



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Friday, 17th July 2026

*All published Official Reports can be found on the
official States of Guernsey website www.gov.gg*

Volume 14, No. 16
ISSN 2049-8284

Present:

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

Law Officers

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

People's Deputies

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

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 S. T. Hansmann Rouxel (*relevé à 9h 42*) ; Deputy L. C. Van Katwyk (*relevé à 9h 08*) ;
Deputy A. S. Sloan (*absent de l'île*)

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States of Deliberation

The States met at 9 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, the continuation of the debate.

5 **The Deputy Bailiff:** Good morning, everyone. The Sheriff is currently circulating some new amendments but these are in fact replacement amendments due to Deputy Sloan not being here today. Effectively what has been circulated, which are Amendments 25, 24 and 23, replace Amendments 5, 4 and 6. So we will do them in the same order that I originally circulated before the meeting. So the next amendment we will deal with, once the Sheriff has finished distributing, will
10 be Amendment 19.

Deputy Curgenven: Ma'am?

15 **The Deputy Bailiff:** Yes, sorry, Deputy Curgenven.

Deputy Curgenven: Morning. Just to clarify, when you say 'Amendment 19', will this one take the place of Amendment 19?

20 **The Deputy Bailiff:** No, Amendment 19 is Amendment 19. These are replacing Deputy Sloan's amendments because he is unable to be here today. So what has happened, because there has to be a new proposer there needs to be a new amendment unfortunately.

So in order for Deputy Sloan, the amendments he was going to propose, we now have new proposers and so what was Amendment 5 is now Amendment 25, what was Amendment 4 is now Amendment 24, what was Amendment 6 is now Amendment 23. But because they are new
25 amendments, it will be necessary to suspend the Rules.

Deputy Curgenven: Thank you, ma'am.

The Deputy Bailiff: As per Deputy Collins's request, if anybody would like to remove their jackets, and also, States' Greffier and His Majesty's Procureur, if you would like to remove your robes, you are very welcome to. It is going to be another hot day, I am afraid.

Does everybody have a copy now of the three new amendments? I think they have now been distributed.

Deputy Van Katwyk, do you wish to be relevé?

Deputy Van Katwyk: Yes, please, and thank you, ma'am.

[Amendment 19.](#)

At the end of Proposition 1 insert the words ", subject to excluding the following:

"a) the introduction of a goods and services tax;

b) the changes to social security contributions;

c) the introduction of new, and changes to, transport taxes".

The Deputy Bailiff: Deputy Goy, would you like the States' Greffier to read out your Amendment 19?

Deputy Goy: Yes, I would like to lay the amendment, please.

The Deputy Bailiff: Thank you.

I am sorry, did you say you would like him to read it out?

Deputy Goy: I would like to lay the amendment, please.

The Deputy Bailiff: Yes, but do you want the States' Greffier to read out the amendment? Yes, thank you.

Deputy Goy: Yes, please.

The Deputy Bailiff: Thank you.

The States' Greffier read out Amendment 19.

The Deputy Bailiff: Deputy Goy.

Deputy Goy: Can I start my speech?

The Deputy Bailiff: Yes, please.

Deputy Goy: Ma'am, we have arrived at the final hour. The amendment before you today, this fifth amendment, is my last-ditch attempt to protect the people of Guernsey. It is a direct call to throw out the regressive package before us, to reject GST and to scrap the transport tax hikes that will slam ordinary families.

Abraham Lincoln once famously defined democracy as a government of the people, by the people and for the people. But I have to be honest with you, after serving as a Deputy in this Assembly for a year, I stand here today struggling to tell whether we are still a democracy or if we have quietly slid into an oligarchy masquerading as one. An Island where the wealthiest make the rules while the voices of ordinary people are systematically locked out.

I did not want to come to you with a blunt instrument today. I brought you four alternative amendments. I brought you carefully crafted progressive solutions designed to ensure those with the broadest shoulders carried their proportionate share. But those alternatives were torpedoed

75 before they could even be debated in this Chamber. Procedural doors were slammed in our faces. My proposals were swept aside before they could even be voiced.

We were told that a fairer, more compassionate tax system was a debate we were not permitted to have. We were told that debating how to make the wealthiest pay their fair share was off-limits and out-of-bounds. When we silence debate on fairness to protect wealth, we are no longer
80 governing for the people. We are signalling that the quiet influence of accumulated wealth carries more weight in this Chamber than the ordinary families.

