticism of anyone – again, the focus of how those members can be focusing just on HSC matters given the such wide mandate.

The Deputy Bailiff: Deputy Blin, Deputy Collins has given way to you.

Deputy Blin: I thank him for giving way. It was really urgent to catch the last few minutes. I just wanted to ask one thing, when you brought this forward it was to delete all the Propositions and substitute therefore. Is there something that could be done? Because everything you have spoken about, everything I have spoken about, the reason I cannot support it, it replaces all. Is there a consideration that this could be adjusted? Because everything you say makes utter sense.

Deputy Collins: Absolutely. I certainly always keep all doors open. Like I said, it may not have been a perfect amendment, but one did not have a lot of time to put this together. The make-up, the things, and this is what I said about the ability to have perhaps brought Members together to put workstream alongside it, we decided to do what we did. In fact, on the name, I flipped a coin. I think I lost, but as I said, potentially could have done other things.

Right, moving on very quickly. I think that will do, ma'am. I just ask Members to support it and again thank them for their time and your time, ma'am, for listening to debate. My first amendment in 11 years.

The Deputy Bailiff: Thank you, Deputy Collins.

Members you have on your screens, I hope, Amendment 1. States' Greffier, would you open the voting, please?

There was a recorded vote.

Not carried – Pour 11, Contre 29, Ne vote pas 0, Did not vote 0, Absent 0

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

The Deputy Bailiff: There voted in relation to Amendment 1; pour 11, contre 29. I therefore declare that Amendment 1 has not passed.

Procedural – Start afternoon session at 2.00 p.m. and to sit to at least 6.30 p.m.

The Deputy Bailiff: Members, before we move on to the next amendment, it will be of no surprise to you that I am concerned about time. My motion to you would be that we start at two o'clock again this afternoon. That is the first motion I am going to put to you. The second one is that we continue to at least 6.30 this evening. Ultimately, it is a matter for you. I am going to put those as two separate motions, and they will be *aux voix*.

Those who support a motion that we start this afternoon at two o'clock, please say pour; those against.

Members voted pour.

The Deputy Bailiff: That one is passed, so we will start at two o'clock.

Then in relation to continuing until 6.30, I am going to put it as at least 6.30. Those who support the motion, please say pour; those against.

Some Members voted Pour, others voted Contre.

The Deputy Bailiff: Can we have a recorded vote, please? The motion is to sit to at least 6.30. This does not rule out that there might be other motions to go later, but I want to start with this one. So, motion to sit until at least 6.30. States' Greffier, would you kindly open the voting?

There was a recorded vote.

Carried – Pour 23, Contre 17, Ne vote pas 0, Did not vote 0, Absent 0

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

The Deputy Bailiff: There voted in relation to this motion; pour 23, contre 17. Therefore the motion has passed.

Amendment 14.
To delete Propositions 1 to 3 and substitute therefor:
"1. To agree that neither the proposed Goods and Services Tax nor the associated Income Tax and Social Security contribution reforms detailed in the Policy Letter shall be introduced as part of the Tax Reform Programme.
2. To agree that the proposed Transport Taxes shall proceed as set out in this Policy Letter at Paragraph 9.7 and as more specifically described therein.
3. To agree that the proposed Corporate Tax amendments shall proceed as set out in Paragraph 9.21 of this Policy Letter and as more specifically described therein, excepting that at the third bullet point of paragraph 9.21, the term "ISE" shall be substituted with "Corporate Levy" (and this substitution shall take effect wherever relevant).
4. To direct the Policy & Resources Committee to develop and bring before the States proposals, for implementation on the same timetable as the tax measures proposed in this Policy Letter where reasonably practicable, for the introduction of a Corporate Levy payable by registered Guernsey

companies, having regard to the work previously undertaken by the Tax Review Sub-Committee, and including consideration of whether such levy should comprise:
a. a fixed annual levy payable by each registered company;
b. a levy differentiated according to the size or scale of the undertaking, including consideration of whether existing company classifications may provide an appropriate and proportionate basis for differentiation; or
c. such other structure as the Committee considers best achieves the objectives of fairness, administrative simplicity and efficient revenue collection.
5. To direct the Committee for Economic Development, in consultation with the Policy & Resources Committee, to develop and bring before the States, on the same timetable where reasonably practicable, proposals for the introduction of a Visitor Levy in accordance with the extant States Resolution, with all revenues arising from such levy to be paid into the General Revenue Account and not hypothecated for expenditure by any particular Committee or industry sector.
6. To direct the Policy & Resources Committee to revise the implementation programme and associated implementation budget for Tax Reform to reflect the removal of the proposed Goods and Services Tax and associated Income Tax and Social Security contribution reforms, including the consequential reduction in implementation cost, implementation activity, systems development, staffing and administrative requirements.
7. To direct the Policy & Resources Committee to return to the States with:
a. a revised implementation programme;
b. a revised implementation budget;
c. revised estimates of one-off implementation costs;
d. revised estimates of ongoing administration costs;
e. revised estimates of annual recurring revenues; and
f. revised staffing assumptions,
reflecting the alternative package approved under this Proposition within a period that results in the States being capable of meeting the proposed implementation timetable as proposed within the Policy Letter.
8. To direct the Policy & Resources Committee to return to the States with an assurance review in 2030 as set out in section 12 of the Policy Letter, the scope of which shall be adjusted, where necessary, to take account of the removal of GST and Social Security measures from the package under these proposals and the application of those measures considered herein.".

The Deputy Bailiff: We will now move to Amendment 14. Deputy Camp, do you wish the States' Greffier to read out your amendment?

Deputy Camp. Yes, please.

The States' Greffier read out Amendment 14.

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

Deputy Camp: Thank you.
This amendment is perhaps the easiest I have had to consider during this debate. Not because the subject is simple, but because the Proposition itself asks only one question. If we accept that additional recurring revenues are required, is there a different way of achieving them? I believe there is. This amendment is not a rejection of fiscal responsibility. It is not a rejection of tax reform. It considers an alternative if additional recurring revenues are required.
Yesterday, Deputy de Sausmarez commenced P&R's presentation of their tax proposals, citing that they help to close the funding gap, reduce over-dependence on Income Tax, extend the tax base to become broader and more resilient, broaden contributions by visitors, broaden

contributions by corporates without damaging the competitiveness of our financial services industry, make it more possible for our children to come back home. Well, tick, tick, tick.

This amendment suggests that the proposed transport taxes should proceed. It supports the proposed Corporate Tax changes. It accepts that visitors should make a greater contribution towards the public services and infrastructure they use. It also accepts that corporates should play a greater role. However, it does it by replacing the proposed International Services Entity charge with a broader corporate levy. In other words, it accepts much of the direction of travel set out by Policy & Resources.

Where it differs in the main is on one point, whether we should now introduce a Goods and Services Tax together with all of the implementation complexities, administration, compliance obligations and inflationary consequences that accompany it.

As colleagues will see in figures circulated to them in the past days, I have deliberately tried to move away from comparing headline revenue figures because Governments do not spend gross revenue. They spend net revenue.

To seek to summarise: the policy letter understandably concentrates on the revenue generated by the GST Plus, GST Lite package, whatever we are calling it, alongside the other measures proposed within it, citing a £42 million headline net gain if we park the mooted £20 million savings to one side. This amendment asks Members to consider something different. What is the additional net benefit of introducing this GST package once implementation costs, administration costs and inflationary consequences are taken into account? When we compare gross recurring revenues alone, the difference between the two packages appears to be around £17.5 million; £42 million versus £24.5 million raised on the elements I have identified as possible.

On the face of it, this does not look like a matched alternative, but that is not comparing like with like. Once implementation costs and administration are recognised, together with the States' own estimate of approximately £4 million to uprate inflation linked benefits and allowances, that difference narrows to around £4.1 million, circa £27 million versus £23 million. That is before we recognise that this proposal adopts a deliberately cautious assumption for the corporate levy.

The Tax Review Sub-Committee concluded in April 2026 that a corporate levy could generate between £5 million and £10 million each year. I have used the midpoint of that range, £7.5 million. Should the Committee, following consultation, conclude that a levy towards the upper end of that previously identified range is appropriate, the difference between the two packages narrows again to around £1.6 million, somewhere around £27 million versus £25 million.

That changes the question entirely. The question is no longer whether GST raises more money. The question becomes whether an additional £1.5 million to £4 million of net benefit justifies creating an entirely new consumption tax regime; a regime requiring new legislation, new IT systems, new compliance teams, additional Revenue Service and Border Agency staff, extensive business education, registration systems, enforcement capability, and permanent compliance obligations for Guernsey businesses. That is before we even consider the costs and risk that come with introducing further inflation into every business and every purchase on Island.

The policy letter quite properly recognises one immediate consequence of GST. It accepts that benefits and allowances should be increased to reflect the estimated 1.9% increase in inflation, but I struggle to understand why that same increase in inflation should apparently be regarded as carrying no wider fiscal consequence. I cannot find anywhere in the policy letter a real admission that this package will result in secondary inflationary impacts on our economy.

Putting aside the very real cost of things like private rents, which can be impacted by inflation through both contractual uplifts and as a result of a landlord passing on their additional costs, if inflation affects benefits, why would it not also affect public sector pay?

Over recent years, public sector pay has, in the round, kept pace of inflation. It is only prudent, is it not, to make some provision recognising that there is a good chance that negotiations will include this extraordinary inflationary impact? If inflation affects benefits, why would it not increase the liabilities of our public service pension scheme?

I have heard it said that the pension fund can simply absorb those additional costs? Perhaps it can, but that does not make those costs disappear. It merely changes where they initially fall. Every additional pound paid from the fund is a pound no longer available to meet future liabilities or maintain actuarial resilience. The issue is not whether there is a cost, it is who ultimately bears it and when. Likewise, Government purchases goods and services from outside the public sector. Those prices do not magically escape inflation.

I have not attempted to present these wider inflationary effects as definitive. I have deliberately described them as illustrative, but I do believe they are sufficiently material that Members should at least ask the question. If GST permanently increases the Island's price level, what does that mean for the public finances; not just this year, but next year and the year after that? Because implementation costs disappear, but inflation does not.

By year two, when one-off implementation costs have fallen away, my illustrative comparison suggests the recurring difference between the two packages may have narrowed to little more than £2 million, and potentially less still if the corporate levy ultimately sits towards the upper end of the range identified by the Tax Review Sub-Committee.

For these reasons, I see my proposals as being pretty on par with the net available funds to Government, after unavoidable costs asserted within the package presented by P&R. Ultimately, this amendment is not asking the Assembly to abandon tax reform, it is asking us to sequence it differently.

One of the recurring themes throughout this debate has been uncertainty. Uncertainty over Pillar Two, uncertainty over offshore wind revenues, over the ability to deliver the States' existing savings programme, over economic growth, over the success of our finance sector growth strategy, and uncertainty over whether GST is in fact the right long-term answer for Guernsey, or even the right answer today.

This amendment acknowledges the uncertainty rather than pretending it does not exist. It accepts that additional revenues may be required now, and it delivers on that front to a level commensurate with P&R's package. But it also gets us to exactly the same point that Policy & Resources has already identified as the next major milestone in this journey, the 2030 Assurance Review. The difference is that it gets us there without first introducing a wholly new consumption tax regime.

By 2030, we should know considerably more than we do today. We should know whether the States have genuinely succeeded in delivering the efficiency savings it has already resolved to achieve. We should have a much clearer understanding of the long-term revenues arising from Pillar Two. We should know whether offshore wind has become a meaningful resource of public income or has the potential to. We should be able to judge the success or otherwise of the finance sector growth strategy and the impact it has had on economic growth, productivity and ultimately the Island's tax base. I hope we will also have a clearer understanding of whether this Assembly has succeeded in tackling some of the structural challenges that continue to place pressure upon our public finances.

If, having considered all that evidence, a future Assembly concludes that GST remains necessary, nothing in this amendment prevents that decision. Indeed, many jurisdictions operate a GST alongside corporate levies and visitor levies. This amendment closes no doors. It simply asks us to make the next decision with considerably better evidence than we have today. Good Government is not simply about making decisions, it is about making the right decisions at the right time, with the best evidence available.

I believe this amendment achieves exactly that. I commend it to the Assembly.

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

Deputy Collins: I do, ma'am.

The Deputy Bailiff: Thank you.

Deputy Helyar.

Deputy Helyar: I have a confession to make, I had not spent a lot of time on this one before the start of the meeting, but I have spent the last couple of days reading through various things that I have not been able to catch up with. I do rather like this, I have to say. It does not say no, nay, never, no more for GST. It just says let us do all the other stuff straight away and find out what it looks like. That is very much in keeping with the arguments I made yesterday about the sursis, which is that a lot of what is being proposed in P&R's policy letter is built on shifting sands and uncertain data. I gave a very good example of how that data can change in minutes when we were defenestrated as the P&R before last.

My only question really is the drafting of section 4. As a member of the Tax Committee before this one, before the one before that, the one before that, we did look very hard at what is effectively replacing – prior to Zero-10, what used to happen is companies used to pay to be exempt from tax. They used to pay a charge of £600 a year and that is what used to generate a vast amount. So every company that was administered here used to pay – the number is not really relevant. It used to generate a lot of money. But my recall was the last amount that was charged was £600 per year. This is, in fact, similarly a replacement of that.

The issue that we had when we researched this was that it might have a negative effect on the number of Guernsey companies registered because it only focuses on companies. Our finance sector does not just administer companies, it administers limited partnerships, LLPs, foundations, all sorts of other types of structure, and a lot of them, and I would have to say these days, the majority of them, in fact, that are administered are not Guernsey companies. They are BVI companies, they are Cayman structures, they are Bermudan structures that are administered, but not here. If we were to do this, a lot of the income that we could be generating from the finance sector would be missed.

One of the primary reasons for the use of the BVI company, for example, is that they are, as you know, registered and formed in the BVI but their place of administration, effectively their registered offices, can be in other jurisdictions. So, they are quite different to Guernsey companies. The reason that people use them is because they can be picked up and moved overnight. If Guernsey, for example, were to decide to bring some drastic legislation charging them, they could be moved tomorrow to Switzerland, Vanuatu, wherever you like. That is one of the reasons for using them. They are also cheaper.

That would be the only issue I have with this, and perhaps the question I had for His Majesty's Comptroller is about section 4 and its construction. Ma'am, you may well be able to assist with this, because section 4c is a subsection of 4, and it says:

> Such other structure as the Committee considers best achieves the objectives of fairness, administrative simplicity and efficient revenue collection.

I wondered if that sub-paragraph is sufficiently wide to enable implementation against structures other than just Guernsey-registered companies. Perhaps if we could give His Majesty's Comptroller a little bit of a chance to consider that. That was the only question I had. I will support this amendment. I think it is very sensible.

Thank you.

The Deputy Bailiff: Madam Comptroller, do you want some time to think about that?

The Comptroller: Madam, I am not sure I will come up with a better answer with more time to think, in all fairness. So I will go with now, if that is okay.

The Deputy Bailiff: Yes, please do.

The Comptroller: I think that the difficulty is the preceding wording in paragraph 4, because paragraph 4 talks about a levy on Guernsey-registered companies. The difficulty is that 'such other structure', if read narrowly, could be considered to preclude it, but if read broadly could be considered potentially to include other recommendations too. In a sense, it is going to fall on how the Policy & Resources Committee interprets this mandate. I do not think there is anything that absolutely prohibits them considering other companies, but if they interpret it narrowly then it may just be Guernsey-registered companies.

The Deputy Bailiff: Thank you.
Deputy Niles.

Deputy Niles: Madam, I want to start by acknowledging the work behind this amendment. Deputy Camp has circulated a detailed side-by-side comparison to all Members, and she was right about one thing, that we should be comparing net fiscal outcomes, not gross revenues. That is exactly the discipline that this Assembly should apply, so we should apply it properly to both packages because, when we do, three things become clear. The arithmetic in that comparison does not really hold, and the alternative package quietly shifts the burden from international clients on to Guernsey businesses and Guernsey consumers. Most seriously of all, it puts our credit rating and the borrowing costs of every major project that this Assembly takes on at risk.

Let us look at the comparison itself. Deputy Camp has been transparent that her figures are indicative, and I respect that, but Members must see what the numbers actually do. Her package moves £11 million on International Services Entity commitment charge and replaces it with a corporate levy, estimated by the sub-committee at £5 million to £10 million, with a midpoint of £7.5 million; presently, as a like-for-like swap of one corporate charge for another. But of course, it is nothing of the kind. Here is why.

The ISE charge, as we have just discussed here, depending upon how we interpret it, falls on international service entities. Structures whose clients overwhelmingly are outside of the Island, which means that the economic cost is borne substantially off Island. The corporate levy, however, falls on every registered Guernsey company: the carpenter, the café the garage, the corner shop. What does a local trading company do with a fixed levy? It does what every business does with a cost; it passes it on. It passes it on to the very Island that this amendment claims to protect. The swap is not £11 million for £7.5 million, it is £11 million raised largely from international clients, exchanged for £7.5 million raised in the end by Guernsey consumers. That, madam, is a consumption tax. It is simply a consumption tax with no real visibility, no exemption threshold, no Income Tax cut alongside it, and less money at the end.

The deeper point is, under the Committee's package, GST arrives together with Income Tax reductions and social security reforms, and leaves the majority of households better off, not worse off.

Amendment 14 removes the tax and removes the tax breaks. Households get nothing whilst the levy quietly works its way into their shopping baskets and bites them. Then the amendment really goes off the deep end on the inflation costs. The year two table narrows the gap between the package to £1.8 million, largely through a £14.4 million entry for continuing inflation consequences. Members should test that number.

The States' economists estimate the one-off increase is the price level of around 1.9% to a 3% rate of GST. The £4 million for uprating benefits is real and the package pays for it. But the comparison then piles roughly £10 million of assumed inflation costs on top, repeating them year after year. That is not what the advice says. The States' economist estimate is that a one off-rise in prices is not a permanent inflation. Correct for that. And the gap between the two packages is not £1.8 million. On Deputy Camp's own figures, it is £17.5 million a year. By the 2030 review, that is around £50 million of lost revenue, If we do not adopt our package.

The Deputy Bailiff: Are you giving way?

Deputy Niles: I will give way.

The Deputy Bailiff: Deputy Curgenven.

Deputy Curgenven: Thank you for giving way, Deputy Niles. I appreciate that.

I was just wondering, I find it slightly ironic and maybe a tad hypocritical that you are speaking about transparency in numbers and whatnot when Deputy Camp had actually given all of her numbers and all of her workings. Again we find ourselves listening to P&R on behalf of the policy letter, making assertions and telling us about figures and workings, but they have not released any yet.

I was just wondering if you would actually – I cannot remember who it was, but we have had a lot of emails in for workings. I have asked 14 times for supporting workings, simple reconciliations. Basically everything that Deputy Collins and Deputy Camp have done, we are asking from P&R. Sorry, I rose to stand – Deputy Montague does not like me saying that, as he thinks it is AI-generated but it is not. I just wish that P&R would act the same way and be as open and honest as Deputy Collins and Deputy Camp are being. If you are going to say something, please, for once, provide some supporting evidence.

The Deputy Bailiff: Deputy Curgenven, please address your comments through me.

Deputy Curgenven: I am sorry, ma'am.

Finally, ma'am, if P&R do want to give us any more assertions, and they are just assertions, we would not mind some supporting evidence from them.

Thank you.

The Deputy Bailiff: Deputy Niles.

Deputy Niles: Thank you.

Excellent intervention. I think that whenever Deputy Curgenven has come to the Committee, and he has come to us often, we have done everything that we can do to give him access to our chief economist, to the tax support team that have helped us with the policy paper, which is very extensive, and he has access to us not only directly and personally, but through written answers to his questions. So thank you for your intervention highlighting that case.

I would like to look at again the downgrade cost, because I think it is a real one. I think that if we take GST off the table now, it does give an opportunity for Standard & Poor's to downgrade us, and I suspect that that will come quite swiftly.

I would like to take a look at what that actually costs. If we took a conservative, and Deputy de Sausmarez yesterday referred to it, and we looked at the mathematics together with Deputy Sloan, take a conservative £250 million of new and guaranteed borrowing over the coming years, that we look at some of the costs that we have got around housing and perhaps interconnectors, the arithmetic is simple enough for anybody to check.

Every 10 basis points added to our cost of funds on £250 million is £250,000 a year for every year of the life of that debt. So if we extrapolate that across a long-term instrument, that is perhaps £10 million, £20 million or £30 million. That should not be taken lightly, because that builds us no schools, that builds us no hospitals. That is just the cost of a downgrade, and so we should not be taking that downgrade lightly. We certainly should not be sniggering about it.

Third and finally, and what this amendment really asks us, Deputy Camp asks Members to weigh net outcomes rather than gross revenues, and I agree. But weighed properly, the net outcome of Amendment 14 is this. Number one, less revenue borne more heavily by local businesses and local consumers and no relief for households; two, a widening structural gap over time; and, three, what is more, it relies on a simple hope that our credit rating is not downgraded on every borrowing decision that this Assembly takes in the future. I have said it before in this Assembly, and I will say it again. Hope is for a day at the races. I will not give way. Hope is for a day at the races, ma'am.

This is not an alternative package. It does not accept that the need for reform is now, and it preserves that option for returning to GST in 2030. This amendment, on the face of it, is simply the status quo that we have today, with a levy added on. This makes us weaker, not stronger. It is not a decision, it is a prevarication. I urge Members to reject Amendment 14.

The Deputy Bailiff: Deputy St Pier.

Deputy St Pier: Madam, whilst I am naturally, perhaps unexpectedly, reasonably sympathetic with P&R's position on this amendment, I am rising really in response to Deputy Niles's assertions around borrowing. As I have indicated earlier in the debate, I have no challenge to the assertion that a downgrading by the ratings agency would increase the cost of borrowing, it is worth emphasising again that this policy letter makes no assumptions around further additional borrowing.

Therefore, to pluck numbers such as £250 million out of the air I think is deeply unhelpful to P&R's case. I would strongly urge that they do not continue to press that point during the rest of this debate. I think it undermines the case.

The point has been made in relation to – I will give way to Deputy Kazantseva-Miller.

The Deputy Bailiff: Deputy Kazantseva-Miller.

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

While I agree with him there is no further assertion around additional borrowing, but the States are under the resolution to make up to £150 million available specifically for affordable housing programmes, and actually P&R has delegated authority effectively through that resolution to enable that type of borrowing. There is very explicit, and that is we approve the capital programme, the pipeline capital programme, so there is, I am afraid, a very explicit and implicit acceptance that there will be additional borrowing to fund the Government Work Plan, and especially in relation to the affordable housing programme.

The Deputy Bailiff: Deputy St Pier.

Deputy St Pier: I am grateful to Deputy Kazantseva-Miller for that intervention, because I think that is helpful, but again it is worth – as Deputy Kazantseva-Miller has said, that is an extant resolution. But I am referring to the contents of the policy letter, and whilst I think it is quite likely that there will be additional borrowing needed over a period time, I think to pick numbers out of the air and make assumptions around changing the basis points as a result of a downgrade is unhelpful at this stage in this particular debate.

As Deputy Kazantseva-Miller referred to £150 million, Deputy Niles referred to £250 million. I will give way to Deputy Burford, madam.

The Deputy Bailiff: Deputy Burford.

Deputy Burford: Thank you very much, Deputy St Pier.

I think the reason that we are citing £250 million as the example of the impact of a potential downgrade is quite simply that there are two key items, one which Deputy Kazantseva-Miller has referred to, which is the extant resolution, and there have been meetings between the Housing Committee and the Policy & Resources Committee very recently, and that £150 million is something that is very much a live issue because, as everyone knows, we need to get on with building houses, and that is a way that the States can actually do it. The likelihood is that we will be moving forward on that resolution very soon.

The other item that has been agreed is £100 million for the interconnectors. Those are the two figures when £250 million is cited. It is not a number plucked out of the air. It comes to two specific items, both of which have been agreed and need to be done.

The Deputy Bailiff: Deputy St Pier.

Deputy St Pier: Again, madam, I am grateful to Deputy Burford for providing that information, but it is worth emphasising yet again that that information is not in the policy letter. I think that is the point, is we are debating this policy letter, and that additional information at this stage is not particularly helpful to the wider debate. I will give way to Deputy Sloan.

The Deputy Bailiff: Deputy Sloan.

Deputy Sloan: But it might give a better understanding of the underlying and true rationale behind the policy letter. Deputy Niles has admitted on the WhatsApp group that actually part of the reason for GST is so we can borrow more money. I think it is open and transparent for them to be having that discussion and admitting to it. It might not be helpful to sell the policy letter, which I probably agree with it, but it is open and transparent for them to actually make those points. Whether I agree with the math, the real term value of £15 million, £20 million over 40 years, meh, single figures millions, who cares?

The Deputy Bailiff: Deputy St Pier.

Deputy St Pier: I am grateful to Deputy Sloan for that comment too.

For the record, I think it is probably worth observing that to the extent that we have a need for borrowing, it is a great shame that we did not do so in 2020 or 2021, when we could have filled our boots at half a percent, when the base rate was half a percent. But there we go, that water has passed under several bridges since.

But anyway, the point has clearly stimulated some debate around the borrowing issue, and I just simply urge P&R to exercise that argument with caution in the context of the policy letter which they have presented.

The Deputy Bailiff: Thank you.

Members, let us take this opportunity to adjourn for lunch, and we will be returning at two o'clock.

The Assembly adjourned at 12.33 p.m.
and resumed its sitting at 2 p.m.

Tax Reform – Debate Continued

Deputy Humphreys: Madam, when I first read this amendment I found it attractive. Make the money without using those three dangerous letters, G, S and T. But then I looked under the bonnet and at the detail and the figures. There is a certain amount of window dressing and unplanned consequences that concern me.

I am going to talk to two matters. First, the company levy. Deputy Helyar made some very valid points this morning; fiduciary business does not exclusively use Guernsey companies, and his points about BVI companies and others make sense, and I understood his question.

But added to that, I am going to remind you that fiduciary companies do not operate solely out of Guernsey either. To form and run a company in Guernsey in a fiduciary business is already more expensive than doing so in Jersey. That is a fact. You can look it up on the web.

Interestingly, in the business I used to be involved in, we have been moving business, actively migrating companies, from the BVI to Guernsey because the cost of compliance in the BVI has spiralled. But that is existing Guernsey business that is already administered here; not new business. It would not take much at all to drive that back the other way.

I also remind people that Zero-10 replaced the exempt tax regime. I am old enough to remember all of that. If anyone wants the details come and talk to me. But it was brought in to replace the exempt tax regime as the exempt tax regime was deemed unfavourable and it risked us being blacklisted. So Zero-10 was brought in, which some may say is why we are in this mess.

Any attempt to go back that way must be really carefully considered. Charles and I have had robust exchanges about territorial tax, and I would have the same concerns about this levy not being correctly managed. I urge extreme caution about maintaining faith and doing it right.

Finally, I just want to call into question the inflationary impact assumption in the paper. I do not understand it. I ask Deputy Camp to come back and explain that further perhaps in her summing up. I understand that GST will have a one-year inflationary impact and therefore the number in her explanatory email feels wrong to me. I would just like some more explanation around that, please.

For those reasons, I am not going to support the amendment.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, ma'am.

I will try and stoop down to this low microphone. It is quite annoying, is it not? The upgraded sound system that is now worse. *(Laughter)*

What I wanted to say about this amendment is I find it really interesting. Also, Deputy Niles unfortunately would not give way to me before, but I was really interested to hear him talking about there would not be any money to build any schools. Now, we have heard this before last term and I think another Deputy brought an amendment to do something linked to registration fees which would actually create enough money to build a school. That was last term.

This term, I am being told there are less people coming into education in Guernsey; we are not sure that we really need to build that Sixth Form Centre. I will be guided by the experts on education whether we are going to need to build a school in the short term or not, but I am reminded how quickly things can change, and, boy, have they changed. I know they have changed because I have read all these emails.

The next thing Deputy Niles mentioned was having the money to build 150 houses. Well, there is another thing that has changed. If what we are being told in these letters, and I must have received – are you all right there?

Deputy Niles: Point of correction, ma'am.

The Deputy Bailiff: Point of correction, Deputy Niles.

Deputy Niles: I do not think at any point I said we are going to build 150 houses.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: You did not say – sorry, I am sure I heard you say that there would not be any money to build any houses and you needed an amount of money to build a load of houses. If I did not hear that right, I do apologise, but, and it is a big but, ma'am – who is giggling there? *(Laughter)* The thing is this. If all those letters that we have received are right, then perhaps GST is a form of social engineering, because I must have received 20 to 25 letters ironically from carpenters and tradespeople who are seriously talking about moving off the Island. So perhaps if GST did come in, the social engineering would see a raft of people leaving Guernsey and maybe you would not need to build a load of houses. I do not know.

I think it is a super priority to build on Leale's Yard, a super-duper priority perhaps. If we had not intervened perhaps those houses would have been built by a private developer, but that is by the by. We have gazumped them and we have bought back from the landowner, and now we are talking about having to provide housing at the same time we are receiving a load of letters saying, 'There is nothing left for us. It has got so expensive, the cost of living, inflation, interest rates gone up, the mortgage, diesel at nearly £2 a litre' – £2 a litre. Who would have thought we would have been at almost £10 a gallon; almost £10 a gallon, but that is where we are.

More importantly, during my time on Economic Development I was very taken with a couple of ladies who worked on the IoD. They suggested that we increase corporate registry fees by £750 at the time to £1,000 per annum. Ernst & Young calculated that this would actually generate £20 million. So I am not quite sure whether the levy is the same thing as increasing the registry fees, because I know exactly how many companies are registered in Guernsey and how much it would generate if you lifted those, but I seem to remember something being brought that could provide the money to build the school if it was indeed needed.

The other thing that is in this is about the visitor levy. That is a long story and I only have 15 minutes to talk, is that right?

The Deputy Bailiff: Ten minutes now.

Deputy Vermeulen: Ten minutes. Okay. I will not make it last any longer than 11.

When on Economic Development we were presented originally with the idea, Deputy Inder and myself recoiled. 'What? What on earth? You are going to put your prices up and you are going to charge a levy for everybody coming on a holiday?' No, no, no, we said, that could not possibly – we immediately resisted it. We did not read the detail, really, but that is what they wanted. Who is going to collect it? Well, the States can collect it. You do it like a quarterly thing, like you do the ETI. So that was suggested.

We did have a different view after a while. I looked at it. I think Bali introduced a visitor levy at the same time and Manchester was introducing a visitor levy. The difference there was the Government collected it and invested in the heritage. Because you had all these visitors walking around – it could be Castle Cornet, for instance, the Bridge that is costing £6 million, and other structures like that. It could be along a runway. It could be a better car park at the Little Chapel. It could be a better Jules Verne interpretation centre. What a marvellous idea. At Castle Cornet, what a huge draw. So that was from the visitors collecting money but it was ring-fencing it so that that would be reinvested back into the tourism offering. It could be the Victor Hugo Centre. It could be anything.

It was then that the penny dropped with me. I thought yes, this is a genuinely very good idea. It was something that Deputy Soulsby and Deputy St Pier picked up in their alternative, the fairer alternative to introducing GST. It was one of the suggestions in there. I think that that is quite a good idea.

There is a lot to like in here. We obviously do not want to scare business away, but at the same time finance has to pay its way, just like we all have to pay our way, too. It cannot be excluded from these costs which we are facing. Again, I think this is a genuine amendment, and I think Deputy Camp is really on to something here. I think it warrants further investigation, if I am honest. It could be an alternative. It might need a bit of tweaking here and there, but I certainly believe that she is on to something. I do not think we should be scared of investing in our infrastructure. Despite collecting millions of pounds from the tourist industry through alcohol duty and Tax on Real Property (TRP) on the huge properties, that has not automatically been reinvested in that industry. It has been perhaps spent on other things.

Which brings me round to GST and what the money would actually be spent on. I have heard a lot of things which perhaps we are not going to need to spend it on, but what would it actually be spent on? My greatest fear is it would be spent on inflation busting, pay rises to extra staff we are going to need just to administer the thing. We are probably looking at 100, 150 extra people to bring in the systems, the IT systems. At the moment, Income Tax is 10 or 12 people short, I think that Department is. They cannot get the people here and now to do those jobs in Income Tax.

How on earth are they going to administer a quarterly thing when their systems are not currently working and they do not currently have the staff? When they do get the staff, be it 20 or 30 extra people, they are to collect the money from the people, the public, who cannot afford to pay it but they are going to collect all the money and then all the people are then going to be similarly reimbursed through social security, I would think, but they are going to need another 10, 20, 30 people to sort out all those payments to the people we just collected the taxes from, who are worse off and could not afford to pay it, and they are going to be reimbursed. At the moment, we are not doing any of that. We are not wasting all that money on 150 staff. That is something that we have to think of.

I do not know how much time I have left. I could talk about –

The Deputy Bailiff: Four minutes, 34 seconds.

Deputy Vermeulen: How long is it?

The Deputy Bailiff: Four minutes, 32 seconds.

Deputy Vermeulen: I could talk about outside toilets and all the rest of it, but I am not going to. I think this is a very good amendment. I do not think we should write it off just because it is guilty of being somebody else's idea. We are supposed to be working as a States collaboratively, not as a little clique of people secretly voting and having secret meetings without everybody. It was supposed to be a collaborative States. We were not going to be toxic. We were all going to behave ourselves and we were all going to get along. Well, I say we get along and support this amendment.

Thank you, ma'am.

The Deputy Bailiff: Thank you.

Deputy Inder.

Deputy Inder: As I told Deputy Kazantseva-Miller and Deputy Vermeulen in the past, I keep every single email. It is not a threat; it is just a statement of fact. What Deputy Vermeulen was referring to, I believe, was Amendment 18 to the Budget of 2024, where there was an attempt to create a corporate levy to assist I believe it was education or sporting education.

A Member: Sixth Form College.

Deputy Inder: Anyway, education, Sixth Form College if that was it. Now, of course, Economic Development's role at the time was to consult with the industry. That is the role, the imposed levies coming out of the registration fees, which I think contribute to general revenue to the tune of around £11 million. I believe at the end of last term we put the annual valuation fees up about 3%. We understood they were all relatively price sensitive and I also believe that the previous Economic Development Committee, along with, I assume, this Economic Development Committee, wanted to carry on putting up the annual validation fees at the rate of inflation. Deputy Kazantseva-Miller is nodding her head in agreement, so I think I am still in a relatively safe place.

Now, talking about what was the then Amendment 18 to Budget 2024, which smells very similar to this in terms of it being a corporate levy, I just want to read the consultations. Because this does not actually ask the States to consult. This asks the States to impose. This is significantly different.

I will read a couple of responses which are related to the imposition of fees from the sector, that sector that basically, and to be perfectly honest with you is our most significant industry, which of course Deputy Haley Camp certainly supports. This is a response from Guernsey International Business Association (GIBA) and I will read this to you:

> Long story short, any corporate levy requires a thorough impact analysis before agreeing any measures that will impact our most economically important industry. We understand the need to raise revenues for infrastructure investment and to make the Island's finances sustainable. We would welcome a plan for funding and investment that is cohesive, non-damaging to the Island's interests and capable of gaining sufficient support from both politicians and the community.

That was from GIBA. As seductive as this amendment might be, I would be very careful. The IoD position is one of concern regarding the proposed amendment, again somewhat related to this inasmuch as it is another corporate levy. It is – I will give way.

The Deputy Bailiff: Yes, Deputy Vermeulen.

Deputy Vermeulen: I appreciate Deputy Inder giving way.

These two people that came out with this recommendation were the IoD at the time. The IoD and GIBA, they were part of what they called the G8 but it now seems to be the G3, and quoting selectively anything for finance cannot be introduced, despite Ernst & Young also making a suggestion that it would return £20 million and perhaps was a good idea at the time. There you go, things change. People are threatening to leave the Island with this introduction of GST so there we go.

The Deputy Bailiff: Deputy Inder.

Deputy Inder: Just as a matter of correction, the Ernst & Young report sought to raise I think it was £22 million from corporate levies, so that was just a piece of work that a former – I just do not remember which one it was – P&R conducted as part of the Helyar Committee, Deputy Helyar – through you, ma'am, the Deputy Helyar Committee proposed. That was not adopted because of the price sensitivity, because of the sheer panic with using the registry to fund a service beyond what it always is and the price sensitivity.

I will move on. The IoD rejected it stating its concerns. It went on to the Chamber of Commerce. They said:

> The proposal to raise additional revenue tax and transforming education, while commendable in its intent, appears to lack a comprehensive consideration of its long-term financial implications.

The same thing again. They rejected it:

> Such an approach, in our view, could jeopardise Guernsey's financial credibility and governance and reputation.

This is a variation on the same. I have explained it before and I am just not going over it again. I will give way.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: I am confused because in 2023, a mere three years ago, the IoD was suggesting to do just that.

Deputy Inder: No, they were not.

Deputy Vermeulen: They certainly were. It is a matter of record. I do not know where you are getting this idea that the IoD –

The Deputy Bailiff: Deputy Vermeulen, please direct your comments through me.

Deputy Vermeulen: Yes.

I do not know where Deputy Inder gets this idea that the IoD do not – have they changed their position since 2023? Is it something you have seen just recently? This would help, but in 2023 there were two ladies there, both highly regarded, who recommended it.

The Deputy Bailiff: Deputy Inder.

Deputy Inder: I had a role once as President of Economic Development. I tend not to make things up. I may make things up in other roles but, as I explained at the beginning of this, this is related to Amendment 18 when we were discussing the idea of a corporate levy to fund what was at the time the funding of education. I am making a direct comparison between this Proposition – well, the before bit of the deletion of Propositions 1 to 3 – and a corporate levy, and the risks that a corporate levy in another form but still a corporate levy were dismissed by the industry. I will move on.

The Society of Trust and Estate Practitioners (STEP) said something very similar. The clear message from STEP, Guernsey Association of Trustees (GAT), IoD, was effectively nice idea but can you actually deal with the – I am not giving way.

Deputy Vermeulen: Point of correction.

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

Deputy Vermeulen: Point of correction is when Ernst & Young polled the IoD's members, two-thirds of them –

The Deputy Bailiff: That is not a point of correction unless you are actually correcting what Deputy Inder is saying. If you are saying that the people who said it did not say it, that is a point of correction.

Deputy Vermeulen: Deputy Inder is misleading the Assembly.

The Deputy Bailiff: No, he is not. He is not misleading the Assembly and that is a very strong allegation to make, Deputy Vermeulen.

Deputy Vermeulen: I think he is, yes.

The Deputy Bailiff: Deputy Vermeulen, you need to withdraw that comment. Misleading the Assembly is a very strong comment in relation to –

Deputy Vermeulen: It is here in black and –

The Deputy Bailiff: Deputy Vermeulen, it is not a point of correction if Deputy Inder is reading a document which he – unless you are saying he is reading a document that does not exist, that is all he is saying he is doing. It does not mean that there is not other information out there. It is not a point of correction unless you are actually saying that what Deputy Inder is saying is not actually something that has been written by those organisations.

Deputy Vermeulen: Yes, I do not think it is correct.

The Deputy Bailiff: So what are you accusing him of, Deputy Vermeulen? I suggest you think very carefully before you pursue this matter because Deputy Inder is reading from a document that comes from these organisations and you are saying that he is not reading from that documentation. You are making a very serious allegation.

Deputy Vermeulen: Well, the information I have is significantly different.

The Deputy Bailiff: That is not the same thing, Deputy Vermeulen.

Deputy Vermeulen: Well, which document –

The Deputy Bailiff: I have asked you very clearly: are you saying that Deputy Inder is not reading from a document from these organisations?

Deputy Vermeulen: Yes, I think I am, yes.

The Deputy Bailiff: Deputy Vermeulen, you are accusing Deputy Inder of something very serious here.

Deputy Vermeulen: I think he is saying that –

The Deputy Bailiff: I suggest you think very carefully before you continue effectively accusing Deputy Inder of lying because that is what you are doing, and that is a very serious allegation.

Deputy Vermeulen: I do not think he is intentionally lying but I think the information he is giving out –

The Deputy Bailiff: Deputy Vermeulen, sit down, please. I do not accept your point of correction.

Deputy Inder, please continue.

Deputy Inder: If it helps Members, Deputy Vermeulen is incorrect and, if it helps Members, I will share this document with Members after this to prove that I am not misleading the Assembly or, as the Deputy seemed to think, lying.

It gets better, Deputy Vermeulen, and you will see this very shortly. We had another consultation, and there were a number of them, on the same matter. I will read this out:

> The Association maintains its stance that the funds and investment sector as a significant proportion of the overall financial sector within Guernsey wishes to be a good citizen and to pay its way when it is fair and proportionate to do so. Indeed, we are actually aware of a global shift towards taxation on a level playing field as evidenced by the upcoming implementation of Pillar Two.

So far so good:

> We are, however, concerned that Guernsey's finance sector is being adversely affected by continual tinkering of fees, taxes and levies …

Remember that phrase because I have not got to the punchline *(Laughter)*:

> … continual tinkering of fees, taxes and levies, which ultimately weakens our competitive position relative to other jurisdictions and may jeopardise the Island's predominant industry.

You will see copies of this very shortly, within about 10 minutes. I do not do things on AI. This is how it goes:

> The finance industry in Guernsey is known for its stability and substance.

I know someone knows where this is going *(Laughter)*:

> There is a danger of both these put at risk if the industry continues to be seen as an easy target for new levies and taxes raised on a piecemeal basis.

Here is the punchline. That was written to Economic Development by the Chair of the Guernsey Investment and Funds Association, the then Haley Camp.

The Deputy Bailiff: I think she still is Haley Camp.

Deputy Camp: I am still me.

Deputy Inder: Well, in terms of I would have referred to her as Deputy Haley Camp, the then Haley Camp, the then Chair Haley Camp. *(Laughter)* This is great. I can repeat the punchline time and time again. *(Laughter)* I am enjoying myself. So Deputy Camp is obviously different to – and this is another Haley Camp. There might be two, I could be wrong and I am happy to stand corrected. No, she is not getting up to correct me. The then Chair called Haley Camp is now part of an amendment that does exactly what she did not want to do three years ago.

Members, this is dangerous. The finance industry basically dresses all of you. I am sad to say it is the most important industry we have in the Island. Nothing is coming around the corner, nothing at all. Nothing is going to replace this. Another Government levy which is not done by consultation – this part 4 basically directs P&R just to get on with it – is again dangerous from someone who only three years ago told us it was dangerous.

Thank you.

The Deputy Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Madam, when I saw this amendment I had a number of déjà vu moments. One of them was that the spirit of what this amendment was trying to do was very similar to the spirit of what the fairer alternative work that we worked on four years ago that culminated in the February 2023 tax debate tried to do. That was to propose a staged approach to solving our financial issues with a set of stage 1 proposals about looking for interim measures with a view of longer term measures to be taken into account.