The Deputy Bailiff: Deputy Goy, I know you feel very passionately about this but please can you talk to the amendment that you are laying now, rather than those that you were unsuccessful
85 in laying yesterday?

Deputy Goy: I am coming to it, ma'am.

The Deputy Bailiff: Please come to it now.
90

Deputy Goy: It is.

The Deputy Bailiff: Thank you.

95 **Deputy Goy:** We are signalling that the quiet influence of accumulated wealth carries more weight in this Chamber than the ordinary families who elected us and put us in our seats. So here we stand, stripped of options, forced to make a binary choice, which is this amendment. Because I am denied the chance to offer you a better path, I must now ask you to look closely at the cliff edge P&R and the Committee Presidents leading this charge are pushing us towards.

100 I want to tell you a story. It is a story of a fictional island, one that made the very choices we are contemplating today. Once upon a time there was an Island that was vibrant, loud, and full of life, but its Government made a fatal choice. They decided to squeeze the middle, taxing the groceries, the fuel, and the basic lives of ordinary families, while letting the wealthiest pay next to nothing. Slowly the lights began to go out.

105 Ordinary families, the nurses, the builders, the teachers, the engineers, the tradespeople, the carers, could no longer afford to live there. They packed up their lives, walked down to the harbour and took the boat away. In their place the island transformed. Large fields became endless golf courses. Local shops closed, replaced by high walls and private estates. The island stopped creating, it stopped building, it became a place that produced nothing, importing everything at a premium.

110 On one side, a bare bones government and struggling pensioners trapped on an island they could no longer afford, with no one left to care for them. On the other side, the ultra-wealthy living in a quiet manicured paradise. The only young people left were those paid to serve them, to manicure the lawns and pour the drinks.

115 But here is the final heartbreaking irony of this so-called paradise. Even the children of the wealthy left, because an island with no industry, no community, no heartbeat, and no young families is not a society. It is a museum. It is desperately, profoundly boring. So the wealthy retirees were left in their gated isolation, wondering why their grandchildren never visited. Ma'am, we cannot let Guernsey become this island.

120 They use procedural rules to bury my alternatives, but they cannot silence the warning. If we cannot choose a fairer alternative today, then our only responsible democratic choice is to stop this train in its tracks. Members, I plead with you, please do not vote to hollow out our community. Reject this GST package. Throw it out, along with other broad-based taxes that have been presented to us prematurely without first exhausting other alternatives. Vote for this amendment and let us choose a Guernsey that remains vibrant, multi-generational and alive. An Island our children, your
125 children, actually want to inherit.

Thank you.

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

130 **Deputy Matthews:** Yes, madam, and I reserve my right to speak.

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

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

I have not prepared a speech because it comes as no surprise to Members, I am sure, that I will be supporting this amendment. I think that Deputy Goy has tried very hard, and I think that this amendment is a chance for this Assembly. It is a chance for this Assembly to finally listen to the people of this Island, not just the 700, 800 emails that we got – and I think only 12 of them were pro-GST – but the survey I did of about 1,600 people – P&R's own survey that we have not seen yet but was printed in *The Guernsey Press* – this is our chance to listen. We have been through a lot of the arguments. I do not really want to rehash any of them here, ma'am, but for me at least P&R has yet to prove its case. It will not release its workings and, again, I just think that we should listen to the public. Deputy Goy has given this Assembly that opportunity to redeem ourselves here today.
145 Thank you, ma'am.

The Deputy Bailiff: Thank you.
Deputy Ozanne.

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

I must admit I did not prepare a speech today because I rather assumed what happened yesterday was going to happen this morning, but I want to speak because I think Deputy Goy has honoured this Chamber by bringing in so many new thoughts, which I know are now no longer but they were designed to be with this amendment. Sadly, I need to tell Deputy Goy I cannot support this amendment because it takes out the changes to social security contributions, which I think are really necessary if we are going to bring in a GST. Indeed I think they are necessary changes anyway but we need to find a way of funding them.
155

Obviously Deputy Goy's hard work over the last six to nine months had been to look at every stone which has had 'Do not disturb' signs put in front of them by many, and to ask questions which, to be fair to this Chamber, we are not very comfortable enough in asking.
160

So I am left in a quandary here because I do not want to support an introduction to a Goods and Service Tax. I do not mind so much for transport taxes. Many members will remember that I tried to bring an amendment to the Budget last year where I actually suggested a lot of what has been put forward with the transport tax proposals. But the changes to social security contributions, particularly the removal of the cliff edge and the introduction of a softer way of looking at how we approach the allowances, is something I do support.
165

So, very reluctantly, I cannot support you in this particular amendment.