At the time it was very much the principle of we think we have a little bit more time, let us have these stop-gap measures, including savings, etc., with a view of introducing longer-term reform down the line. That was four years ago with a debate taking place in February 2023. In fact, that final amendment from the fairer alternative was Amendment 14 to that tax debate, so again another déjà vu.

I will refer back to that amendment and the many Propositions that were part of that, some of which were successful, but also that the second déjà vu was around the corporate levy. Because the corporate levy was very much at the core of the work that at the time was proposed through that fairer alternative package and was subject to amendments that I actually myself brought forward to try to improve the funding baseline to ensure we had the funding to support our education programme.

So what I am trying to say is that I am speaking on this subject from a matter of direct experience, direct involvement and direct knowledge of the figures and numbers involved in this matter. I am not just looking at this amendment and this sphere of work in the first place.

The idea of the corporate levy was to try to find a mechanism, an easy mechanism, through which we could potentially secure additional funding from the corporate sector in a matter which was, especially from an administrative perspective, easy without the need of creating some new tax system. The easiest way to do that is through the Guernsey Registry, and that is through the annual validation process, through the annual validation levy that is levied on all registered entities in Guernsey.

That means all businesses in Guernsey, whether you are a trading business, whether you are a plumber, a limited company or a financial services company. Everyone pays a levy. The levy is different depending on the type of company you are. Trading businesses pay about £250. That has gone up just a little bit. Regulated entities pay more, such as £500, £1,000, etc.

That concept of that levy has been in play for a while and, as Deputy Neil Inder has indicated, had received quite a bit of pushback from industry, especially the regulated sectors that Deputy Humphreys and the then GIFA, Deputy Camp as Chair of the GIFA previously, talked about were more sensitive to those levies because they would be putting us out of whack with other jurisdictions.

What is very important is that our existing registry fees, because they have effectively this indirect levy concept already, are disproportionate to other jurisdictions because that is how we already secure additional funding from corporates. That was introduced at the time of Zero-10. So while throughout my political career I always felt there is scope, it has been challenged. What is interesting is that this opportunity of raising further funds through the Guernsey Registry, first of all we have already been undertaking this work, especially over the last year, and again it is the previous Economic Development Committee and the amendments that myself and Deputy Dyke formally brought. We have already started increasing how much we earn via the registry through the annual validation fees. For the first time in 15 years or so, those fees went up this year. So, first of all, this work is already under way and we have already been increasing those fees.

The second is that those measures are already included in the tax proposals. They are included in what is called the Corporate Tax measures part, which is estimated to generate £6 million additional fees. By far the largest proportion of them is what P&R would like us to do through the Guernsey Registry fees. This brings me to the key point that the amendment is double counting those figures that are currently being proposed to be generated by corporate tax measures, which Deputy Camp and Deputy Collins continue to include them in their alternative package, to what might be generated through this additional levy, because it is one and the same mechanism. Basically, fundamentally, that is the largest portion of this alternative package. The one additional main item that it is proposing is this corporate levy, which is already counted elsewhere in the figures. So there is a complete element of double counting in the proposals that are currently on our table.

If we were not double counting and effectively suggesting that between the corporate measures that are already included through P&R's package and the levy, the equivalent amount of funding you would need to generate would be about £13 million, that means tripling existing registry fees just to reach that amount. That means your trading businesses, your plumbers, etc., would be paying in the region of £800, £900, with just a standalone levy and the regulated entities would be paying over £3,000, again putting us completely out of whack with all comparable jurisdictions and the impact of that sensitivity analysis of what it would do on our companies.

Secondly, I want to talk further in relation to the visitor levy. Again, this was one of the Propositions that was in that fairer alternative proposal. It was supported and it came about actually from the idea that was put forward by the tourism industry. It came from the Guernsey Housing Association all the way back, and they have made it into the resolution of the fairer alternative, which was supported. The industry was very clear. They were happy to introduce that levy if that levy was hypothecated for supporting investment into the tourism industry.

This amendment suggests very explicitly that that money is not in any way, shape or form hypothecated into the industry. So with Deputy Van Katwyk we have continued work on this because we are under the resolution to do so, and that resolution was very specific in lieu of GST.

I would suspect that if the industry thought that, first of all, this levy was completely hypothecated in the general revenue, that zero of it would be funding tourism industry, I think there would be a real uproar about it; a real uproar. It is going to be very difficult to push it through. I am not going to give way. Deputy Collins has time to talk. So a complete lack of hypothecation, which is what has been explicitly proposed by this amendment, is going to be extremely challenging to the industry.

The other problem with the visitor levy is that we have been doing work following that resolution on what the mechanics of a visitor levy would look like. The most likely channel through which you can charge a levy is through accommodations, through hospitality accommodation providers, where you are charging a bed night tax. First of all, that means you are only charging visitors who are staying in an accommodation. That means it excludes day-trippers that come to us from France. It excludes cruise passengers. It excludes yachts and it also importantly excludes the friends and family that come over. If you look proportionately at what that means in terms of visitors, that is less than half of the visitors that would be potentially paying this tax.

If you look at the mechanics of this potential bed night tax, the best mechanism is to ensure it is proportionate to your actual bed night stay. The best mechanic of a levy looks very similar, if not identical, to a GST. A levy basically for all intents and purposes is a GST, a sales tax in disguise. So I think there are real issues with what is being proposed in terms of what the visitor levy is supposed to raise, but crucially where the money is supposed to be hypothecated.

The other area where the current amendments I do not think stand unfortunately to numerical scrutiny is around the inflationary impact that is being suggested, and the secondary inflationary impact is something Deputy Humphreys referred to. What is fundamental is it implies that the States' starting position for negotiating pay for the year when GST is going to come into effect should be the plus additional inflationary impact. This amendment today is putting us in a negative position because if the Assembly was to approve it, it would send a message to the unions to say, 'Do you know what, the Assembly is very happy for you not only to negotiate up with general inflation but to negotiate the additional GST impact'. This will, by this resolution, cost us a huge amount of money.

The whole point of P&R coming up with a package of measures is that the GST impact is being mitigated elsewhere, so there is absolutely the right justification to go back to the union negotiations to say, 'I am sorry, there is not going to be any additional GST uplift because this is already being included in the overall tax package measures which will affect all members of our community'. So this amendment puts us in a worse position in the negotiation with the unions if the GST package were to be introduced.

Deputy Niles called this status quo with a levy. It is absolutely that but it is even worse. Because as I said, the levy is double counted. The financial impact of what is being proposed is double counted elsewhere because those measures will already be provided through the tax package. The key is that it does not address the core issues that we are trying to address as this Assembly through the tax package. The very starting point of the explanatory note suggests the following:

> This amendment does not necessarily support the premise that the need for tax reform is now.

I would argue that this amendment misses the point. It is exactly the situation we are in today. It is exactly the point we need to address today. It is now. Probably the saddest picture or the saddest two pages in the tax policy for me are at page 12, which outlines the list of tax debates that we have most recently had, and I happen to be part of six of them, having only been in politics for six years, but the next one, which is the next saddest one, is on page 19, which is the baseline case that indicates our General Reserve position on figure 6. I just want Members to have a look at 2031 where our reserves will be dipping below the zero line. We are running out of money. If that is not clear to Members today, then I am afraid we have heads in the sand. If you do not accept that position today, then you are really hiding from the truth. The truth that it most affects is not the general revenue expenditure –

The Deputy Bailiff: You have one minute left, Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Yes.

It is the capital expenditure programme. Because we are using our reserves to fund our capital expenditure, to fund the crumbling infrastructure we have, the failing infrastructure such as the marina gates project, the work we need to do with the Alderney runway. There is no more time to delay. While financially I think there are real challenges to what is being presented, and I hope I have indicated I have challenged them – it does not align and numbers do not stack up – fundamentally, the amendment does not address the fundamental structural issue that the tax proposals will address.

While I share the spirit – I have been in the same place four years ago – we are four years forward and there is no further time for any further delay on proper structural reform.

The Deputy Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, ma'am.

Madam, I am quite interested in this amendment for a few different reasons. To my mind, it looks to be or the effect of it looks to be to effectively carve out the GST element and the mitigation part but leave much of the rest of tax reform in place.

There has been a lot of debate about various aspects of the amendment, but one part which I wanted to talk about was the treatment of inflation. Now, P&R's proposal has mentioned there being effectively a direct impact on inflation of 1.9%. That is derived from the immediate impact when GST is imposed of prices going up by 3%, but not all of the items in the basket of goods that is used to calculate inflation attract GST. I think it is calculated through a household survey or various figures, but the estimated direct impact of inflation will be 1.9% from a 3% GST. Of course, you would expect there to be an awful lot of indirect inflation as well because some providers will have some implementation costs which they will then build into prices. So you would expect there to be some indirect impact of inflation from GST as well. Of course, there will be other things that cause inflation during the period.

I am a bit concerned when I hear – because Deputy Humphreys I think mentioned it briefly in her speech and Deputy Niles talked about this being a one-off impact on inflation. I am sure Deputy Niles knows but it does not always come across very clearly that a one-off impact to the rate of inflation is not just in that one year. It is the rate in that year but the impact of the inflation carries on forever. If you have something that costs a pound and the impact is 1.9% so it goes up to one pound and tuppence, it does not go back down to a pound the next year unless GST is entirely repealed. It stays at £1.02 forever. That is the direct impact of that. Of course, there will be other impacts as well.

The reason why I mention that is because one of the most important, to my mind, impacts of inflation that GST would be likely to cause is the impact to rents. That is a very indirect mechanism by which private rents in the private rental market will be impacted by inflation caused by GST. I know it was on the minds of P&R when they were considering the rate of GST to move to, and that actually was part of the thinking about going to a 3% rate rather than a 5% rate in its initial term. It is this impact on private rents. The reason why it has that is because an awful lot of leases have in them something called a RPI clause or something similar, where it essentially says that your rent will be assessed according to the rate of RPI as published. Of course, if that goes up by 1.9%, then your rent goes up by 1.9%. It will not just be a one-year impact. It will stay at that higher rate forever. It does not come back down again unless the rate of GST is reduced or repealed. It is not a one-off. It is a one-off in the sense that the rate only happens in that one year but the increase you keep paying in year 2, in year 3, in year 4, in year 5. So it is a permanent increase.

I think that is an important thing to bear in mind because housing costs in turn drive inflation. When housing costs more, then it is reflected in people's wage demands and everything else. You can set off a cycle that way. It is also, madam, something that I think is of particular concern at the moment because we know we have very high rents in our private rental market. There is a second inflationary cause for high rents at the moment, and that is due to or we suspect it may be due to – because we have some anecdotal evidence – the rent and relocation allowance or the rent subsidy that the States provides, where effectively employees that we recruit from off Island we offer an additional incentive, a £5,000 relocation allowance and up to £1,000 a month for rent subsidy for up to four years.

We have learnt recently that the cost of that to the States of Guernsey was £5.1 million in 2025. The expectation is that that is contributing significantly to inflation in the private rental market. So to be adding on top of that some anticipated inflation from the RPI or the RPIX which is resulting from the imposition of GST to me would be a big concern.

I would like in summing up if the President, or whoever is responding to this, Deputy Niles, could address those concerns – sorry, Deputy Parkinson, my apologies, could address those concerns because to me it looks like there is a case for carving out the GST element while retaining some of the other elements, like the ISE, in the proposal. I will leave it at that for now, madam, and listen to the rest of the debate.

Thank you.

The Deputy Bailiff: Deputy Bury.

Deputy Bury: Thank you, madam.

I will just speak to a point as President of ESS first and then I will make it clear when I move on to my points as an individual Deputy.

There is something that comes into play in this amendment that does with a few, so people might get a bit bored of me saying it but we need some clarity. At present, we have an established 10-year plan to raise contribution rates. We are about halfway through that plan. That was introduced last term as a back-up when GST was not approved. It was done to extend the life of the Guernsey Investment Fund (GIF), which funds things like the States' pension, unemployment benefits, incapacity benefits, parental benefits, bereavement benefits and back-to-work schemes. This amendment is silent, as are some others, on whether that plan would continue. I have some more points to make but if that question could be answered now the points become moot, so I could give way to Deputy Camp or perhaps to H.M. Comptroller. I will give way to Deputy Camp.

The Deputy Bailiff: Deputy Camp.

Deputy Camp: Thank you.

Yes, there is nothing in here that presumes that that falls away because it is an existing resolution of the States.

Thank you.

The Deputy Bailiff: Deputy Bury.

Deputy Bury: Thank you for that clarity. That saves me making the rest of the points, but I probably will have to ask the question again of others.

I will give way to Deputy Kazantseva-Miller.

The Deputy Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: I am very grateful to Deputy Bury because I think what this amendment tries to do is just pick certain lines from the existing tax package. It is picking up the social security line but obviously the social security comes with quite a substantial social security reform. That means you cannot just pick this line and transpose it to this amendment. You would need to figure out the new amendment. So from what I see, this line is purely taken from the tax reform package, which you could not because that is an integrated part of the tax reform, which includes the GST, the Income Tax mitigation and social security reform.

The Deputy Bailiff: Deputy Bury.

Deputy Bury: Thank you, ma'am.

Just so we are clear, the 10-year plan was an entirely separate resolution and that is the point that Deputy Camp was making, that it will still stand. Different things happen to that plan under the P&R package.

I think that was all the points I needed to make as President, so I will move on to my personal comments.

I was really tempted – I still am tempted – by this amendment, which is quite surprising. I am really quite surprised, and I think this goes to the email that Deputy Inder read out. I was surprised that Deputy Camp in her position as a part of business would carve out the corporate levy part that massively appeals to me. This amendment appears to do what I would very much like to do, which is target other areas first, basically, apart from the people. Certainly, corporates, possibly the motor taxes element, that is the people. I am not saying that people that work in corporates are not people, *(Laughter)*, but business. The carving out of the GST element but retaining other elements is appealing whilst not necessarily – well, I suppose it does remove the tax package, but it does direct them to come back in the future with other things.

I would like to raise a process risk that I see that I think is really important. I do apologise to any Members that I am teaching to suck eggs but I think this is the first time that we have had such an amendment in front of us. The process is we vote for the whole amendment. When we come to a vote now, the whole thing goes through or nothing of it goes through, but when we come to the final vote, each of these individual Propositions becomes an individual Proposition. So the very carefully crafted package that Deputy Camp has put before us suddenly can start getting slashed around. I might choose to not support the motor taxes but I might support the corporate taxes. Then unfortunately all of the table and numbers that Deputy Camp has very carefully provided to us suddenly starts to go down the sink.

It is a process issue and I suppose what you would hope is that if anybody supported the whole thing at this point they would then support the whole thing at the end, but there are no guarantees of that. I have seen it done before. So it is just a warning to Members that while it is nice and neatly packaged right now, it will change towards the end. So that is the process risk I see around it.

As I said, it has appealed to me. However, some of the debate from people who are far more experienced in this area than me has been really interesting, certainly around the tourism levy and the borrowing. I know people are getting a bit up in arms about that, but I think it is something we need to consider, and the nuance that it still does actually push potentially on to consumers via business. GST does that as well, so I think that is a nil point equation.

I am still listening is really where I am at. It is tempting but that process risk might be the thing that does it for me because we could end up with what is often referred to as a bit of a dog's breakfast, ma'am.

Thank you.

The Deputy Bailiff: Deputy Falla.

Deputy Falla: Thank you, madam.

First off, I would like to thank Deputies Kazantseva-Miller and Inder for their helpful contributions to this debate.

Madam, the ISE part of the balanced tax reform 2026 package where all parts are designed to work together will produce £11 million of brand new revenue from finance entities with international clients. That is brand new revenue that will not impact non-financial services trading companies or local consumers whatsoever. This matters to me as a former Vice-President of

Economic Development. The levy proposed by this amendment will hit every single corporate in Guernsey, all of them, large and small, as Deputy Niles has said; carpenters, plumbers, coffee shops and restaurants. The Chamber of Commerce notes that ordinary, locally-owned, small operators with fewer than five employees make up the largest proportion of their membership, and they have more than 450 members. They will be hit by a levy that raises around £4 million less than the ISE. I repeat: those same ordinary, locally-owned, small operators will not be subject to the ISE and the package which brings us £11 million of brand new revenue to Guernsey, paid by people that live elsewhere in the world. Madam, I want to broaden our tax base, not continually concentrate it on personal income and additional levies. That is the reason why I cannot support this amendment.

Also, a couple of points on the Rule 4 information. So 4(b):

Some limited consultation has taken place with the Policy & Resources Committee.

Well, that is news to any of the political members of the Committee, madam. 4(d)

There are no intended financial implications to the States of carrying the proposal into effect beyond those already in contemplation by the policy letter.

No intended financial implications. So the question is: what might be the unintended financial implications of this amendment?

Thank you.

The Deputy Bailiff: Deputy Burford.

Deputy Burford: Thank you.

Deputy Falla has actually stolen most of my speech, even though we did not talk to each other about this. I will be very brief. On the subject of being brief, I think that there would be an expectation and a relief in members of the public to have some certainty come maybe 6.30 tomorrow evening to actually get through this and really know where we are going. If we are going forward, then we have an extra two months in terms of the implementation window rather than taking it to the beginning of October, essentially. If we are not going forward, then at least members of the public know where they stand and can pack their placards away. Having said that, I will move on quickly.

I can see how this is superficially attractive on first reading. Here is a package. It raises a chunk of money apparently and it does not have GST. What is not to like? Well, quite a few things, unfortunately, including – and I will not repeat it – those very carefully outlined by Deputy Kazantseva-Miller particularly on the corporate levy. On process, the point that Deputy Bury made is very pertinent because, with all due respect, this Assembly can resemble a herd of cats at times, not least when voting on the final Propositions. We could approve this amendment now – I sincerely hope we do not – but Members really do not know what they are going to end up with at the end of the day.

I will come with my SACC hat on, although speaking in a personal capacity, and pick up on the Rule 4 information. So often it seems to be that Members will write the amendment and think, 'Oh, we have to put something in these four things. What can we put in them?' I think that some limited consultation has taken place. I am not saying that Deputy Camp did not speak to officers or anything, so there may well have been some limited consultation. The consultation is not just with other Committees. The consultation is with people that the substance of the Propositions are going to affect, and I do not think there has been consultation with small business owners on this for a start. I think that the consultation is somewhat lacking, and that is not an unusual feature of amendments which are designed to replace something which has taken years in the making. I just do not think that the work has been done here.

Also, picking up on (d), the financial implications, I think that just simply is not clear enough. I will not go on. Although I did have some other points, I think they have all been made elsewhere and I would urge Members to reject this amendment.

Thank you.

The Deputy Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

I must admit I am very tempted by this amendment and I am very grateful to Deputy Camp and, indeed, Deputy Collins for the work they have put in at quite short notice, it seems to me, and with the frustrations of trying to get certain levels of detail. It is one of the rather unique features of our Chamber that we can come with our own individual or, in this case, two people coming with alternatives, which is what so many Deputies have challenged those of us who are opposed to GST to do. I think the amount of time, thought and work that Deputy Camp has done needs to be commended. Whilst I hear what Deputy Burford has said in terms of the need to engage with perhaps broader people, there is only so much individual Deputies can do.

How I read this amendment is that it is directing P&R to come back with proposals to this Chamber that we can therefore look at. Therefore, I dismiss, I am afraid, some of the concerns about this being imposed or we are having to agree this all now. What I am hearing are areas or stones that are being overturned, and I am hearing that these are areas that we need to look at before we introduce such a punitive tax.

There are indeed three reasons why I am looking to support this. First is that it does shield the public, as we have heard, and I think it shields certain small businesses, but I am hoping Deputy Camp will address perhaps in her response how those small businesses that have written to us expressing the concerns about GST can be more confident in the corporate levy than they would be in GST. That is something I would really like a little bit more information on.

The second area is that it shows fiscal prudence without the bureaucracy. It is simpler to implement. One of my great concerns about P&R's policy letter is I think it is being terribly optimistic about the cost of administration and the number of people that it is going to require. One of the attractions about this particular alternative package is it does not require that additional bureaucracy. Indeed, I think that is – and Deputy Camp will, I am sure, tell me if I am wrong – one of the many reasons why she and others are looking at a corporate levy. It can be brought into the systems that we already have and therefore is simpler. I think that cost efficiency is something that should be applauded.

Finally, because it does keep the door open for review in 2030, which I think is really important. We are not saying, no, never; we are saying, 'Let us get the data that so many of us were keen to have yesterday.

Finally, if I may, I want to have a couple of words about what I am going to start calling 'Project Fear' that seems to be coming from various members of P&R in particular around savings and S&P ratings. For me there are many ways of looking at funding, and I personally am a huge supporter of the concept of a sovereign wealth fund that was mooted in this Chamber by Deputy Strachan in a former debate. I think there is much we could do with our own reserves to look at how we utilise those for the benefit of Guernsey.

We have a Guernsey Property Fund, we have a Guernsey Innovation Fund; I think there are creative ways of using our own reserves. None of that is obviously, for many reasons, in this policy letter, but I think to introduce other concerns from P&R is frankly not something I applaud at this stage because I think there are many other ways of addressing that Project Fear. I am very drawn to this but I would like to understand how small businesses can feel more confident in this than they can in GST.

Thank you.

The Deputy Bailiff: Deputy Gabriel.

Deputy Gabriel: Thank you, ma'am.

I agree with quite a number of speakers already that are in favour of this amendment, albeit with a few caveats. I particularly liked Deputy Helyar's speech and that helped me decide a little more directly around this amendment. I spoke to him briefly in the lunch break, and also Deputy Camp, around the scaling and sizing and what a corporate levy might look like, bearing in mind that there is perceived to be no guardrails around what the charges could be to the corporate levy.

But I read a little bit deeper and I was buoyed up by 4(b) in that the levy could differentiate according to the size or scale of the undertaking. That helps me even more, that there would be guardrails in place around the size, the scale, and the impact on smaller companies rather than larger companies or those registered. I am not going to repeat what Deputy Bury or Deputy Helyar said, but just to confirm that – I give way to Deputy Kazantseva-Miller.

The Deputy Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: I am very grateful to Deputy Gabriel because if a type of taxation or levy system moves to differentiate between scale, revenue, and size, etc., that becomes a Corporate Tax; it does not become a levy. A levy is effectively a flat fee. It does not distinguish whether you are a small trading business of one person or a trading business of 100 people.

I do think that perhaps that wording is misleading. The closest grading system that currently exists is the current registry annual validation fee. It is a flat fee applicable to types of businesses. It does not differentiate between revenue, scale, and size. I do think it is misleading that somehow we can design this fancy levy system. What Deputy Gabriel is talking about is designing a Corporate Tax system which is effectively taxing revenue.

So I do think it really needs to be taken with caution that somehow you can design a nice system that does not have an effect on businesses here.

The Deputy Bailiff: Thank you. Deputy Gabriel.

Deputy Gabriel: Thank you for the intervention, Deputy Kazantseva-Miller. I will let others more qualified than me rebut that if able to, or semantics of wording, or even what the tax charge or levy is going to do.

Thank you.

The Deputy Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, Madam Deputy Bailiff.

The whole purpose of debate is like we have seen in this amendment for me personally, because I went off to lunch thinking I am probably going to support this amendment, and I have come back and sat here this afternoon and I do not think I am going to be supporting this amendment. On the face of it when I read through it, it looks great. We are getting rid of the GST element of the proposed tax reforms, we are keeping the transport taxes, we are keeping Corporate Tax amendments, but as has just been pointed out, it looks completely different. It might be dressed up to do these things, but it does not do what the original Proposition put forward by P&R will do. Not that I am going to be supporting them. My speech now is not saying that I am supporting them or otherwise. *(Laughter)* I would just like to leave a bit of ambiguity there.

I listened to Deputy Helyar's speech. It all made sense. I listened to Deputy Niles come back, and then he pointed out the difference between the ISE piece of work and the international business that captures, and this will capture. The important part for me as well of this is when we talk about small businesses. Coming from my background, when I have run quite a few small businesses in my time, keep on applying more and more costs on to the small businesses, you can take away those three horrible letters that Deputy Humphreys spoke about – GST – but you are still piling more pressure on local businesses and inadvertently the people that rely on their income from those local businesses.

So unless Deputy Camp or Deputy Collins or one of their supporters of this amendment can convince me back around the other way, at the moment for the points articulated by my new President, Deputy Kazantseva-Miller and others, I will not be supporting this amendment. I encourage others not to do so either.

The Deputy Bailiff: Deputy Curgenven.

Deputy Curgenven: Thank you, ma'am.

I begin by commending Deputy Camp and Deputy Collins for bringing this amendment. Well done. They presented it themselves, they have answered and I am sure will answer detailed questions on its assumptions, calculations, and operation. They have not relied on anyone else to answer their questions for them. To me that demonstrates a clear command of the proposal before us.

Deputy Camp, I hope you will forgive me as I say that I suspect at least some of the inspiration for this amendment came from the recent Scrutiny hearing. I was also present in that hearing, sitting towards the back of the room with Deputy Collins. As Scrutiny questioned Policy & Resources on its assumptions, figures, and modelling, I observed a civil servant furiously typing away on their States' computer in the front row. I then saw their comments appearing on Members' screens. I make that observation simply because it highlights the contrast with what we have seen today where the proposers have answered Members' questions directly and competently themselves.

I would also like to draw Members' attention to the Standard & Poor's published comments on Guernsey, because a pillar of any argument for GST rests on the myth – or at least an illusion of the myth – that there is a direct causal link between not implementing GST and, as a result, being downgraded. This is simply not the case.

I would like to touch on what Deputy Ozanne just touched upon, and that is 'Project Fear'. This lunchtime I went away and I read the S&P report, which was publicly published and you can find it online. It said about Guernsey:

> New tax raising measures should facilitate the execution of the large capital expenditure programme.

Hang on. This statement links additional taxation – and whatever the taxation looks like the report leaves in this Assembly's hands – directly to the delivery of a substantial capital spend. Ma'am, correct me if I am wrong, but is capital expenditure not something that this Assembly controls? Does this Assembly not decide what projects proceed, when they proceed, and whether they represent the best use of public money? The Standard & Poor's report continues:

> We could take a negative rating action if, contrary to our expectations, fiscal pressures eroded Guernsey's general Government liquid assets. This could happen, for instance, if the Government increased its capital spending plans substantially without adequate offsetting revenue-raising measures.

Again, the message is clear. The relationship between expenditure and revenue matters. But hang on, ma'am, does this Assembly not control expenditure? The report goes on to say, and I have yet to see this in the policy letter or being said by any member of P&R:

> We could raise the ratings if Guernsey's economy significantly outperformed our expectations, resulting in stronger fiscal outturns and Government balance sheet. Substantial improvements in the quality and timeliness of national income accounts data could also lead us to take a positive rating action.

Standard & Poor's has said it would consider upgrading Guernsey's credit rating if we strengthen our economy, improve the quality of our systems and our data, and demonstrate stronger fiscal discipline. Ma'am, is that not precisely what many members of the public have been calling for? (**A**

Member: Hear, hear.) Indeed, what a number of Members of this Assembly, including Deputy Camp and Deputy Collins, have consistently advocated? (**A Member:** Hear, hear.) These are the areas that Standard & Poor's identifies as the route to a stronger fiscal position and greater confidence in Guernsey's finances.

By contrast, I do not believe the proposals in the tax policy letter place sufficient emphasis on growing the economy, modernising our systems, or improving the way we manage public finances. If, as Deputy Niles says, a downgraded could cost us tens of millions of pounds, how much could an upgrade save us? Ma'am, if our credit rating is so very important to the Policy & Resources Committee, should it not be working to improve that rating by acting on Standard & Poor's recommendations, rather than presenting this Assembly with a policy that could cause Standard & Poor's to downgrade us? Indeed, we have just seen the Assembly reject an amendment that sought to move us in the right direction; an amendment that is not business as usual. To me, this risks re-enforcing the impression that we continue to rely on familiar approaches rather than taking the opportunity to embrace something different, which I argue this amendment gives us.

The report also notes that inflation has fallen to 3.3% in December 2025 from its peak of 8.5% in 2022, although it remained higher than in the United Kingdom. I read that as a polite reminder for Guernsey to control or at least keep an eye on its inflation, yet Policy & Resources accepts that its own proposals would add around a further 2% to inflation.

That brings me nicely to my next point. The inflationary costs caused directly – and by nothing else – by the introduction of a Goods and Services Tax. One of the principal advantages of this amendment is that it avoids these additional inflationary pressures. The policy letter does not, in my view, fully account for the costs that higher inflation creates. Deputy Sloan recently reminded us that public sector pay has broadly kept pace with inflation over I believe the last five years, but I stand to be corrected. Unless Policy & Resources is now proposing a pay freeze, higher inflation will inevitably place upward pressure on public sector salaries and pensions. That represents around £10 million of taxpayers' money as additional cost.

In addition, there is around £5.8 million of extra expenditure on benefits as a direct consequence of GST-driven inflation. Again, this cost exists only if GST is implemented. I do not believe there is any argument that these costs exist; I believe the argument turns on where to show these costs. Taken together those inflation-related costs amount to around £60 million. This amendment, in contrast, does not create these costs.

I was also going to mention that the Policy & Resources Committee may have unintentionally led listeners to believe that the inflationary cost of GST was just a one-off, and that the proposals seem not to have considered the inflationary costs to renters. But Deputy Matthews very succinctly summed that up. In conjunction, Deputy Vermeulen mentioned that many tradesmen will be packing up shop and leaving the Island, should GST come in.

Combined, the increased costs for renters, the less houses being built, the more tradesmen available, and worse, well, the proposals put forward in the policy letter may very well worsen our housing crisis which in turn goes back to the magic figure of £250 million of borrowing Deputy Niles appears to have pulled out of a hat to say we need to build more houses. It seems a bit perverse to me. We want to borrow money –

Deputy Burford: Point of correction.

Deputy Niles: Point of correction.

The Deputy Bailiff: Sorry, Deputy Niles, Deputy Burford has beaten you to it. Deputy Burford, what is your point of correction?

Deputy Burford: My point of correction is £250 million is not pulled out of a hat. As previously advised, there is a resolution of £150 million on borrowing for housing, and a further £100 million for the interconnector, coming to a total of £250 million. No hats involved.

The Deputy Bailiff: Deputy Curgenven.

Deputy Curgenven: Thank you, Deputy Burford. I will retract that statement and say I do not know where this figure comes from in the policy letter at all and I have not seen it before.

This £250 million that we need for borrowing – which is not in the policy letter – seems a bit perverse to me. We want to borrow money to fix a problem that, if this Assembly votes through P&R's policy letter, the policy letter itself will worsen. Whereas this amendment does not require £10.6 million in implementation expenditure either. That is the cost, by the way, of implementing the system that collects and allegedly monitors GST.

This amendment does not raise revenue only to return a substantial proportion – £28 million that is – of it through compensatory payments. Instead it provides an alternative that is simpler, more proportionate, and, in my view, more financially responsible. For those reasons I believe this amendment deserves the support of this Assembly.

Thank you, ma'am.

The Deputy Bailiff: Thank you.

Deputy Collins.

Deputy Collins: Thank you, ma'am.

A couple of Members have touched upon it but it does feel very different being back here after so many years. I know it has been mentioned, 'Project Fear', but when we get to the point that you are disagreeing on bringing an amendment, it does feel a very different atmosphere than it did some 15 years ago. I will reflect on that – there are only five Members in this Assembly that were there back when I first started in 2012 – the nature of debates.

I am really interested, as we have been talking about loans, and again I will draw Members' attention to page 7 in the policy letter, the green bar. That is borrowing. General revenue borrowing starts, it seems to me, at £190 million, and in 2035 says it is about £100 million. With respect, this £250 million, if it is not in that table it is clearly wrong. While we seem to be criticised about numbers, in a sense that line surely has to be £400 million, therefore we are not using up our total cash reserves because we are going to borrow it.

So I think, with respect, that we are being kicked here with a little bit of, 'Your numbers' as expected. Well, we are but two people. We do not have research assistants, we do not have a team of civil servants behind us. We are putting something on the table and I think that has got to be understood, that we do not have all of the answers.

This is the point I was going to talk about the levy. Did I really hear the President of our ED Committee talk about, 'It is a set levy, and it should be a fee? I do not know if Members have had the chance to go on to Guernsey Registry to have a look at the fee structure. I am quite happy to spend the next 10 minutes going through the different fees that we have. We will start with category 1, a fee of £1,050, or we could go to category 2, licensed insurers, £525. We could talk about category 3, protected cell, £385. I am losing the point here but another good example would the Guernsey Data Protection, they charge companies of 50 employees and over a certain fee, under is a different fee.

We have not come with a table saying this is what the levy or the fees could be. We would like the people with the knowledge and with all the experience to go away and do some of that work and put the rails in place, as you would expect.

Deputy Falla talked about the poor plumber, and the poor people that this is going to possibly affect. Well unfortunately there are always hits on businesses. The point that we would be making, when you take out GST – as we heard from them – they are going, 'You are going to ask me to pay a few hundred pound extra in a fee, which is probably 50p a client and would not even be noticed, to daily GST hits on me at 3%, knowing it is going to go to 5% in 2030, and all the cost of the inflation'. This is a point I have mentioned several times at ESS, and I wanted to get it printed on a banner: inflation is our enemy, because at the end of the day inflation drives the costs. This comes back to my valid point I have been banging on about that even a 1.9% inflation cost, look what that does to rent.

Deputy Matthews raised a point about the cost of rents on RPIX, and I emailed Members instantly with a table to again prove to you I have been doing lots of this homework. Deputy Camp has been doing lots of this homework to look at the effect that rent is having on our cost of living. What we are trying to do – and certainly I hope Housing colleagues are the same – is we are trying to build some houses and put some more flats in, and do that to try and control that. But it comes back to my point again, I really do not think in the policy letter modelling it has been taken into account the houses we are going to build, the extra Document Duty, the extra TRP.

We could be criticised that maybe this is only raising a little bit of money, but I seriously reject the fact that we are running out of money today, 'We need to make this decision today'. As I have repeatedly said and criticised, 'But our balance sheet has just hit £4 billion', £106 million surplus last year and that has not changed the dial a little bit. I cannot understand the logic. That is what I get from members of the public, 'There is this big fee, we have got to do this, we have got to do that'. No, there are other ways. There are other ways.

We have heard again today from Members, 'Just some extra time'. We are not in a place to deliver all of this change that P&R would like to do to bring systems up, to do this, to do that. Social security rates, as we have said, we are planning to go up for employers anyway. There are hits from businesses. While we seem to be criticised by P&R, the original plan was to put up employers' costs through that rate, so businesses are paying more that way anyway.

I thought Deputy Burford was saying it is a really good policy and perhaps we just need a little bit of time. So if she was happy we could take some more time if you want, ma'am; a couple of extra months we could go away and do some more homework. But I do not know the point of why the Member decided to remind Members a decision needs to be made by 6.30 p.m. tomorrow night.

As I said before, in 2015 we took five days to debate this and, with respect, ma'am, I am happy to spend 10 days in here, I am happy to spend 20 days; as long as it takes for democracy to be served, amendments to be tabled, discussed, and debated. I am up for that. You can look at my schedule, I will free it up. I might have to explain to the wife, but anyway that is a different argument for a different day.

But I am really convinced, Members, this is a serious alternative we have tried to put on the table. Is it perfect? Well, no. Is a policy letter ever perfect? No. You want like for like. We have done our best, we are working hard to put alternatives on this table in a really narrow, short time.

I just wanted to echo again that Deputy Camp has done the work on it; I have really been a supporting role. I thank her, and obviously she is going to reply to the debate in full, but I just wanted to touch on something, and again unfortunately I am just going to touch a nerve, ma'am. I am really sorry about this but I do find it quite ironic that the President of ED stands up and talks about the Guernsey Registry and the increase in fees, yet we know that increase in fees has probably been redirected to fund the Heathrow. What would industry say to that, that they have been paying more through their fees to fund an airline? I do not think that is quite right. I do not think Members should be doing that without it coming to this Assembly and talking about it. I thought that would hit a nerve, ma'am.

I think that is all I wanted to contribute. I thank the Members that have really supported this, and I do encourage if Members have not spoken yet and do have questions, please do so. We are trying to just move forward in some way.

Thank you.

The Deputy Bailiff: Thank you.

Deputy Montague.

Deputy Montague: Thank you very much.

I will be very brief now. I will save my main comments for the main debate, which should take place sometime during 2027 on the current trajectory. *(Laughter)* It is nice to be here in the States of Deliberation. I have generally been deliberating, which means to think carefully before coming to a decision, and that is what I am trying to do. I am keeping an open mind, and so there is an offer to whoever sums up this section.

There is still the capacity for you to persuade me that this will work. Deliberation is a great word. Another lovely word I enjoyed yesterday was plebiscite. It is a form of referendum. I was enjoying the word 'plebiscite'. We cannot use it because it has the 'pleb' in it, but the other word I was enjoying particularly yesterday and today is filibuster. I think we have seen a fair amount of that, so fair play to the capacity of people to talk at length. I will try to be brief.

I worry that we have come into this, no one wants to raise taxes, no one wants to ask for taxes, no one is going, 'I want to pay more taxes'. Most politicians know what they need to do to raise taxes. What they do not know is how to get re-elected afterwards. I have got a different problem here, I am President of ESC so I will not be re-elected anyway. *(Laughter)* Even if my secret flumes at Beau Sejour plan comes into action. *(Laughter)* I might even have to buy a puppy as well.

I feel reasonably immune from that pressure. What worries me is that I think we are grasping at this like a bit of a life raft. Here we are desperate to find something so that we do not have to take a really hard decision. That is the weird thing, people have been saying, 'Oh, GST, your policy is an easy option'. It is not an easy option. It is a hard option. I think it is probably a mature option, but I am still open-minded.

I think we are trying to grab on to a life raft and I would like to ask whoever sums up for this just to see if they can give me a bit of clarity. I am suspicious about the levy because if money is coming, it is coming from somewhere. In a couple of weeks I think Count Binface will be contesting the Clacton by-election. Count Binface has said a very interesting thing. His motto is, 'I will cut your tax and raise everyone else's'. *(Laughter)*

We need to be suspicious when something appears to be doing that. If it looks too good to be true it is probably too good to be true. I am concerned that this will be an inflationary GST in disguise, because the money is coming from somewhere and it will be coming from local businesses. I would like some replies on that please.

I am also very suspicious about the amounts of revenue that it claims that it can raise. I will not say more than that now. I remain to be convinced. I am very wary about this. I am aware that we have been inundated with emails last night and tonight, some people have been specifically targeted. I am saying it now so I might be asking for more emails targeting me, I am open-minded. I am deliberating on this. But I know that we have received emails specifically on this amendment. It does not mean it is wrong but it means we need to really think carefully about what is going on under the bonnet.

I will finish now, but one final thing. Can we please be careful about the language we use when we talk about other people's arguments? I will use the idea of 'Project Fear'. Some of the fear I have seen concerns two things: the fear that some people are mongering – lovely word, fearmongering – about the inflationary impact of GST-Plus. If anyone wants to talk to me in confidence about how unions negotiate I will give you some insights and maybe allay some of your fears, because I have heard some quite frankly ridiculous comments about the impact of GST-Plus on the way that unions negotiate. I am not going to say it now because I do not want it out in the public domain, but I think it will put some of your minds at rest.

The other one is about GST itself. You cannot accuse people of fearmongering if at the same time when you are engaging with members of the public you misrepresent the whole of the tax policy and you allow people to have that fear. We have all received emails from people who are desperately worried. You go and talk to them about it, you explain the fact that it is part of a bigger tax policy, and their fear is lessened. So I am wary about that. This is the States of Deliberation. I know some colleagues will be shaking their head at that, and I am not saying it is an absolute done deal but I have spoken to people who were very worried, they were absolutely fearful, and then you go through the information with them and it is lessened.

I am not saying that everyone is suddenly, 'Oh, yes, I am on board'; that is certainly not the case. But I think we have a responsibility to be very mature, sensible and careful, both in the way we argue and in the language that we use. Sorry, that sounded a bit preachy, I beg your pardon; that is your job.

Thank you very much.

The Deputy Bailiff: Deputy Gollop.

Deputy Gollop: Thank you.

Excellent speech as always from Deputy Montague. I have seen him on the other side as a negotiator and he certainly is not a pushover, but it would be interesting to hear more insight on that at another time.

I am a great believer in hypothecated taxes. I think Deputy Vermeulen made a good point. I do not know about a Jules Verne museum, maybe more of a Victor Hugo museum, or a museum about a Governor to Guernsey at Castle Cornet who was not only English, he was Portuguese and Jewish at the same time. All sorts of historical figures of interest. But Deputy Vermeulen made a good point in that an arts levy would be great. They have got one in Jersey thanks to Deputy Tadier.

I understood and supported in the past up to a point the visitor levy, precisely because I think it should be used to fund arts, culture, and tourism and maybe tourism-related transport. I am not going to comment on the Heathrow link because I am involved with the Transport Licensing Authority.

I am aware that if you vote for this amendment today – and I am likely to do so for reasons I will come on to in a minute – you are of course implying that a visitor levy will be used as a general tool to prop up general revenue, whether it is projects, IT projects, health, or anything else. I think that is a missed opportunity. I do not think it reflects – and I agree with most of Economic Development here – the wishes of the industry.

As regards the business levy, I have read articles from a distinguished columnist and various other people who make the argument that perhaps not a lot is raised from GST. I do not know if we will finish tomorrow or go on to September. I am worried about the whole dynamics of this debate now. I should not speak for too long because I do not want to filibuster. But what I do think is the crucial amendment we are not discussing, and that is whether a 3%, 4%, or 5% rate would be better in the short to medium term.

This particular amendment really just plays on the 3%, and perhaps the advantages of the 3% are it is a bit more palatable, it is a bit less radical, and it is potentially less inflationary and less of a shock. But the downsides are numerous. I do not know if I want to speak on a future amendment if we get to it, but I have a lot of sympathy for the arguments Deputy Helyar has made, and in this debate as well, that frankly we have lost the plot a bit with GST because, much as I appreciate and sold the GST-Plus mitigation issues, the real reason we need GST is for revenue protection and expenditure on infrastructure and public services. We need the money. If we can reduce other taxes, as other places have done, that is a benefit. I think that would come naturally anyway, but the mitigations are part of the problem.

So where do I stand with this amendment? Frankly, I have got to come off the shelf and say, as the longest service politician – one of only five Members who were here when Deputy Collins was here – I have seen the States go around and around and around in circles of saving a lot of money and not saving it, and running out and not having a particular fair tax system. I believe that a VAT or a GST, probably at a higher rate, and a complete restructure of taxation so that middle Guernsey pays less tax on income and gets better public services, is the way to go.

Unfortunately, Deputy Montague made my speech for me when he said you are unpopular. The problem with the taxation is not doing it or implementing it, it is the unpopularity of it for the individuals, and the downfalls that they suffer, the downfalls the Committee suffer – I will give way to Deputy Ozanne.

The Deputy Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am. I am very grateful to Deputy Gollop for giving way.