The Deputy Bailiff: Thank you.
170 Deputy McKenna.

Deputy McKenna: Thank you, ma'am; and I rise in support of Deputy Goy.

I think Deputy Goy has proved that his heart is not just in the right place for himself, but his heart is in the right place for the community of Guernsey. What he is trying to achieve is he is saying that his fear – and Deputy Goy can answer this question – I think, through you, ma'am, Deputy Goy's fear is if this GST is introduced, no matter what it is, 3% becomes 5%, before you know it, it could be 10%, it could be 20%. I think Deputy Goy is just doing his very best for the people of Guernsey. I think it is very commendable that he should do so. So I rise in support.
175

180 Any fears that anyone might have on maybe some of the amendment that he is proposing may not be quite to your liking, well I am sure – he is a very reasonable man, I am sure that we can all get together and tinker with it if that has to be done, but I think the whole sentiment I hope we will support, ma’am, through you. I hope we will support Deputy Goy today and Deputy Matthews.

The Deputy Bailiff: Thank you.

185 Deputy Leadbeater.

Deputy Leadbeater: Thank you, madam.

190 I am not going to support this amendment but what I am going to do is congratulate Deputy David Goy because I have seen a lot of narrative, a lot of opposition to P&R’s proposals out in the media and social media. A lot of the people that are criticising the Policy & Resources Committee have not come up with alternatives, they have not put their money where their mouth is, but Deputy Goy has done that.

195 Deputy Goy has put a considerable amount of work into his proposals, and I commend him for doing so. I really do. Because I think if you are going to be critical of something like this, as critical as I have seen – and it has got personal at some points in the media – I think you should at least be able to back your criticism up by coming up with an alternative. He has done just that. I do not support his alternatives, but I commend him for actually putting something forward.

I just want some clarification anyway. I am not going to be supporting it, but I think:

200 At the end of Proposition 1 insert the words “, subject to excluding the following: “a) the introduction of a goods and services tax; b) the changes to social security contributions; c) the introduction of new, and changes to, transport taxes”.

Madam, I would like to understand, does that mean that the new 15% band of Income Tax still remains in place? Okay, so this is a net loss effectively. (*Interjection*) Okay, I just wanted some clarification on that.

205 But anyway, I would just like to put my thanks on Deputy Goy for actually doing the hard work and bringing these proposals, but unfortunately I cannot support them.

Thank you.

The Deputy Bailiff: Deputy Parkinson.

210 **Deputy Parkinson:** Thank you, ma’am.

I will not be supporting this amendment, but I have no objection to Deputy Goy bringing it. This one, the difference between this and the previous ones, of course, is it does not start with ‘To delete’ all the other Propositions.

215 But what I wanted to say to Deputy Goy, in the light of his very passionate speech, was that his ideas do not necessarily go away. We will be conducting tax review phase two, let us call it that, the longer-term view of Guernsey’s tax system, which will hopefully start this September. Deputy Goy’s ideas will be on the table and he will be invited in to make presentations to the Tax Review Sub-Committee, and his ideas will get a fair hearing. Procedurally we could not really debate them the way he brought them this week, but that does not mean that they will never be discussed. They are certainly not dismissed out of hand.

220 Like him, we, I think, all want to see an Island where the tax burden is more fairly distributed. So I thank him for his hard work. I have to reiterate that I cannot support this amendment, but that does not mean it is the end of the road for his ideas.

225 **The Deputy Bailiff:** Thank you.

Deputy Bury.

Deputy Bury: Thank you, madam.

I would really like to echo everything that Deputy Leadbeater said. I said it previously that I really commend Deputy Goy for all the work he has put in and for bringing credible alternatives, not just saying no, because I do not believe we can do that.

Throughout this whole debate, it is a huge battle between principles and pragmatism for me, both of which are very strong, which is a nightmare. In this situation it means balancing my principle of fairness to lower and middle earners in Guernsey, and the pragmatism side is obviously fiscal responsibility, making sure we have enough money to do what the community expect and need us to do.

If I had been able to speak to Deputy Goy's previous amendments, had they not had the drafting mishap of the delete all propositions, I probably would have supported all of them because they were all falling into my principles basket and, as Deputy Goy said on several occasions in his speeches, around those that can potentially pay more do. However, that is not what this amendment does unfortunately. This amendment, as others have said, falls into quite heavily the not fiscally responsible basket. It is a huge net loss, and that I fear will impact vital services that again are what the lower and middle earners need most because those who are more well-off, when those services fall away, they can afford to pay for them themselves.