I just want to take a little issue with his characterisation that we are scared about our political futures. Some of us are not even thinking about next year, let alone longer term. We are motivated because our concerns are for Islanders. To reduce those concerns to political ones is guilty of the very same issue that Deputy Montague brought up, which is about our language. I am not here to shirk my responsibility, as was brought up yesterday. I am carrying that responsibility very seriously because I want to do what I truly believe is the right thing for Islanders and the Island in the long term. For me that is all about trust.

I just want us to be very careful with our language, all of us, and I am actually very disappointed that Deputy Montague is not in the Chamber to hear that.

Deputy Gollop: Thank you, Madam Presiding Officer.

I am sorry if I gave that impression. I was thinking more personally than about any other colleagues, and I was thinking historically when Members have taken difficult decisions on tax or motor tax in the past.

I would like to add a wider question. If I am speaking as Deputy Gollop about what I think is best for the Island and what I think representatives should be considering, I would be supporting a more radical and harder-hitting GST because I think that is the answer. Unfortunately, many of my colleagues and many thousands of the public do not agree with me. That is actually the problem. The problem is not our political future; the problem is whether we can really run a consensus democracy when we are hearing whistles all the time and getting emails every minute or two.

I think that is the problem, so there is a problem of communication. Therefore, I look for a compromise, and the compromise is raising more money without the GST bit. I appreciate GST is not an iconic horror for some people, but it would be a nuisance for many small businesses and new enterprises because effectively it makes citizens tax officers. For that reason, although I think elements of this amendment are imperfect, I think a win for this amendment rather than coming out of here this week or next year or whenever, is better. So I will be supporting – with a degree of reluctance – this amendment, because I think it is a compromise.

The Deputy Bailiff: Deputy Dorrity.

Deputy Dorrity: Thank you, madam.

I think Deputy Montague said it better than I can but it would seem that further to Deputy Ozanne's comments, Deputy Curgenven has just shown that it is not only the proposers of this tax reform package that could be accused of resorting to a 'Project Fear'. I thank Deputy Niles for his excellent speech that did a far better job than I think I ever could of dissecting the financial shortcomings and possible implications of this proposal.

I thank too Deputy Inder for his historical context he provided in relation to previous industry reviews on similar Propositions in the recent past. Also Deputy Kazantseva-Miller for her exploration of implications of imposing a corporate levy. I thank too Deputy Bury for taking the time to guide us newbies through the process risk element that is inherent in the drafting of this amendment.

I must say that I am surprised that this Proposition is being brought by two usually sensible Deputies, who are ordinarily very protective of the Island's finance industry. Am I allowed to say that?

The Deputy Bailiff: You are on the cusp there, Deputy Dorrity.

Deputy Dorrity: Okay, sorry – when it is likely to damage that industry with its imposition of a corporate levy, which feels ill-thought-out in its attempt to avoid the introduction of a consumption tax. For my part I cannot support this amendment because while it retains some worthwhile elements of the tax reform package, it removes a principal source of sustainable revenue.

As we are all by now well aware, the Island faces a well-documented structural deficit that cannot be addressed solely through motor taxes, a tourism levy, and the replacement of the ISE with a corporate levy on all local businesses. Removing the consumption tax element would leave a substantial funding gap, without providing a credible or properly costed alternative to meet it.

The package we are here to debate, once we get through all of these amendments, has been carefully constructed to balance the need to raise additional revenue with targeted mitigations that protect lower and middle income households. It also broadens the tax base so that contributions are made more fairly across our community, including by those who currently contribute relatively little to the funding of our public services.

While I am all too aware of some Members desire to avoid introducing the GST element of the package, I do not believe this amendment presents a realistic or sustainable solution to the financial challenges facing the Island. Delaying decisions and asking for further work does not remove the need to address those challenges. We have a responsibility to put Guernsey's public finances on a secure footing, and for those reasons I cannot support this amendment.

The Deputy Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, madam.

I think Deputies Kazantseva-Miller and Inder have already covered a lot on the problems with a corporate levy, and indeed the visitor levy, that are proposed in this amendment. I think Deputy Inder is quite right to point out that we are just tasked with getting on with it, which is a real worry.

I would just say as a further point of clarification that of course the proposals that the amendment is based on, although the proposer and seconder of the amendment did not do any consultation with industry, the proposals that this amendment draws on were in fact consulted on. Obviously Deputy Inder has spoken to one aspect of it but I would just also draw out that the Chamber of Commerce – who represents the many smaller businesses that I know many people in the Chamber are interested in the success of – has flagged particular concerns about this.

It was that feedback actually which is why we have not put forward that particular levy in that particular way, or part of the reason there. It is also worth saying, as a bit of an update, on the industry body feedback that of course the IoD chamber and GIBA have all come out recommending to this Assembly that we support the proposals in the policy letter. So there has been an awful lot of consultation around these issues, and we put forward the ones – having worked very extensively with industry – that are the most palatable.

I think it really is worth reiterating that point, that actually the corporate levy as proposed in this amendment would be disproportionately hitting our local businesses, while letting the finance sector entities with the international clients off the hook. That is £11 million that we would otherwise be getting, and we can have confidence in that because that is mirroring a scheme that we know works very effectively in Jersey. So I would like Members to bear that in mind.

Deputy Matthews talked about rents, and that is a subject very dear to my heart. I would say a couple of things on that point. I know the Committee *for* Housing will be looking into some of those issues around lease agreements, etc. But the major point I want to make is, by far the biggest factor affecting rents is supply. We know that it blows a 1.9% inflationary lift out of the water, and the single biggest thing that we can do to ease the rent pressure – which is extortionate, it really is eye-watering – is invest in house building. That is what we want to do, and that is what the whole Assembly I hope will get behind. I am not giving way.

Therefore, it does matter. We do have this resolution that we can go and borrow, it is a very live matter for the Committee *for* Housing and P&R. We are all intent on really supporting house building in the Island, and especially affordable housing. We are trying to move that forward, the next steps, as soon as we possibly can. There are literally conversations in the lunch breaks around that, so let me just put that one there.

A couple of important points. First of all on social security. Effectively what this amendment does is it removes the reforms on social security. The reforms are really looking to address some of the anomalies and unfairness in the status quo. I would like to draw Members' attention to a couple of those that would therefore remain unaddressed if this amendment goes ahead as carried.

First of all there would be no allowance given for social security. Our proposals would see the introduction of a social security allowance, meaning the first £11,122 of income would be not liable for any social security contribution. So that is an £11,000-plus headstart in terms of social security contributions.

The current system, we have a really nasty cliff edge. It is the same level, £11,122. The minute you earn £11,123 you go from paying no social security contributions to paying for social security contributions on the whole lot. That is a really pernicious effect for lower earners, and I have to say it probably does distort behaviour. That is one thing, but we have also got a problem at the other end of that spectrum for people who are lucky enough to be in receipt of large bonuses. Under the current system we cannot effectively capture that.

I am not going to go into the technical detail of exactly why, I will just summarise by saying that one of the reasons behind the reforms that we are putting forward in the policy letter – and this is worked through with the previous ESS, and I know that the current ESS is supportive of the elements of reform that are in there, notwithstanding anything else they might like to see in there as well – is precisely to make that bit fairer and to make sure that we are capturing contributions from those higher earners as well. We would lose all that; we would not get that. I hope actually that is a point that –

Deputy Curgenven: Sorry, point of correction, ma'am.

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

Deputy Curgenven: I apologise, ma'am, and I apologise to the President. I may have misinterpreted but did the President just say that if someone was given a bonus then the tax would not capture that?

The Deputy Bailiff: That does not sound like a point of correction; that sounds like clarification rather than correction.

Deputy Curgenven: I apologise, that is what I took what you said to say, and I am saying –

The Deputy Bailiff: Are you saying she is incorrect about something?

Deputy Curgenven: – I do not think that is right, is my point of correction. I apologise, ma'am.

Deputy de Sausmarez: Yes, I am not going to go into the technical detail but under the current system we do not successfully capture – I am not giving way, sorry.

A Member: A point of clarification.

Deputy de Sausmarez: No, there is no such thing as a point of –

The Deputy Bailiff: Deputy de Sausmarez, I get to do the rulings, not you.

Deputy de Sausmarez: Sorry.

The Deputy Bailiff: There is no such thing as a point of clarification.

A Member: You just said there was. *(Laughter)*

The Deputy Bailiff: No, there is no – there is a point of correction. Deputy de Sausmarez, would you like to continue?

Deputy de Sausmarez: Yes. This is an issue that successive Committees *for* Employment & Social Security – it is the type of anomaly that we have long worked to iron out, and the package put forward in the policy letter does do that, but this amendment would negate those improvements and it would mean that we retain that unfairness at both ends of the earning spectrum. That is the core point that I want to make.

But there is another really important point, and it is in relation to the Guernsey Insurance Fund, fondly known as the GIF in ESS circles. According to the latest actuarial review of the GIF it is short. We need to put in £19 million a year more in order for that fund to be sustainable. Again, this is something that was taken into consideration – I am not giving way – in the tax reform proposals.

Some of the numbers – we have already heard from Deputy Humphreys and Deputy Kazantseva-Miller. I think there was an email that made an assumption that this might raise around £23 million a year. Because of some of the issues that have already been discussed and raised, certainly the assumptions are things that our economists do not agree with. Because of the double counting issue we actually do think that this package would never make that much revenue, we do think it would be less than that. But this is the key figure, that £19 million.

We know that we need to be shoring up that fund, and so basically if we have got a package that is raising less than £23 million – we do not know exactly how much less because we do not know that we have got a corporate levy that is workable, so we do not know how much it might raise but we know it is not likely to be anything like what the sums suggest. But if we need to put £19 million a year into the GIF in order to make that sustainable then that effectively wipes out any general revenue –

Deputy Collins: A point of correction, ma'am.

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

Deputy Collins: My point of correction, ma'am, the President of P&R is suggesting that we need to put in £19 million currently, but as she will be aware, having been a member of that Committee, the rate has increased gradually over the last number of years. The report she is referring to is from 2020. With respect, I am just saying that she is referring to the fact that £19 million has to be paid now, but that has been eaten away. There is a new report that is going to be published, worked on this year.

The Deputy Bailiff: Deputy de Sausmarez.

Deputy Camp: A point of correction, please.

The Deputy Bailiff: Deputy de Sausmarez has to be allowed to speak before you can put another point of correction.

Deputy Camp: I tried to at the same time, apologies.

The Deputy Bailiff: Is it the same point of correction?

Deputy Camp: No.

The Deputy Bailiff: Deputy de Sausmarez, just start speaking and then I will hear Deputy Camp's point of correction.

Deputy de Sausmarez: Okay. I am not –

Deputy Camp: Point of correction. *(Laughter)*

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

Deputy Camp: I am somewhat aggrieved when Deputy de Sausmarez claimed that there is not a –

The Deputy Bailiff: Deputy Camp, this is not an opportunity to speak. You have to just put your point of correction.

Deputy Camp: Sorry, the point of correction is that the Tax Review Sub-Committee report issued in April 2026 pointed at a sum of up to £10 million for a corporate levy. It is, therefore, incorrect for Deputy de Sausmarez to try and impugn my numbers on the basis I am using P&R's own report.

The Deputy Bailiff: Thank you, Deputy Camp.
Deputy de Sausmarez.

Deputy de Sausmarez: That was indeed the point I was making, but on the consultation point. Deputy Camp is right that the Tax Review Sub-Committee did look at that, but in consultation on that these significant concerns were flagged, and this is why I, Deputy Kazantseva-Miller, and Deputy Humphreys are saying that actually it is not workable.

Deputy Collins makes a really good point because actually, rather than being better off as people would be under the original tax package that P&R is putting forward, we have had Deputy Camp confirm that the original rate rises would carry on, so all workers will be paying higher social security rates without the introduction of the social security allowance that would mean they would benefit overall. So that is something that means everyone would be paying more, and that is something that I think is really unfair.

The £19 million is the conversion from the contribution rates required. It basically takes into account the phased increased but, yes, the point is everyone would have to pay more. We know that we are not getting as much in terms of contributions as we need to pay out in benefits because of the changing demographics.

I think Deputy Parkinson can talk about the Standard & Poor's report, if he wants. On some of the inflationary costs we have actually produced some Rule 14 answers, which explain how some of the assumptions Deputy Curgenven is referring to are inaccurate because many of his assumptions take into account only one side of the ledger and not the other. So I would refer Members to the Rule 14 answers which explain that.

But, conscious of time, this amendment would do absolutely nothing, in fact it would make it worse, in terms of addressing one of the core objectives of tax reform in the first place, and that is our over-reliance on income-based taxation. We have had confirmation from Deputy Camp that actually those social security rates would increase without any kind of offset in the form of a social security allowance. Far from making an improvement on our over-reliance on our income-based taxation, this amendment would make that very problem worse. I know that I probably do not need to remind Members, but one of the great threats that concerns us is the potential impact of AI. If that creates any employment or earnings shocks –

Deputy Collins: Point of correction, ma'am.

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

Deputy Collins: I would just like to remind the President that that social security inflation rise she is pointing out is already a resolution, it is going over a number of 10 years. She is suggesting this amendment is causing that effect. That is going to continue. People need to pay more in social security. I think it is a bit misleading to say that we are suggesting that –

The Deputy Bailiff: Deputy Collins, you are going beyond a point of correction.

Deputy de Sausmarez: Yes, and I do know this very well because I was indeed the Vice President of that Committee who had to put forward those proposals, and it was perfectly explicit that that would be replaced by any subsequent tax reform proposals. Absolutely explicit, and I know that my colleague, Deputy Bury, will agree with me because she was also a member of that same Committee.

Let us just split it down into basics. The point is, under this amendment people would have no social security allowance, so they would have to pay social security contributions on all earnings above £11,122, and that retains that horrible cliff edge there, and those rates would continue to go up. That is the point, that when we compare the effect of this amendment with the original tax proposals, workers are going to have to pay more by comparison. So that is a key point.

The point I was making about income-based taxation and our overdependence on it, the threat there is if – we can always hope that it does not happen but I think it is prudent to plan for the fact that there may well be impacts on our employment and/or earnings in this Island because of the continued implementation and innovation around AI. If that is the case, we have got a significant and indeed under this amendment worsening problem, because this amendment actually worsens our dependency on income-based taxation, which makes us more vulnerable to those kinds of shocks.

The corporate levy issues have been well-explained by those closest to them. The visitor levy issue is one that I know that tourism industry will be very upset by. We know that this amendment, because of the GIF impact, is not going to deliver anything by way of general revenue relief.

Someone talked about timing – I think it was Deputy Collins – and said, 'Yes, well we are going to have a review in 2030 under this amendment'. That is great but, as I think Deputy Kazantseva-Miller pointed out, our General Reserve funds available are due to be exhausted by 2031. We cannot delude ourselves and think that we will have time to just snap our fingers and implement a more sustainable tax system, or change the tax system by then. It is just not going to work.

So I would draw Members' attention to that critical time issue. Time is not on our side –

The Deputy Bailiff: You have 30 seconds left.

Deputy de Sausmarez: Yes, time is not on my side either, and on that note I will sit down, thank you.

The Deputy Bailiff: Deputy Sloan.

Deputy Sloan: Thank you, ma'am.

I will say something, and I am happy to be corrected. On my word I did not realise the P&R package was proposing to apply social security contributions to bonuses.

The Deputy Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: It is about how your earnings are calculated. Basically it brings it in on an annual basis rather than the way it is currently done. It is quite technical. If Deputy Sloan bears with me I will get the explanation to him, but it does mean basically that under this amendment – it is about income and I will get the technical detail back to him.

The Deputy Bailiff: Deputy Sloan.

Deputy Sloan: Thank you.

I suspect not many other people realise that either. I will disagree with the President of P&R, surprise, surprise, I guess. I think the single biggest thing the States could do with respect to the cost of rents in this Island would be to get rid of the four years of the rent allowance. When it went from two years to four years local rents spiked, and that is the biggest cause of rents –

The Deputy Bailiff: Are you giving way, Deputy Sloan?

Deputy Sloan: No, I am not giving way. I was waiting to be corrected. *(Laughter)*

The Deputy Bailiff: Members, it is not helpful to start coughing when somebody stands up. The give way rules are clear. It is up to the person who is talking to give way or not. There was an opportunity to have a, 'Do you wish to give way?' the States decided not to bring that in and let us please not replace it by the coughing.

Yes, Deputy Sloan.

Deputy Sloan: Thank you, ma'am.

With respect to the unions mentioned by Deputy Montague, I have only done it once and I thought it was a fairly straightforward process; you offer as big a number as you possibly could, and the idea that the unions are not going to ask for an extra 1.9% as a pay rise is an inaccuracy. Of course it is going to get asked and I would be very surprised if it is not given. But that is my view.

The Deputy Bailiff: I just said not coughing.

A Member: Sorry, it was genuinely a throat clear.

The Deputy Bailiff: Are you giving way, Deputy Sloan?

Deputy Sloan: No, I am not giving way.

The Deputy Bailiff: Well, it is up to him.

Deputy Sloan: But I do owe this House an apology and I will send you an apology. I said three months ago that the previous debate was the last opportunity to vote for something against GST, and actually I think this amendment is an opportunity to vote against GST. For those that really cannot live with GST, this is your amendment after all. The revenues proportionately are not that bad a chunk of what is proposed by the package of P&R.

I am very surprised by the vehemency of the attacks on the amendment by certain Members. It leads me to that suspicion, as I have had and I have written this week and others, that the package itself is designed to implement P&R. Because if you look at the revenues that are associated with the reform of tax – we talk about diversification – we are not actually raising an awful lot more revenues in totality from the tax system. It is all outside there.

Although in some respects I suppose that is also not necessarily completely true. In actuality what I said was that at the time, 'It is your last chance to vote for GST because as sure as eggs are eggs, GST will be part of the package come July'. That has been the case, has it not? It has always been the case that GST was going to be part of the package. It has never been off the table. We have been going through this charade for 12 months and we are here now. If you do not want to play with the charade, vote for the amendment.

Personally, I am not a big fan, for some of the reasons made about the levies earlier, but I do find it quite perplexing to suggest that the modelling, the mitigations, take into account the impact of inflation. I do not think they do. The modelling does not have second round effects in it. The forecast on a static basis might be purportedly very accurate, but the second round impacts the model. The fact that the price level will go up, it will feed through into rents. Of course it will.

When I worked at the States, people used to ring up and say, 'How much do you expect inflation to be next quarter?' 'I do not know. Why do you want to know?' 'Because I am about to put the rents up for people and I want to know what the inflation rate is going to be'. That is how it works. If inflation goes up by another 1.5%, it will feed through and there is like a process until the new price level is found, but that will feed through for a period of time over 18 months to two years. It is a one-time jump, but it will feed through. It will feed through into costs. It will feed through into the pay bill of the States. It has not been modelled into the mitigations. They will ask for that money.

Anyway, in terms of the inflations and mitigations, and again I come to the capital, not to – my apologies, ma'am, to look to others, but to Deputy St Pier's advice for us not to focus on this. I am quite focused on this because, again, I worry about the actual proposals themselves and the transparency in there in respect of – at the end of the day, our shortfall is £50 million, supposedly. I am kicking myself now. I do not know why I just did not bring an amendment and go, '£50 million. We are spending around £900 million a year, so £50 million, what is that into percentage terms? Not very much. It is less than 2% or something like that. I tell you what, why do we not cut expenditure by 25 and raise an extra £25 million in revenue?'

That is not a big task, is it? I do not understand this 20 years in the making to raise what is a very small, insignificant sum, unless it is about introducing GST. It is about introducing GST because if you take the maths of this £250 million, which is not the back of the fag packet, I agree with the capital number. You amortise that over 40 years. Yes, it is about £12 million, £13 million, give or take a few basis points. That is an additional £12 million. Okay, £250 million is five years of capital expenditure. I do that a couple of times, and I have got about £25 million worth of revenue that I need to find expenditure.

You look before we borrowed, and I look at Deputy St Pier there because he was the Treasury Minister that instigated borrowing, and as a civil servant I always advised against it. I did not like borrowing because you are going to pay it back and then some. That is the whole thing about borrowing. The idea is the Government really should be able to manage its finances over the long term and not to have to borrow. You are only borrowing when you run out of money, and that is why debt usually accumulates for governments.

The point is, it is £250 million, times that by two, you are looking at £25 million. Why is that £25 million revenue not in the forecasts? It should be, if we are going to be borrowing over that. Absolutely, Deputy St Pier's advice is right, because if borrowing is the correct –

Deputy Burford: Point of correction.

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

Deputy Burford: The borrowing we are talking about is on a revenue stream, so that is why the repayments do not have to be factored in, because social housing would have a revenue stream.

The Deputy Bailiff: Deputy Sloan.

Deputy Sloan: And the interconnector?

Deputy Burford: Yes.

Deputy Sloan: Okay. But I still think that the transparency of those numbers is not factored into the forecast going forward, in my view. The reason I expect, if that is the case, this GST package is about introducing GST to fund capital expenditure at levels that hitherto people, I do not think yet, have conceptionalised because it is not £50 million a year; it is much more than that. My concern is that effectively I might agree with that forecast, I might agree with that approach, what I do not agree with is the transparency about the way we are doing it. I find that very difficult.

There is a very simple choice for you today in this amendment. If you really do not want GST, vote for this other stuff, but I personally will find that difficult.

The Deputy Bailiff: Thank you.

Deputy St Pier, you have already spoken on this amendment. Sorry.

Deputy Williams.

Deputy Williams: Thank you, madam.

When I was reading through all the amendments I actually highlighted and picked on this one. I thought it was quite attractive. I have been reading through it and listening to everyone, which has been very helpful today. Obviously, the attraction is we do not go through the palaver of the GST, the setting up, the costs, etc., and there are alternatives. What I do like is there are some solutions there and ideas about raising income because I am generally not against saying no to stuff without having a solution. The solutions are the hard bit.

I have some questions, though, for Deputy Camp that I would like answered in the summary, which is around – I am assuming that some lower income earners will be worse off, bearing in mind there is transport tax and there are social security revenue raising elements to it. I am assuming there are no mitigations in there and whether she has done any – and I know she is working alone or with Deputy Collins, so you do not have an army of people supporting you. In terms of what impacts it will have on lower income earners and just generally the viewpoint on their affordability.

Your second point was about your calculations on the set-up costs are significantly lower than the alternative P&R proposal. Just interested to know what calculations have gone into that. Thirdly, your view on the impact on businesses of the Corporate Tax and corporate levy that has been discussed earlier by other Deputies would be helpful from your point of view – obviously, your historic background in supporting organisations has been highlighted – and whether those taxes are used elsewhere in the world as well and possibly some examples of that.

The Deputy Bailiff: Deputy Williams, unfortunately Deputy Sloan only has 15 minutes to respond so she may be restricted on how many questions she can answer.

Deputy Williams: She is very knowledgeable.

The Deputy Bailiff: And pithy. *(Laughter)*

Deputy Williams: I will just float it there and obviously if there is a follow-up, there has to be a follow-up. I am not that *au fait* with this in terms of my background, but it would be helpful to have some explanation on the funds that are raised through the ISE compared to Corporate Tax and how that works. Sorry, are you – no. I thought you were – I was giving way there.

Just lastly, an item of clarification for Deputy Curgenven, which was just about the £150 million we have mentioned earlier. It was approved in 2023. That is why generally we would not know about it. It was the last term that there was a loan facility could be raised for affordable housing specifically. It was committed by the States' Assembly, a vote that subsequently in the future £150 million could be raised to fund affordable housing specifically.

We are working on a business case at the moment with P&R staff, Treasury staff and the Committee in order to work something up as a business case to bring forward as an affordable housing programme. We have ideas about where we would spend it and build those houses and get those houses built, as States' houses potentially. That is just background really on what that element was.

Thank you very much.

The Deputy Bailiff: Thank you.

Deputy Van Katwyk.

Deputy Van Katwyk: Thank you, ma'am.

Once again, thank you to Deputy Camp and Deputy Collins for putting in the hard work on this amendment. On this, I will be supporting the majority of the package, largely because it buys us time to evaluate the AI workforce revolution that Deputy de Sausmarez has mentioned before bolting on an expensive and irreversible tax system.

Ma'am, I ask you to ask Members to ask themselves, what happens then? Are we going to exchange wooden dollars between a universal basic income and GST functions? Has that even been thought out? Can Deputy Parkinson perhaps give some answers to that? The way I see it, we are going to have to increase some sort of corporation tax when they are not having so many employees working for them and they have got AI agents instead. How does GST work in the face of that?

It seems the current proposed tax from P&R has not scanned the horizon beyond the next 12 months. It very much feels like we are working through a simple equation from yesteryear while Schrödinger's quantum equation is knocking upon our door. Partly, I am supporting this amendment because it appeases S&P by presenting a sustainable tax package. More importantly, I am wholeheartedly supporting because it is a bridge. It is a bridge between the people and our funding gap. Please do not let this bridge burn.

Thank you.

The Deputy Bailiff: Thank you.

Deputy Blin.

Deputy Blin: Thank you, ma'am.

Mine will be very short because, again, I would have started off with the same as last time going through all the points.

I have always stood firmly against imposing the imposition of GST, and that is because the people of Guernsey have demonstrated this – the small businesses and literally everyone – and I am still in the gaps responding to people. However, like we all know, there is a need. There is a requirement. I tried very hard to support the sursis to give us a delay and some time. I could not support, for example, the referendum, because I can see the impact of removing everything. I could not support the removal of the whole part of GST from the rest, because it will not function.

However, we come to this one now, and quite frankly, it is the most powerful one for everyone who – there are two sides to it – does not want GST. This is not just another option. This comes with factors to change to raise revenue. I am a little bit surprised about the visitor levy because I know that was looked at initially by the Guernsey Hospitality Association (GHA) and then Visit Guernsey. It is being used in every area. I think they wanted it initially for things like the equivalent of a British Airways ledger, but now it goes into general.

They are all valid ones, but – David and Goliath again – it is put together by two people working on it. I understand Deputy Camp has spent a lot of time specifically on this, but there are issues that are going to impact on this. For example, and Deputy de Sausmarez is not here to stand, but one of the factors is the fact that it is going to have an impact on, for example, the mitigations and allowances within the tax. We have the allowances changed, adjusted, etc., and this will not be necessarily part of it.

What I am going to say here, though, is that this is a piece of work which has options, which slots into the ethos of those who are not supporting GST per se, because obviously it is the whole package. This is going to have an impact on the whole package, but it is the only strong thing I can see if we are truly going to adhere to some of the things that we have been saying where individuals have been trying to find other alternatives.

It comes with a tag. There is going to be a revenue side, but there are going to be some complications. The point is – and in my particular case in voting I have always been clear about the non-GST part – I have always been clear, as I was saying before, I could not vote for the referendum because I try to do things which are practical and can slot in. I am very strongly leaning to supporting this.

I am aware of the implications this will have on the rest of the package, but it is the only one so far where I can – if I do not nail my mast to something strong, then we are just going to be in the case of amendment after amendment. It is just going to leave us with the one thing which we have had hundreds or thousands of people saying what we do not want.

I also appreciate, and I will say this out loud because I would appreciate if in the summing up Deputy Camp could consider this, is one of the impacts, for example, on the small businesses with levies or corporate levies on the businesses, because it is not mixed directly? I have literally gone through at least 50 or 60 emails in the last 24 hours out of 100 specifically on smaller businesses. They are saying, 'Please do not throw the GST on us because of our business selling things, etc.'

I am hoping that something like this will affect businesses in a different way. I know that from my business world, I would rather pay more taxes on profits rather than having all the pain as soon as you have the GST on everything. It has another effect. I would like that to be responded to, if possible, yes, in the 1.7 seconds per item that Deputy Camp will sum up on.

Thank you very much.

The Deputy Bailiff: Thank you.

Does anybody else wish to speak on this amendment? No. In that case, I will turn to Deputy Parkinson, who is responding on behalf of P&R.

Deputy Parkinson: Thank you, ma'am.

It is my custom normally when responding to a debate to try to do so thematically. We have had a lot of speeches, and it becomes tedious if I go through one after the other chronologically. I think the agenda for those themes needs to be essentially the proposals in this amendment.

The main one, I think, the discussion was around the corporate levies. Deputy Helyar was one of the first to speak and he observed that behavioural changes could result from the increase of company charges. Deputy Niles said that the levy replaces the ISE and therefore shifts the burden to Guernsey businesses, and that is quite correct. The ISE falls on mainly international businesses administered in Guernsey, including 5,000 companies that are not Guernsey companies.

Under these proposals, those 5,000 companies would be making no contribution at all to our Exchequer, and the only companies that would be paying corporate levies to Guernsey would be Guernsey companies, including, of course, companies outside the finance sector in our local domestic economy. That is, I think, a very poorly directed set of charges and will be a burden to local businesses which, as has been said, I cannot remember by who, they are likely to pass on to consumers anyway.

Deputy Kazantseva-Miller talked extensively about this and talked through the history of the annual validation fee. She observes that Guernsey's fees are already higher than those of other jurisdictions and are already programmed to increase. For example, the registration fee in Jersey is £75 and our registration fees range from £250 to £1,000. We are already more expensive than Jersey and this levy would come on top of that. Deputy Kazantseva-Miller made the very strong point that if the money targeted by Deputies Camp and Collins was to be achieved, the registration fees would need to treble. That, I think, probably covers most of the points that were raised, but they were raised by a number of different speakers.

On the tourism levy, the visitor levy, the big difference there, of course, is that this would be a levy presumably collected as a hotel tax. There are other ways it might be collected, but they would be more complicated perhaps; for example, people being required to pay an entry fee at the airport. In practice, there would be an additional amount added to their hotel bills. There are lots of things that are of concern about that. Of course, it does not capture a contribution from any of the other spend that the visitor incurs in Guernsey. Basically, it misses a lot of the potential targets. Half of the visitors stay with families or come on cruise ships or whatever. They would not be subject to it.

I think the crucial point that came out of the debate was that when the visitor levy has been aired with local industry, they were quite keen on it as long as they could keep the money. If it was introduced on that basis, it obviously would not contribute – I give way to Deputy Vermeulen.

Deputy Vermeulen: I appreciate that.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: They did not want to keep the money. They wanted it reinvested in the infrastructure of the Island and the tourist industry. As we have discussed, it could be Castle Cornet, Bridge, which we are doing anyway. It could be the Victor Hugo Centre, which we are doing anyway. They did not want to keep it for themselves.

Deputy Parkinson: The point is it would not be available to general revenue because it would be hypothecated to certain kinds of expenditure. What we are dealing with is a structural balance in our general revenue accounts. The main point though is, of course, that it would be, I think, unlikely that the tourist industry would be as supportive as they were to previous proposals if it was just going into a pot to help prop up States' finances. That levy is, in the terms of the amendment, designed to raise £2 million a year, which is a relatively small contribution.

The vehicle taxation levies are basically unchanged. The amendment proposes that they remain essentially the same. A lot of debate focused though on what was not in the amendment, particularly that it provides no relief at all to lower and middle-income families. As Deputy de Sausmarez pointed out, they would lose the personal allowance which they are going to gain under our proposals for the social security contributions and, of course, they would not benefit from the lower Income Tax rate and the higher personal pension allowance for Income Tax.

The mitigations, which I think are wrongly named because this is a calculated redistribution to put money into the hands of lower and middle-income households at the expense mainly of companies, employers, tourists, and people who have higher earnings, that all disappears. The redistributive elements of this package all go out the window. Basically, when people are talking about the stress people are under through the cost of living, cost of housing, and so on, please bear in mind that this P&R package is designed to provide help for those people.

I give way to Deputy Kazantseva-Miller.

The Deputy Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: I am very grateful to Deputy Parkinson because he is talking about the issues that the amendment does not address.

I just wanted to perhaps ask his point of view, which I do not think also has been exercised, and then summing up on behalf of P&R. All of the revenue-raising measures that are currently being proposed, the Corporate Tax and also the levy, the Corporate Tax is in relation to Guernsey-registered businesses, and the levy is for P&R and Economic Development to go and develop.

That means that Alderney is currently completely excluded from any revenue measures proposed. Would he consider that the current amendment would not have any contribution in terms of revenue-raising measures from Alderney, whether he would like to make any comments in that regard?

The Deputy Bailiff: Deputy Parkinson.

Deputy Parkinson: I think it is fair to say that the amendment does not consider Alderney at all. Yes, that is a moot point, but in terms of the social security contributions, there was an interesting side debate going on about what the effect would be on bonuses paid to employees. I think the point that got lost there was that under our social security system, there are upper earnings limits, which apply either weekly or monthly.

The problem that the measures in the P&R package seek to address is that if somebody gets a large bonus in one month or one week, most of that bonus is likely to fall above the upper earnings limit and therefore will not be subject to social security contributions. What P&R is proposing to do is put the assessment of the application of the upper earnings limit against the bonus on an annual basis. If the bonus does not exceed the annual upper earnings limit, then it will be subject to charge, whereas at the moment, it is only measured against the upper earnings limit for the week or the month in which it is paid.

It is such a wide-ranging debate, and I have probably left out lots of exciting comments from various people. Deputy Inder, I must congratulate him on his speech, even though he is not here, because he highlighted the fact that industry has been very cautious about increasing corporate levies and, of course, referenced a letter from Deputy Camp in a former guise, saying that the proposal to increase levies were very dangerous. That was a speech that I really enjoyed.

Deputy Van Katwyk asked a specific question. He wanted a comment, I think, on the effect of artificial intelligence on the tax system and what that might mean for future changes. The answer to that is, of course, I do not know, but it is something that will be considered very seriously in phase two of the tax review, which will be starting later this year. I am pleased to say that some of the very distinguished experts we had in phase one will be available to assist us in that if we want them to do so.

I hope I have not missed out anyone's wider questions. I think we have had a very full discussion. I give way to Deputy Matthews.

The Deputy Bailiff: Deputy Matthews.

Deputy Matthews: I thank Deputy Parkinson.

I did ask a question which I think Deputy de Sausmarez partly answered in her answer, but I do not know if Deputy Parkinson wanted to expand upon it. It was really about the general approach that P&R has taken through GST, and mitigations appear to be that we will collect very broadly from a broad-base tax of GST, which will include from the well-off and the less well-off and from food and everything else. Then we will refund quite a lot through tax and social security to the less well-off. Of course, in so doing, taking with one hand and giving away with another, there is an inflationary impact as well. My question was really, to what extent has inflation been taken account of in the proposals?

The Deputy Bailiff: Deputy Parkinson.

Deputy Parkinson: Yes, we know and we have said that it will have an impact in the first year of 1.9%, we believe. People are right to say that there will be secondary impacts from that and there will be some knock-on effects. To Deputy Matthew's main point, which is that the extra 1.9% does not go away in year two, that is true, but it does not show up in the rate for year two. What the long-term impact on inflation will be – I am not giving way.

What the long-term impact on inflation will be is hard to tell, except that we know that Jersey has followed down this road before, and we know that the long-term inflationary impacts in Jersey were not very severe. Jersey's inflation, in fact, is pretty similar to Guernsey's, unfortunately. You cannot assume that suddenly there is going to be extra tens of millions of pounds of costs through the introduction of GST because the evidence shows it does not happen.

I think that is all I need to say really unless anybody feels that I have not addressed something they asked. Basically, please oppose this amendment. It is wildly inappropriate. It is going to give no relief at all to lower and middle-income families. It does not broaden our tax base significantly and it just imposes burdens on the corporate sector, which they may choose not to pay.

The Deputy Bailiff: Deputy Camp.

Deputy Camp: My God, I am not looking forward to this. *(Laughter)*

We keep on hearing, and everyone is making, the give back of this package as if it somehow exists in isolation, but it does not. It only exists alongside the GST. Why it has to exist alongside GST is because the GST is expensive. Telling me that if we remove the mitigations from a package that creates the need for them in the first place is the reason to vote against this amendment is like saying – this is having your cake and eat it, guys, I am afraid. It makes absolutely zero sense.

Let us try and dispel some myths. This debate is not a lot of fun for anybody on either side. By God, I think the World Cup will be a tamer thing in comparison, quite frankly. I suppose it is quite lucky England is not in it because they would have got a right pasting. We know there are clearly a lot of points. The one thing I do want to talk about, and I apologise if I do not get to everything because, my goodness, you have asked me to cover a heck of a lot of ground. I really wish the P&R's policy letter had done the same thing and I am not sure they will be asked to do the same ground covering if we get there.

Just for fairness, I really enjoyed Deputy Inder's attempt at a joke and I am really going to disappoint everybody because the punchline does not exist. What happens in industry is time marches on. When I was Chair of GIFA, the Government were coming along to GIFA and going, 'Give us some more money and we will pile it on Guernsey Registry fees'. That was a very different context to today. What happened during the current consultation that the Tax Review Sub-Committee did, in which I was in those meetings – I have seen the consultation. It is in the public domain. I have also seen the report, that is also in the public domain – it sought the views of those same industry bodies on today's premise.

I am not in GIFA anymore. I had to stand down in order to run for this position. That is my past life, and it should be left in the past. Those industries are coming along and saying, 'We will do our bit for the tax package', and everything Deputy de Sausmarez says about the G3 coming out in support, although clearly there is a lot of the G5 that do not agree with the Chamber of Commerce's, perhaps, perspective. Leaving that aside, they were very clear during that review, during that consultation, saying, 'We are really happy to do our bit', and the conclusion was a corporate levy would be something that would be fairly reasonable, 'We could absorb that on the basis that we do not want the double hit of the ISE'.

What I am proposing is the ISE comes out. There is no double hit. In all versions of this scenario, the £3 million of registry fee uplift stays in, right? That is there no matter what. The ISE is also in addition to the £3 million from the corporate. There is no double counting here. I am afraid to say that is not where my maths is wrong, as much as people might like it to be.

I do appreciate that the corporate levy does bring in local firms. Yes, of course it does. I have not hidden that. I have been completely transparent. The difference is that going along to a corporate and saying, 'For a certain £250 or £500 a year, you will have certainty about what your cost of doing business is. Your customers will not be impacted because nobody is really passing on that level of cost on to anybody', that is easily absorbable.

On the other hand, GST, the price it adds at the till, the price it adds to all of the incoming what have you, and also the associated behavioural risks that come with throwing a GST into our sorely depleted economic environment where people do not feel that they can afford things. An Island like this where we have a food bank should probably tell us we do not feel particularly rich. Those businesses have a certain cost. They do not have to pass it on to their clients and customers and so we need to stop worrying about necessarily the cost to them.

Every argument that is put up against this proposal from the pro-GST squad all seek to avoid the fact that whatever is in that package, GST makes everything more expensive. You can mitigate for it, you can use excuse after excuse after excuse, but GST adds cost. It adds inflationary cost on everything. It might not have a recurring inflationary impact, but the cost is embedded and the cost continues to compound year after year because it is now in there. It is now part of the cost against which we assess everything else. You cannot wish it away in year two and deny its existence, which the policy letter largely does seek to do, unfortunately. It seeks to almost deny that there will be any secondary inflationary impacts.

This does not leave people worse off. This leaves people in roughly the same position they are now, a little bit here and there. That is the same as we have been doing to the population of Guernsey every year since I have been involved in politics, where people stand up during the budget debate and they go, 'How about we put a bit more on here and a bit more on there?' That will not stop. When we get to the Budget in November, people will go, 'Let us add TRP, blah, blah, blah'. We will erode our own mitigations through all the other taxes we impose on people every year that go up and up and up and up, and then we invent something new.

This is not doing anything – anything – that the P&R package is not already doing, but in fact what it does is it just provides a bit of stability, a bit of certainty for an economy that does not feel like it can take a hit. What it does not do is say, 'Take GST off the table forever'. What it does not do is, 'I do not like GST, so let us not do anything about it'. What it does is it provides a viable solution.

We keep on talking about the cost of delay. I am sorry, Deputy Montague, I know you hate the phrase 'Project Fear', but I did not coin it. I did not coin it and apologies through you, Deputy Montague, does not like that phrase. Apologies, but it was not me who coined it. In fact, it was Deputy Niles who coined it. I am just picking up on the language that is going out there.

Deputy Niles: Can I correct, please?

The Deputy Bailiff: Do you have a point of correction, Deputy Niles?

Deputy Niles: Yes. I can remember coining Project Future, not Project Fear.

Deputy Camp: With due respect, if you listen to the BBC radio interview we did a few days ago, he said, 'It is Project Future versus Project Fear'. (**A Member:** Hear, hear.) It was definitely a phrase that was coined by Deputy Niles, and I do not appreciate being made to be a liar in this Chamber, thank you very much.

The Deputy Bailiff: Deputy Sloan, you are not being accused of being a liar.

Several Members: Deputy Camp.

Deputy Camp: Me?

The Deputy Bailiff: I am sorry, Deputy Sloan. Sorry, Deputy Camp. I am terribly sorry, I was mistaken. Please keep –

Deputy Camp: I apologise –

The Deputy Bailiff: Thank you.

Deputy Camp: – but I have been very factual. I was in the interview.

The Deputy Bailiff: That is why your point of correction is upheld but leave it at that and please move on.

A Member: Hear, hear.

Deputy Camp: Okay, thank you.

I do apologise, but yes, Project Fear was not a phrase I coined. In fact, I am trying to think of other points that people want me to address.

I suppose there is a technical point in here that people constantly want to raise around the Guernsey Registry and around the way fees are collected. I was there in 2008 when the Companies Law came in, and the Guernsey Registry was created. Believe you me, there is nothing on the Guernsey Registry I have not been involved in. In fact, I was involved in working parties discussing exactly this point when this Assembly or the previous Assembly decided, 'Let us just whack some more money on the industry'. I understand that, but like I said, the time has passed.

What I thought was interesting is that having been an observer sitting on the Tax Review Sub-Committee, this point came up. We are calling it a Corporate Tax, and I am probably being as cheeky as P&R were when they put it into the terms of reference because the three eminent experts, and I challenge anybody to be more expert in these areas than the three people that P&R chose, and that is fine if that is what your CV says, but I have not spotted it.

They basically said that this is not quite a tax. Actually, the fears are pretty unfounded because where we start to have competitiveness issues is when we are really in the realms of tax. We are far more capable of using levies to be that much freer and they do not have quite the same problem and implications that they do. That is the word of three tax experts, one of whom was at pains to tell us that a corporate levy was not a Corporate Tax. I am going to take his word on it because that is what he does as a profession.

One thing, is this a lifeline? It is all a lifeline, is it not? That is exactly what P&R's package is. In 2024, P&R was sent away to look at 5% GST. That is not what they have done. Everything feels like a lifeline. How do I respond to that? I do not have £1.6 million of taxpayers' funds to do this work. I can only go on the basis of what I have available. I am me, myself, and I am my trusted calculator, and yes, sometimes I do ask AI to help me with some of it just to help me clarify it. After all, it is no more than officers really do for people. I do not have that support. I had publicly available information to me, a very limited window in which to ask questions about this tax package, and this is what I have come up with.