So it is unfortunate but, as others have said, I do really commend Deputy Goy on the work he has done and thank him for bringing these matters to the Assembly, but I cannot support it for the reasons I have put out.

Thank you, ma'am.

The Deputy Bailiff: Thank you.
Deputy Gollop.

Deputy Gollop: Like Deputy Bury I would have been very much minded to potentially support some or all of the amendments yesterday. Yes, as an old stager in the States, I would say that Deputy Goy's enthusiasm and the research is amazing, but it goes a bit too far at first sight as to how you would implement it. But I think in principle the ideas of actually looking at underused housing, at luxury taxation, is more of an emphasis than general taxation, and that kind of thing is worth consideration. I am heartened to hear Deputy Parkinson's positive open-minded approach.

This amendment goes too far though because although I am sure many Islanders would like to see the back of further transport taxes, this in a way throws out the baby with the bath water because we would not get the beneficial parts of social security reform, and some elements of the changes are basically that those who are more affluent will pay more and those who have family responsibilities and others will pay less. Effectively it strips out the Propositions without putting in a quick alternative, but that is no criticism. I believe we should have given more time and attention to Deputy Goy's work yesterday.

The Deputy Bailiff: Thank you.
Deputy Camp.

Deputy Camp: Thank you.

With apologies to Deputy Goy, I cannot vote for this amendment, and I think even if it had been brought as one package I could not have voted for the amendment because what I have tried to do throughout this debate is to bring options to this table that make us no worse off. This one would actually make us worse off and, by extension, the people of Guernsey worse off. I commend the spirit but I think I would ask Deputy Goy if in future there is a similar proposal to be made by him that perhaps he considers that – I think what he was intending to ask would still have resulted in these three amendments being the ones that won the day today, if they had won, and the others were very speculative, forward-looking, and had no real conclusion to them. We would always have been in territory where essentially we would have left the public purse worse off by this proposal. So those are my reasons why I cannot simply support this particular amendment.

The Deputy Bailiff: Deputy Van Katwyk.

Deputy Van Katwyk: Thank you ma'am.

285 I would like to start by thanking Deputy Goy and reminding Members that this particular amendment is part of that whole package that we refused to speak about.

My father-in-law at my wedding gave me a great compliment. He said, 'Lee thinks so far outside the box that he has forgotten where the box is'. I am going to give what I hope is a very big compliment to Deputy Goy, I do not think he has ever been put in a box. So thank you for bringing
290 that thinking to this Assembly, Deputy Goy.

Before I start another little story and take you a little bit further back, I would like to remind everybody that we keep getting told that you do not know what it is like until you are in Policy & Resources. Until you see under the bonnet and realise the situation, you will not understand how severe it is.

295 I will take you back to 2008, when I was a young 19-year-old who announced in the media that he was running to become a Deputy. I called a meeting with then Chief Minister, Deputy Trott, and I have just been thinking about it recently. Deputy Trott was our Chief Minister for such a long time. He was in the main role, in and out over pretty much two decades. As I remember, Deputy Trott was calling for a 2% rise on Income Tax rather than GST. I would just like to know – Deputy Trott
300 obviously saw underneath that P&R bonnet, he thought that was the right option, so how do we not know that this P&R have got the wrong option? Or that Deputy Goy's are not the right options. I'd just like to get some answers and have us all reflect on that.

I have heard many stories, particularly in emails recently, of families that are thinking about leaving the Island if GST comes in. I keep getting the feeling that some people are taking these as
305 anecdotal stories, not real. But I will give you a very real story now. When I met my wife 15, 16 years ago, I told her Guernsey is the only place I want to raise my family. It is the only place where I want to live in the future. (**A Member:** Hear, hear.) For 10, 12 years, we travelled around and we eventually came back to Guernsey where we just had my son a year ago.

My wife and I have had great support from my parents, and we are very lucky to have that, but
310 we are already struggling to live. My wife is a teacher; she earns good money. I am a Deputy; I earn good money. If we are struggling to live, if we are now questioning whether it is the right choice to have our son brought up here if we cannot give him the life that we want to give him, then just imagine what those families on £60,000 a year are thinking right now. That is a very real situation that myself and my family are going through right now. It is devastating to me because Guernsey
315 is my home, this is where I want to be, but my son comes first.