I am not going to give way. I have been here for about nine hours waiting to speak. Yes, I am not going to give away. Thank you, that has completely lost my train of thought.

Why do I not go into the visitor levy? I get people would like the idea of hypothecation. I get that the Guernsey Hospitality Association would like the money to be hypothecated, but that is not the general rule that we have applied in this Assembly. There have been policy decisions, quite consistently, that do not do that, that bring money into general revenue and then they say to this whole Assembly, 'You work out the best way to allocate these funds'. That does not stop money being allocated to Economic Development to give to the tourist industry based on if they can bring a cogent case to this Assembly during a Budget debate that says, 'Give us an extra £2 million for this industry'.

On the other side is that what we are looking at with things like GST is there will be no hypothecation. Those tourists use our roads. They use all of our infrastructure. They use everything. They do not just visit Castle Cornet and then float everywhere else. *(Laughter)* Hypothecation is not the problem people are thinking it is. I suppose the other thing is do we, as Government, really want to start a precedent of being held hostage to what industries want in order to ask them to pay?

After all, we are not doing that if we approve a GST, are we? We have not gone along and said, 'I cannot make you pay a GST because I am not going to hypothecate it for your own business needs'. We have not done that. That is not a reasonable objection to putting money into our general revenue pot and then seeing where the chips lie when people make business cases for how to spend that money.

The other point I want to make, and really, if I have forgotten anybody, I genuinely apologise. Come and find me afterwards and beat me up, whatever you want to do, just not too much. *(Laughter)* (**A Member:** Hear, hear.) I have completely lost my own blooming train of thought now.

The Deputy Bailiff: One and a half minutes left, Deputy Camp.

Deputy Camp: I have got what?

The Deputy Bailiff: One and a half minutes left, Deputy Camp.

Deputy Camp: Thank goodness. *(Laughter)* I am enjoying this.

Is this a perfect package? No. I have never professed that this is a perfect package, but what it does do is it gives us alternative revenue-raising measures without all of the added complexities, without having to potentially destroy pockets of our economy and it does that now. It does not say in a couple of years' time, but what it does do is it very firmly leaves back on the table after all the work is done to prove all the cases that P&R are putting up there as speculative finger in the air stuff like wind farms and savings and all this other stuff. I apologise, but it is quite speculative at this point. (**Several Members:** Hear, hear.) It gives the time to do that, but it is not saying stand still in the meantime. It is saying –

Deputy Blin: Point of correction? *(Laughter)*

The Deputy Bailiff: Is it really a point of correction?

Deputy Blin: She said speculative. I was just correcting.

The Deputy Bailiff: Deputy Camp, what do you say about this?

Deputy Camp: I think I am entitled to call it speculative as I have not seen –

The Deputy Bailiff: I think it is an opinion. I think it is a fair opinion.

A Member: Hear, hear.

Deputy Camp: Yes, as I have not seen the evidence of the cash being bankable. Like the Pillar Two receipts, I do not cash them until they are in the bank, but yes, that is where we are. This is a viable alternative. It gets us to 2030; P&R's own requested date for an assurance review. It does not take anything off the table, but what it does do is allow us to take a proper temperature check of our economy and the impacts that we are considering putting on it and it does that incredibly well.

Very quickly, thank you to Deputy Curgenven for covering the S&P point and I really do think that we need –

The Deputy Bailiff: That is your time, Deputy Camp.

Deputy Camp: – to stop. *(Laughter)*

Thank you.

The Deputy Bailiff: Thank you.

Members, you should have on your screen Amendment 14. States' Greffier, would you kindly open the voting on this, please? Deputy Sloane, can you please vote?

There was a recorded vote.

Not carried – Pour 14, Contre 23, Ne vote pas 2, Did not vote 0, Absent 0

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

The Deputy Bailiff: There voted in relation to Amendment 14, pour 15, contre 23, 2 Members did not vote. I therefore declare that the amendment has not passed.

Members, given that we are going on to half past six, I am going to suggest we have a 10-minute break. Can I just have *aux voix* motion vote on that? Those who support a 10-minute break, please say pour; those against.

Members voted Pour.

The Deputy Bailiff: A 10-minute break then, Members. We will reconvene at, let us say, five past five.

The Assembly adjourned at 4.52 p.m.
and resumed its sitting at 5.07 p.m.

Tax Reform –
Debate Continued

Amendment 17.
To delete all the Propositions and substitute the following:
'To direct the Policy & Resources Committee to investigate and report on the administrative framework required to introduce an Underutilised Property Levy on long-term vacant dwellings; such a report to be laid before the States of Deliberation no later than June 2027 and to explicitly incorporate the phased 24-month transitional grace periods and statutory exemption pathways detailed in the Explanatory Note.'

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

Deputy Goy: Yes, please. Actually, I have a question first, does it count towards my 15 minutes? Okay, yes, please then.

The States' Greffier read out Amendment 17.

The Deputy Bailiff: Deputy Goy.

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

Before I begin, I just want to say that at the end of this debate, I will say something about the delete all Proposition clause. Please hold this at the back of your mind and I will now go into my main speech.

Before I speak to the substance of my amendment, I would like Members to consider a simple observation. Parking money in property is a common wealth strategy around the world. (**A Member:** Hear, hear.) Wealthy individuals purchase multimillion pound apartments and penthouses in major cities, often leaving them empty or using them only as holiday homes. Why? Because property generally increases in value, particularly in high-demand jurisdictions. It is an excellent hedge against inflation and a relatively stable store of wealth.

In many large cities, this practice is tolerated because the housing stock is vast, and while it may have some effect on affordability, the impact of one empty apartment is diluted across millions of properties. But Guernsey is not a major city. Our Island is only 24 square miles. Unlike the luxury apartments found in major cities, many properties in Guernsey are landed properties. When someone purchases a Guernsey home, they are not simply buying a unit within a building or a share of the land, they are purchasing the building itself together with the entire parcel of land on which it stands.

Land in Guernsey is an exceptionally scarce resource. That makes Guernsey property an attractive place to store wealth. It also does not help that our current laws allow non-residents to purchase local market properties. They simply cannot occupy them without the appropriate licence. The result, ladies and gentlemen, is entirely predictable. Because they cannot live in those properties, some may simply purchase them and leave them vacant or use them only as holiday homes.

I want to be absolutely clear; this is not something that only non-residents may do. Some wealthy local residents may also choose to hold property in exactly the same way. Many may not rent those properties because they simply do not need the rental income. Others may not wish to deal with the obligations and responsibilities that come with letting a property, nor am I suggesting that every vacant property falls into this category.

There are many entirely legitimate reasons why a property may be empty. Someone may have entered long-term residential care. A property may be going through probate. It may be undergoing major structural renovation. It may genuinely be on the market awaiting sale or lease. Those are all perfectly reasonable circumstances, and my proposal explicitly recognises them. The problem is not that every empty property represents abuse. The problem is that we simply do not know how many do and that is the issue my amendment seeks to address.

Members will know that States' data from 2025 identified around 183 residential properties that appear vacant based upon electricity consumption alone. That figure should be regarded as a conservative baseline rather than a definitive answer. Electricity usage alone is an imperfect measure. A refrigerator, heating system, or other background electrical load may make an otherwise empty property appear occupied.

Equally important, electricity usage tells us nothing about how much land those properties occupy, nor does it identify properties that are being used as holiday homes, and that is only residential property. We have not yet established how many commercial properties may also be sitting vacant as passive stores of wealth or land banks. Until we properly investigate the issue using a broader range of data, including water consumption, waste collection records, and other appropriate indicators, we simply do not know the true scale of underutilisation in Guernsey.

On an Island of only 24 square miles, facing well-documented housing pressures, I do not believe we can afford to ignore that question. That is why I have lodged this amendment. Contrary to what some may think, this amendment does not immediately introduce a new levy. It asks the States to undertake the necessary due diligence. It asks the Policy & Resources Committee to investigate the extent of underutilised residential and commercial property, to examine the options available, and to report back to this Assembly by June next year.

In the explanatory note of this amendment, I have set out one possible framework for how such a levy could operate should the Assembly decide, following that investigation, that it wishes to proceed. The proposal is called the underutilised property levy, or UPL. The principle is straightforward. If a property is someone's principal residence, there will be no levy. If it is actively rented out, there will be no levy. If it is temporarily empty because of genuine circumstances, such as probate, structural works, planning applications, active marketing, or a move into long-term care, there will be no levy.

However, if a property is deliberately being kept vacant or retained merely as a holiday home without a legitimate exemption, then a substantial premium would apply through the existing TRP framework. The objective is not simply to raise revenue; it is also to change behaviour. Owners would have a clear choice. They could bring the property back into productive use by living in it or renting it out, or they could sell it so someone else can. Alternatively, they could retain it in an underutilised state and make a premium financial contribution to the community for withholding one of Guernsey's scarcest resources. Either way, Guernsey benefits.

Members may ask whether such a system would be difficult or expensive to administer. I do not believe it would. One of the reasons I designed the proposal around the existing TRP system is precisely to minimise additional bureaucracy. Occupancy declarations could be submitted through existing tax return mechanisms. Compliance could rely primarily upon targeted risk-based audits using information the States already possesses or can lawfully access rather than routine physical inspections.

The levy would also include safeguards to prevent abuse of exemptions, particularly around planning applications and stalled developments, while ensuring genuine cases continue to receive appropriate protection. Some Members may also ask the obvious question: how much revenue will this raise? With respect, I think that is the wrong question. When we discover what may be a structural flaw in one of our systems, our first responsibility is not to calculate how much money we can make from it. Our first responsibility is to establish how large is the problem and what the most proportionate response should be. Only then can we sensibly estimate the financial consequences. Until we carry out the investigation proposed in this amendment, we simply do not know the scale of underutilised property in Guernsey, nor do we know the potential revenue.

We do know that other jurisdictions have generated significant sums through taxing secondary homes. New York, for example, has generated around $500 million from such measures. I am not suggesting Guernsey would generate anything approaching that figure. Our Island is obviously much smaller, but it demonstrates what can happen when governments properly understand the problem and design policy to address it. Ultimately, this amendment is about due diligence. Land is one of the most finite resources we possess. Every parcel of land used as a passive store of wealth is land that cannot house a family, support a business, or contribute fully to our economy. The underutilised property levy gives the States an opportunity to properly understand how our scarce property stock is being used. It provides a practical framework for addressing underutilisation should the evidence support doing so. It encourages productive use of scarce housing. It protects those with genuine reasons for temporary vacancy and it creates a fairer contribution from those who choose to use Guernsey property primarily as a passive store of wealth.

Before this Assembly asks every household and every business in Guernsey to pay more tax, we owe it to the public to carry out this due diligence. We owe it to them to understand whether one of our scarcest resources is being used as passive wealth storage and whether there is a fairer, more targeted alternative, and I believe there is, that could both protect our housing stock and provide an alternative source of revenue. I therefore urge Members to support this amendment.

Thank you.

The Deputy Bailiff: Thank you, Deputy Goy.

Deputy Matthews, do you second this amendment?

Deputy Matthews: I do, madam, and I would like to reserve my right to speak on it. *(Interjection by Deputy Inder)*

The Deputy Bailiff: You are 24(6), are you, Deputy?

Deputy Inder: Yes.

The Deputy Bailiff: Members, Deputy Inder has asked for a motion under 24(6). You may recall this is where an amendment goes beyond the original Proposition, and I say that it does, and therefore the motion is that the amendment should not be debated and no vote be taken on it.

As it is a motion, I will first start with an *aux voix* vote. So those who support the motion that the matter should be curtailed now by not debating and not voting, please say pour; those against.

Some Members voted Pour, others voted Contre.

The Deputy Bailiff: We need to go to recorded vote, please, States' Greffier. We may need to do it old-style, States' Greffier. I am understanding that wi-fi appears to have dropped from many of the Members. Is that correct? Sorry, States' Greffier, we are going to have to go old-style.

Members, please, the States' Greffier is going to need to take an old-style name call, so I would ask that you are quiet unless I am hearing a rumour that the wi-fi might be back. Is it back? No? Right, States' Greffier. Members, you will need to be quiet because the States' Greffier will need to hear your support for the motion to curtail debate on this amendment or not.

When you are ready, States' Greffier.

The Deputy Bailiff: Do you want to put your microphone on, sorry?

Deputy Vermeulen: Can I just ask you for clarification? You have started us early, you have cut our lunch hour early, we are debating late.

The Deputy Bailiff: To be fair, Deputy Vermeulen, the Members voted for that, and I simply put the motion.

Deputy Vermeulen: Absolutely. What are you asking us to vote on? If we vote, if we do not want to debate it, which way do the people vote?

The Deputy Bailiff: So, the motion is under 24(6) of the Rules, and the motion is that, because it goes wider than the original Proposition, which it does, therefore, Deputy Inder is seeking that the matter is not debated and not voted on. This would curtail it absolutely. If you vote pour on this motion you are stopping the debate and stopping voting on Amendment 17.

Deputy Vermeulen: Thank you.

The Deputy Bailiff: Thank you.

Unless the wi-fi is back on? No? Is it still off? States' Greffier, please go old style.

There was a recorded vote.

Carried – Pour 18, Contre 17, Ne vote pas 3, Did not vote 0, Absent 2

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

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

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

Deputy Van Katwyk: I am just wondering, if Members do have an underutilised property, should they mention that or have mentioned that just out of interest?

The Deputy Bailiff: I do not think so, at this point, no.

Deputy Van Katwyk: Okay. Thank you.

The Deputy Bailiff: I understand the Wi-Fi issues are a wider issue across the States' network.

There voted in relation to this procedural motion, pour 18, contre 17, Members voted je ne vote pas and there were 2 absences. I therefore declare that the motion has passed.

Amendment 18.
To delete all the propositions and substitute the following:
'To direct the Policy & Resources Committee to investigate the implementation of a targeted Premium Road Levy framework based on the details outlined in the Explanatory Note; and to lay a report before the States no later than June 2027 detailing the mechanisms required to collect such levies.'

The Deputy Bailiff: We will move on to Amendment 18. Deputy Goy, do you wish the States' Greffier to read out the amendment?

Deputy Goy: Yes, please.

The States' Greffier read out Amendment 18.

The Deputy Bailiff: Deputy Goy.

Deputy Goy: Thank you, ma'am.

Ma'am, buying luxury comes with paying a premium. That is true for almost everything. A luxury watch, a luxury handbag, a luxury home or a luxury car. People who choose premium products generally expect to pay more. Most people accept that.

So why should our road system be any different? At the moment, Policy & Resources has proposed a transport tax that would affect almost every motorist on this Island, whether you drive a modest family hatchback or a £400,000 supercar. I do not think that is the right approach. If the States believes motorists should make a greater contribution towards our roads and transport infrastructure, then we should target luxury, not everyday transport. That is the principle behind my amendment.

My amendment asks the Assembly to investigate the premium road levy as an alternative to a broad-based transport tax. It is a progressive approach that protects ordinary motorists while asking those with the greatest financial capacity to make a proportionately greater contribution.

Ma'am, the premium road levy has two parts. The first applies only when someone brings a high-value luxury vehicle into Guernsey for the first time. It is a one-off first registration premium. The surcharge is based on the value of the vehicle using progressive marginal bands. The first £65,000 is completely exempt, i.e. free. Above that, the rate increases gradually through successive bands. The more expensive the vehicle, the higher the premium. It scales smoothly so there are no cliff edges and no sudden jumps in liability. That is a far fairer system than imposing a charge once a particular threshold is crossed.

The second part is an annual luxury vehicle registration surcharge. This is where I believe the proposal becomes particularly elegant. Rather than attempting to define luxury by whether a vehicle is powered by petrol, diesel, hybrid or electricity, the levy is entirely technology neutral. It simply looks at maximum net power. That information is already permanently recorded for every registered vehicle by the Driver & Vehicle Licensing (DVL). There is no need to invent a new measurement. No need for motorists to submit additional information. No need for complicated testing. The data already exists. Each year, the DVL would simply rank the Island's vehicle fleet by power output.

Only the top 10% most powerful vehicles would fall within the scope of the levy. Within that group, there would again be progressive bands with the more powerful vehicles paying more. As vehicle technology evolves and cars become more powerful over time, the thresholds automatically adjust. That means the system remains fair. It remains relevant and it remains future-proof.

Ma'am, one of the strengths of this proposal is not simply who it includes, but who it excludes. Most Islanders would never pay this levy. Family cars are protected. Small vans are protected. Commercial vehicles are protected. Heavy goods vehicles are protected. Public transport is protected. Emergency service vehicles are protected. Even historic classic cars are protected, with vehicles automatically becoming exempt from the annual surcharge once they reach 30 years of age.

Likewise, owners of ordinary vehicles are not penalised simply because they have made aftermarket performance modifications. The first registration premium applies only to genuine luxury vehicles entering the Island's fleet, not to ordinary cars that have been modified after purchase. This proposal is carefully targeted. It focuses on genuine luxury motoring, not ordinary transport.

Some Members may ask, why not simply charge everyone a little bit? It is a fair question. My answer is that because it is the easier option does not make it the fairer option. A few hundred pounds each year may not mean very much to someone purchasing a six-figure luxury vehicle. But to many working households already paying Income Tax, social security, fuel duty, and the many other costs of daily life, another annual charge is simply another bill to pay.

If we are looking for additional revenue from motorists, I believe we should first look to those with the greatest ability to contribute. This is the principle of progressive taxation. Those with greater financial capacity should make a proportionately greater contribution than those who rely on an ordinary family car to get to work, take their children to school, or care for elderly relatives.

This amendment does not ask the Assembly to introduce the premium road levy today. It asks the Assembly to investigate its implementation. If Members are prepared to contemplate imposing a new transport tax on virtually every motorist in Guernsey, then surely we should also be prepared to examine whether there is a more progressive alternative. Surely we owe it to the public to undertake that due diligence before deciding to impose a broad-based charge across the Island.

My amendment offers the Assembly that opportunity. It offers a way to raise revenue without placing yet another burden on ordinary motorists. It offers a system that is progressive, technology neutral, administratively practical, and designed to evolve with the vehicle fleet over time. Above all, it is founded on a simple principle that most people instinctively understand, and that is this, those with the greatest financial capacity should make a proportionately greater contribution to the Island they call home. I therefore ask Members to support my amendment.

Thank you.

The Deputy Bailiff: Thank you, Deputy Goy.

Deputy Matthews, do you second this?

Deputy Matthews: Yes, Madam, I do, and I reserve my right to speak.

The Deputy Bailiff: Thank you.

Deputy Helyar.

Deputy Helyar: Madam, I request another 24(6), please.

The Deputy Bailiff: Members, Deputy Helyar has requested another 24(6). As you know, this is a motion based on whether or not the amendment goes further than the original Proposition. I rule that it does, in fact, go beyond the original Proposition. So the motion is that the amendment should not be debated and no vote should be taken thereon.

So I shall first put it *aux voix*. Those who support the motion not to debate and not to vote on this amendment, please say pour; those against.

Some Members voted Pour, others voted Contre.

The Deputy Bailiff: States' Greffier, I think the wi-fi is still down, could we do another manual vote, please?

Deputy Vermeulen: Madam, I have a point of concern. I am just looking –

Deputy Collins: Ma'am, I thought –

The Deputy Bailiff: Sorry, Deputy Collins. I know he is not standing up, but Deputy Vermeulen is speaking.

Deputy Vermeulen: I am just looking around the Assembly and some of the younger Members are showing signs of being quite tired, ma'am. This is borne out by some of the voting that has been going on. Could I just bring that to your attention?

The Deputy Bailiff: If you would like me to put a motion, Deputy Vermeulen, to curtail matters now, I will do that. That is fair enough. We will do the 26(4) vote and then if you would like me to put that motion to the House, I will.

Deputy Blin.

Deputy Blin: Yes, Madam. Could I just understand that you have ruled it going beyond, the amendment goes too far?

The Deputy Bailiff: Yes.

Deputy Blin: Could I understand why? Because it is to do with car tax, which is included as part of –

The Deputy Bailiff: Because it is knocking out entirely all the other Propositions.

Deputy Blin: Because of that aspect?

The Deputy Bailiff: Yes. If it was adding to, there would still be an argument, but this is removing all the original Propositions.

Deputy Blin: Understood.

The Deputy Bailiff: Right. Yes, Deputy Ozanne.

Deputy Ozanne: Madam, can I ask that we make sure that we really record the first vote? It seemed very unfair and wrong to me that people knowing what the result of the first vote, because I am sure, like me, they were counting, then changed their vote in order to influence it.

The Deputy Bailiff: Well, Deputy Ozanne, there was some concern about whether or not the original recording was accurate. There is no obligation on people to maintain their original vote. That is not an enforceable position. If people change, they change. But what I hope is that this time there will be sufficient quiet within the Chamber and that people will use their microphones and there will not be ambiguity with the original vote. But it does show what a revolution SEV was, because that does not happen anymore.

Deputy Goy: Ma'am, sorry.

The Deputy Bailiff: Sorry, Deputy Goy, yes.

Deputy Goy: Yes, sorry, ma'am. Can I make a statement on the delete-all clause that I was wanting to make?

The Deputy Bailiff: Sorry, I cannot hear.

Deputy Goy: Can I please make a statement on the delete-all clause that comes across all my amendments?

The Deputy Bailiff: No, you may not. Your amendment is your amendment and you have made your opening speech. Sorry, Deputy Goy.
Right, States' Greffier, would you kindly do the further division, please?

There was a recorded vote.

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

Pour	Contre	Ne vote pas	Did not vote	Absent
Burford, Yvonne	Blin, Chris	Sloan, Andy	None	Cameron, Andy
de Sausmarez, Lindsay	Bury, Tina			Leadbeater, Marc
Dorrity, David	Camp, Haley			
Falla, Steve	Collins, Garry			
Gabriel, Adrian	Curgenven, Rob			

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

The Deputy Bailiff: There voted in relation to the motion, pour 22, contre 15, there was 1 abstention and 2 Members were no longer in the Chamber. I therefore declare that the motion has passed.

Procedural – Motion to finish sitting

The Deputy Bailiff: Deputy Vermeulen, would you like me to put your motion that we curtail debate now to the Assembly?

Deputy Vermeulen: I do, ma'am, and an example of that is what we have just seen, a couple of people voting the wrong way. *(Laughter)* A couple of other people not knowing, voting both ways. So yes, you can see it is not people who have –

The Deputy Bailiff: I will put the motion.

Deputy Vermeulen: It has genuinely worn them out.
Thank you, ma'am.

The Deputy Bailiff: Deputy Matthews.

Deputy Matthews: Madam, I would just like to say that my son's final Assembly at St. Martin's School is on this evening at half past six and I would very much like to make it so, just in support of adjourning now, madam.

The Deputy Bailiff: I am not going to allow anybody else to lead their case one way or the other. We will put the motion to the House that we do not continue until 6.30 or thereafter, that we curtail debate now and come back tomorrow. Those who support the motion say pour; those against.

Some Members voted Pour, others voted Contre.

The Deputy Bailiff: States' Greffier, have you got your piece of paper ready? We are having a recorded vote, Deputy Matthews. Can we keep the chat down? Sorry, since we last did this, we have now had the improvement in sound, so it is difficult to hear. *(Laughter)*

There was a recorded vote.

Not carried – Pour 13, Contre 25, Ne vote pas 0, Did not vote 0, Absent 2

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

The Deputy Bailiff: There voted pour the motion to finish now 13, contre 25, and there were 2 abstentions and 2 Members were not in the Chamber at the time of the vote.

Amendment 20.
To delete all the propositions and substitute the following:
'To direct the Policy & Resources Committee to conduct a formal fiscal impact assessment and legal review into reforming the document duty structure to introduce a tiered High-Value Document Duty multiplier framework as set out in the Explanatory Note; and to report its findings and implementation blueprints to the States of Deliberation by no later than June 2027.'

The Deputy Bailiff: We will move to Amendment 20. Deputy Goy, would you like the States' Greffier to read out your amendment?

Deputy Goy: Yes, please.

The States' Greffier read out Amendment 20.

The Deputy Bailiff: Deputy Goy.

Deputy Goy: Thank you, ma'am.

I want to take this opportunity to briefly clarify a procedural issue. As a first-year Deputy, my focus has been exactly where it belongs, on robust policy development and finding constructive alternative solutions to the tax challenges facing our Island. While I am fully engaged in the substance of the policy, I am not a parliamentary draftsman, which is why I relied on the technical expertise of the Greffier to translate my proposals into the correct formal format.

When I submitted my four proposals, I did so with the explicit instruction that they must not knock each other out. I was given clear assurances that they would not. I want to make it absolutely clear to Members; I did not draft or insert the clause to delete all Propositions and substitute the following. That appears at the head of my amendments. I am incredibly disappointed –

The Deputy Bailiff: Deputy Goy, sorry, are you saying that the amendment that is under your name is not in fact what you are asking the Chamber to consider? Because the amendment is to delete all Propositions and substitute the following. If you want to bring a different amendment, then you need to withdraw this amendment and bring a new amendment. But this is the amendment that is before the Chamber now.

Deputy Goy: No, I wanted to clarify why that statement was there in the first place. It was placed there by the Greffier.

The Deputy Bailiff: Deputy Goy, sorry, if you do not wish to delete all the Propositions and substitute the following, you will need to withdraw your amendment or not lay your amendment, although it is in fact already laid and also been seconded, because that is the amendment the Members of the States have been asked to vote on; the amendment that you have laid this afternoon.

Deputy Goy: No, I wish to lay the amendment.

The Deputy Bailiff: Okay, carry on, sorry.

Deputy Goy: When I submitted my four proposals, I did so with the explicit instruction that they must not knock each other out, and I was given clear assurances that they would not. I want to make it absolutely clear to Members that I did not draft or insert the clause to delete all Propositions and substitute the following that appears at the head of my amendments. I am incredibly disappointed that this clause was added despite the specific assurances I received.

Having been told the amendments would run concurrently, I had no reason to doubt –

Deputy St Pier: Point of order, madam.

The Deputy Bailiff: Deputy St Pier, what is your point of order?

Deputy St Pier: This simply is not relevant to the amendments being laid.

Deputy Goy: Yes, it is. It is part of my amendment.

The Deputy Bailiff: Well, it is relevant, but the fact is, Deputy Goy, it is the amendment, and so if you are going to ask the States' Members to engage with this and vote on it, you need to talk about the amendment.

Deputy Goy: Having been told the amendments would run concurrently, I had no reason to doubt that guidance until the final paperwork was received late Sunday evening. It is entirely reasonable for any Member, and particularly those of us in our first term, to rely on the formal assurances we are given. Navigating these procedural drafting nuances is a challenge that a number of my first-term colleagues have also highlighted.

The Deputy Bailiff: Deputy, please speak to your amendment rather than explaining how we have ended up with the amendment before us, please.

Deputy Goy: Okay. If Members wish to know more, I am available after this.

Let me talk about the high-value Document Duty. Madam, buying a multi-million pound property is a major financial transaction, and in Guernsey, properties at this level are valuable for a reason. They are not valuable simply because of the bricks and mortar. They are valuable because of everything around them. Our roads, our infrastructure, our public services, our political stability, our fiscal security, our safe and secure environment. All of these things help create, protect and sustain property values in this Island.

So when someone purchases a high-value property in Guernsey, I believe it is only fair that they make a proportionately greater contribution towards the systems and infrastructure that help make that property valuable in the first place. Ma'am, that is the principle behind my amendment. I am asking the States to investigate the introduction of a high-value Document Duty or HVDD.

I want to be absolutely clear. this is not a tax on ordinary homes. It is not a tax on the family home. It is not a tax that affects the majority of property transactions on this Island. The HVDD would apply only to residential properties above £2.5 million. The vast majority of Islanders will never be affected by this levy. The principle is simple. The higher the value of the property being purchased, the greater the contribution. That principle is already understood by most people.

When someone purchases a luxury watch, a luxury handbag, a luxury car or luxury home, they are paying a premium because of the value associated with that asset. A high-value property in Guernsey carries value because it exists within a high-quality jurisdiction. It benefits from the roads we maintain. It benefits from the infrastructure we build. It benefits from the public services we provide. It benefits from the stability and security that generations of Islanders have worked to create. Those things have real economic value.

When an individual purchases a property worth several million pounds, it is reasonable to ask whether they should make a slightly greater contribution towards maintaining the very environment that supports that value.

Ma'am, the mechanism proposed is deliberately simple. The high-value Document Duty would use the existing Document Duty system. There is no need to create new bureaucracy. There is no need for a complicated valuation process. There is no need for a separate assessment regime. Instead, the HVDD would simply apply a premium multiplier to the existing Document Duty calculation for qualifying high-value residential property transactions. A property transaction between £2.5 million and £5 million would attract a modest premium. A property between £5 million and £10 million would attract a higher premium. Ultra-high-value properties above £10 million would make the greatest additional contribution.

The reason for that progressive structure is straightforward. Someone purchasing a £10 million property is in a very different financial position from someone purchasing an ordinary family home. They have a significantly greater capacity to contribute. Above all, it is founded on a simple principle that most people instinctively understand. Those who have the greatest financial capacity should be given the opportunity to contribute more towards the Island they call home.

Ma'am, this amendment is not about penalising success. It is about ensuring that the benefits created by living in a stable, prosperous and well-managed jurisdiction are matched with a fair contribution towards maintaining that jurisdiction. Other jurisdictions have recognised this principle. They have introduced measures that ask those with greater financial capacity to contribute proportionately more. The question before us is whether Guernsey should consider a similar approach when it comes to the very highest-value residential property transactions.

This also contains safeguards. Genuine inheritance transfers are protected, court-ordered transfers are protected, hardship cases are protected, qualifying public benefit acquisitions are protected. There are anti-avoidance provisions to ensure that exemptions cannot simply be used to preserve the same beneficial ownership or economic control through connected parties, trusts or corporate structures.

Ma'am, the bottom line is this. The high-value Document Duty does not target ordinary homeowners. It does not affect the vast majority of property transactions. It is designed only for the highest-value residential property purchases. It asks those making the largest property acquisitions to make a proportionate contribution to the Island that helps make those properties valuable.

This amendment does not introduce a new tax today. It simply asks the States to properly investigate a targeted, proportionate and fair mechanism before imposing broader tax measures on the entire Island. It is about ensuring that any future reform considers all available options.

Ma'am, I therefore ask Members to support this amendment.

The Deputy Bailiff: Deputy Matthews, is this seconded?

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

Deputy Kazantseva-Miller: Madam, 26(1).

The States' Greffier: By Order, I wondered if 24(6) might not have been better.

The Deputy Bailiff: It may be, Greffier, but that is not what has been asked for.

The States' Greffier: That is fair enough.

The Deputy Bailiff: Those who wish to speak in debate on this amendment, please stand in your places. Do you wish me to put it to the vote, Deputy Kazantseva-Miller?

Deputy Kazantseva-Miller: Yes, madam, because it is not the amendment that Deputy Goy wants to lay, so it is a waste of Assembly's time to debate an amendment he did not want laid.

The Deputy Bailiff: Thank you.

We are going to put it to the vote. We will first do it *aux voix*. So this is to guillotine the motion. Those who support to guillotine the motion, then we will just go straight to the vote; those against.

Some Members voted Pour, others voted Contre.

The Deputy Bailiff: We will use a recorded vote. Sorry, States' Greffier. Yes, there will be no debate, but there will be a vote. That is the difference between 26(1) and … *(Interjection)* Yes, there will still be no *(Interjection)* – yes, I do not see why not, because nobody else will have spoken in debate yet.

If you want to ask a question, Deputy Blin, can you stand up? We do need to keep the chitter-chatter down, because it is very difficult to hear.

Deputy Blin: I am just trying to double-check. If I want to debate it, it is –

The Deputy Bailiff: Deputy Blin, you have voted on loads of guillotine motions in the past. *(Laughter)* The vote is to guillotine debate. So it will stop the debate, but there will still be a reply to nothing, and then a vote. That does not mean somebody else cannot bring another procedural motion, but this is to guillotine debate. It will not stop the vote happening.

Deputy Collins, do you still wish to – you were standing up. Right, so can we all be quite quiet now. Remember to turn on your microphones, as I just forgot, when you indicate your vote.

There was a recorded vote.

Carried – Pour 22, Contre 16, Ne vote pas 0, Did not vote 0, Absent 2

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

The Deputy Bailiff: There voted in relation to the guillotine motion, pour 22, 16 contre, and 2 abstentions. So I therefore declare that the guillotine motion has passed.

Deputy Helyar.

Deputy Helyar: Ma'am, my understanding of the Rules is it is still possible to bring a motion under 24(6).

The Deputy Bailiff: That is correct.

Deputy Helyar: As nobody has spoken in debate.

The Deputy Bailiff: That is correct.

Deputy Helyar: Could I bring one of those, please, rather than voting on the motion?

The Deputy Bailiff: So the next motion is motion 24(6). We have already done a few of those. That is because the amendment goes further than the original Proposition, which I declare that it does. So the motion is that it not be debated and no vote taken either. So there will be no debate and no vote. We already know there is no debate. So now the motion is effectively that there will be no vote either. Those who support the motion, please say pour; those against?

Members voted Pour.

The Deputy Bailiff: The pours win, unless anybody is seeking a recorded vote. No, in that case, that amendment has not been successful on the basis of 24(6).

Amendment 21.
To delete all the propositions and substitute the following.
'To direct the Policy & Resources Committee to investigate the viability, financial yield, and legal framework required to implement a Fair Contribution Levy based on the principles outlined in the Explanatory Note; and to lay a comprehensive report before the States of Deliberation no later

than June 2027 detailing the legislative and enforcement infrastructure required for its operation, including robust data-matching protocols utilising existing Revenue Service infrastructure.'

The Deputy Bailiff: Deputy Goy, do you have someone else to second your next amendment?

Deputy Ozanne: Ma'am, I will.

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

Deputy Goy: Yes.

The States' Greffier read out Amendment 21.

The Deputy Bailiff: Deputy Goy.

Deputy Goy: Thank you, ma'am.

Ma'am, Members of the Assembly, today I am introducing an amendment that asks the States to formally investigate and report back to this Assembly by June next year on a proposal called the fair contribution levy, or FCL. Before I explain what the FCL does, I want to begin with the problem it is trying to address.

Did you know that a high-net-worth individual living in Guernsey can legally pay zero income tax? That is right. Zero. Not a single penny. Now, please do not misunderstand me. Not all high-net-worth individuals are the same. Some high-net-worth individuals living in Guernsey make a significant contribution to our Island. They pay good amounts of tax, they employ people, they invest locally and they contribute positively to our economy. This amendment is not about those people. This is also not about our finance sector. I want to make that absolutely clear.

Some people in Guernsey confuse the finance industry with high-net-worth individuals, but they are not the same thing. I fully support our finance industry because it contributes enormously to our Island. It represents around 46% of our GDP and earns the vast majority of its income from international clients. Our finance sector is not the issue being addressed by this amendment.

The issue is a number of high-net-worth individuals who live here, enjoy the benefits of living here, use our public services, benefit from our healthcare system, but have structured their financial affairs so that the money flowing into their pockets is not classified as personal income on paper. As a result, they owe little to no Income Tax. Because they appear to have very low or no income, they also pay little or no social security. Meanwhile, ordinary Islanders pay their 20% tax every month before their salary even reaches their bank account. They contribute automatically. They contribute consistently. They contribute because that is how our current system is designed.

The problem is that our system contains a structural gap. If our system allows people to use that gap, we cannot blame individuals for doing so. The responsibility lies with us as legislators to ensure that the system is fair. Members will be aware that States' data obtained this year show that around 560 households living in the top 10% biggest properties on our Island contribute less in combined Income Tax and social security than the median household. Think about that for a moment, ladies and gentlemen. A household living in one of the most valuable properties in Guernsey can legally contribute less to our public finances than an ordinary working household.

In any private organisation, if an internal anomaly of this scale appeared, it would trigger an immediate investigation. Yet, when this happens within our public finances, we have simply accepted it as a consequence of the way our tax system operates. Now, supporters of GST make an argument that I understand. They say that while wealthy individuals may legally avoid Income Tax, they cannot avoid GST when they spend money. And there is some truth in that. However, the problem is one of scale. There are simply too few of these individuals for GST on their daily consumption to generate the level of revenue that many people imagine.

Rich or poor, there is a natural limit to how much a person can consume day to day. Even one-off major spending of a high-net-worth individual, such as renovating a property, does not happen frequently enough to compensate for the income tax revenue lost through legal tax structuring. This is why countries such as Norway, France, Sweden, and even the UK have introduced anti-avoidance measures aimed at ensuring wealthy individuals contribute more proportionately.

Did those countries understand that some wealthy individuals might leave? Of course they did. Were they concerned? Apparently not enough to abandon those reforms. Why? Because they assessed that the economic loss from those who choose to leave would be relatively small. They recognised that many individuals who relocate primarily for tax reasons were already contributing little or no tax in the first place. They also understood that the additional consumption tax, i.e. GST, generated from such a small group would be limited.

Furthermore, those who relocate purely for tax reasons to the jurisdiction, they may not own businesses, employ people locally, or have deep connections within the community. In many cases, these individuals are wealthy retirees and internationally mobile individuals who are primarily seeking a more favourable tax environment rather than relocating to establish businesses, create employment, or invest significantly into the local economy.

Ma'am, there is another important point that needs to be made here. Income Tax is one of the largest sources of revenue for governments around the world, and Guernsey is no exception. It is one of the fundamental ways we fund our public services. Our healthcare system, our education system, our infrastructure, and the services that Islanders rely on every day are funded largely through this tax. So when some high-net-worth individuals are able to legally structure their affairs in a way that results in them paying little or no Income Tax, the potential loss to public finances can be extremely significant.

The proposed solution cannot simply be to say, well, they may not pay Income Tax, but they will pay GST when they spend. That is not a logical solution. If the problem is that our Income Tax system has gaps allowing certain individuals with substantial means to contribute disproportionately little, then the logical response is to examine and resolve those gaps directly. It is not to impose a tax on every household in Guernsey and hope that it indirectly captures the contribution we failed to collect in the first place.

That is why countries such as Norway, Sweden, France, and even the UK have been willing to reform their systems. They have chosen to retain residents who are economically embedded through employment, businesses, investment, and family connections, while ensuring that those with substantial means contribute fairly.

Ma'am, I believe Guernsey should take a similar approach. We should not jump immediately to increasing the tax burden on every household in this Island via broad-based taxes such as GST before resolving the structural gaps in our system. That is what the fair contribution levy seeks to do. The FCL is not a tax on wealth. It is not a punishment for owning a valuable property. It is not designed to affect people who are already contributing proportionately. It is a minimum contribution framework. The principle is simple. Property choice provides an objective indicator of financial means.

The FCL would identify households occupying the top 10% biggest principal residences on the Island. It would then compare their combined Income Tax and social security contributions against what would reasonably be expected based on the scale of the property they occupy. For example, if a household lives in a property that is eight times the size of a median residential property in Guernsey, then the starting expectation would be that the household should contribute at least eight times the median household contribution.

So, if the median combined Income Tax and social security contribution is £8,000 per year, a household occupying a property eight times the median would have a target minimum contribution of £64,000. That is not an excessive expectation. It is a fair and conservative baseline. Importantly, if that household is already paying £64,000 or more through Income Tax and social security, nothing happens. The FCL only applies where there is a shortfall.

The objective is not to extract more money from those already making a proportional contribution. The objective is to identify where there is significant mismatch between apparent means and contribution. The FCL also contains important safeguards. It looks at beneficial occupancy, meaning the adults living in the property, regardless of whether the ownership structure involves an individual company or trust. Before any liability arises, occupants will have an opportunity to provide information and seek exemptions. Genuine pensioners will be protected. Dependents will be protected. Individuals who genuinely have no alternative monetary inflows beyond what they declare will also have a route to exemption.

However, where an exemption is claimed, there must be appropriate verification. The Revenue Service must have the ability to ensure that declared circumstances match reality. The FCL also allows the States, if it chooses, to introduce alternative pathways. One option is a transparency pathway, allowing individuals to voluntarily disclose previously uncaptured inflows and regularise their affairs. Another option is an economic contribution credit, recognising that some individuals contribute significantly through genuine local job creation. These are discretionary options. The default position remains simple. If there is a genuine shortfall between expected contribution and contribution, that shortfall is addressed.

Some Members may ask, how much revenue will the FCL raise? But I believe that misses the point. At this stage, nobody can answer that question with confidence. That is precisely why this amendment is needed. The purpose of the FCL is not simply to collect revenue; the purpose is also to measure the problem properly. If you discover a crack in your boat, you do not first ask how much faster the boat will go once you repair it. You find out how serious the crack is, and then you fix it. That is due diligence, ladies and gentlemen.

Ma'am, Guernsey is a small Island. We are not a major city with millions of residents. We are around 24 square miles. Our public finances depend on fairness, trust, and a shared understanding that everyone who benefits from living here should make a proportionate contribution. Before asking ordinary families to pay more through measures such as GST, we should first ensure that our current system is working properly. We should identify structural gaps. We should understand where contribution is not proportionate, and we should fix those weaknesses. That is what the fair contribution levy is about. It is not about attacking wealth. It is about fairness. It is about making sure that those with the greatest means are not unintentionally excluded from contributing their proportionate share.

Ma'am, I urge Members to support this amendment. This is not a decision to introduce a new tax today. This is a decision to carry out the due diligence that should happen before this Assembly considers imposing a broad-based consumption tax on every household in Guernsey. If we are serious about protecting ordinary families, then we must ensure that our existing system is fair. I therefore commend this amendment to the Assembly.

Thank you.

The Deputy Bailiff: Thank you, Deputy Goy.
Deputy Ozanne, do you second this?

Deputy Ozanne: I do, ma'am.

The Deputy Bailiff: Yes, Deputy Dorrity.

Deputy Dorrity: With apologies to Deputy Goy, I would like to invoke 24(6).

The Deputy Bailiff: Another 24(6), Members. That is that the amendment goes further than the original Proposition. I can confirm that I find that it does. Therefore, the vote is that the amendment not be debated and no vote be taken thereon. We will start with *aux voix*. Those who support the motion, please say pour; those against.

Some Members voted Pour, others voted Contre.

The Deputy Bailiff: We shall go to a recorded vote.

There was a recorded vote.

Carried – Pour 21, Contre 16, Ne vote pas 0, Did not vote 0, Absent 3

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

The Deputy Bailiff: There voted pour 21, contre 16, and there were 3 Members who were not in the Chamber. I therefore declare that the motion has been passed.

We have now reached nigh on 6.30. Unless anybody is going to put forward a motion that we should continue, that brings us to the end of this afternoon's meeting.

Procedural – Motion to start next day's sitting at 9 a.m.

The Deputy Bailiff: I am going to put forward a motion that we start again at nine o'clock tomorrow morning. So those who support that motion please say pour; those against.

Members voted Pour.

The Deputy Bailiff: The pours won. So we will start at 9 o'clock tomorrow morning.

Thank you very much everybody for your attention today and we will close the States' meeting.

The Assembly adjourned at 6.30 p.m.