I am going to be supporting this amendment, obviously. One of the reasons I am supporting this amendment – I understand it loses us a lot of money, but I truly believe when you tighten the pliers upon the chestnut, pop. That is when you get tasty, nutritious, sustainable food source. So that is what I am going to try and do today.

320 Thank you.

The Deputy Bailiff: Thank you.
Deputy Gabriel.

325 **Deputy Gabriel:** Thank you, ma'am.

First off I want to congratulate Deputy Goy for getting the wording in this amendment in the right place so that it cannot be excluded by the Rules, and that was one of the reasons I did vote for the Rule suspension yesterday, because of the 'delete all' nature. Specifically, one of the reasons I will not be supporting this amendment is because of deleting item (c), the introduction of new and
330 changes to transport taxes.

Many people stop me and say EVs need taxing, we need to be putting transport on a sustainable footing, everyone needs to pay, and that is what the new Proposition does. Because this removes

that aspect, along with the other items that other people have mentioned, and leaves in the unsustainable Income Tax reforms as well, is a reason why I will not be supporting it.

335 Thank you.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, ma'am.

340 I am delighted to be allowed to debate my colleague's amendment here, and I was rather looking forward to the three yesterday. I know there was a lot of support for those to be debated when that was allowed to be voted on. It is a shame really that we missed that opportunity, and the shame is, during the election campaign Deputy Goy was omnipresent, he was always there, and he was always coming out with his ideas, he is passionate, he is hungry, it was always about tax.

345 I looked at these things thinking, 'Blimey, this bloke is really coming out with these ideas, and he is really publishing his ideas'. When I discussed it with a top accountant person on the Island, a real specialist, he said to me that David Goy, he felt, he said, 'Simon, David Goy is the only one that has got it spot on, on the tax'. I asked him to repeat that because you know, and then it was explained to me where he got it right. So it is a shame that we did not have the opportunity to
350 discuss those three other amendments yesterday. They could be brought back with some minor tinkering, and I am sure Deputy Goy could work on getting perhaps a little bit more support. I am happy to help him with that at any time and point him in the right direction.

Deputy Van Katwyk has just mentioned pretty much what we all go through when we get married, have a family, think about our wife and our future and the children and what sort of a
355 future our children are going to have. I think that is what makes me so passionate in not voting for GST.

Deputy Trott, it was mentioned, he was anti-GST. He was a great – well he knows, he does not need me to build him up, but when he was in this Assembly he spoke a lot of common sense, a lot of Guernsey common sense. He said, 'The good old Guernsey compromise'; he explained all those
360 things to me. He took the time to impart his knowledge that had been imparted on to him before by other politicians.

I look back and think perhaps he had a good alternative there, raising Income Tax by 1% or 2%. The Income Tax Office is all set up, apparently. Apparently it is running and working; apparently. So it should not be that difficult to change the rate, and indeed P&R's Proposition does change it down
365 to 15% but it might be that going forward that is another option there.

I loved the analogy about the island, the mystery island, and I recognised it, I think. I think I have been there, and I think I have enjoyed not having GST charged upon me, and being in a prosperous island, a small island, where, as a young schoolboy at 11 years old, I was keen to work in the greenhouses on my summer holidays, and a bosun on the Herm ferry. Those were great jobs. One
370 year I was a mechanic in a motorcycle shop. My word, did we not have fun? It is now a bank. But it was just in the Rohais there; it was the Kawasaki Centre. Those were good times.

I could not wait to leave school and start earning. I do not know whether I was programmed like that, but I just could not wait. I was, and turned an early starter. When I left school, I thought, 'Well, that is it, now, you know –'
375

The Deputy Bailiff: Deputy Vermeulen, can you talk to the amendment? I am enjoying your CV.

Deputy Vermeulen: I will. But it reminds me of this island that Deputy Goy alluded to in his introduction to this. It is interesting. I think we do love our Island in Guernsey. We want to contribute
380 to our Island. But we want to also be able to afford to live here and to do it.

I have not deleted any of the emails on this amendment that people have sent in to me sharing their views, and unfortunately I feel too much for it. I have read those letters and it is harrowing; it really is, especially from the business people. There was one lady who wrote to me about her business, set it all out, how much it was costing, what the problems were. Harrowing.

385 If this amendment succeeds, it takes a lot of the pressure off those businesses. I wrote back to this lady and said, 'I am not going to support GST, and I tend to agree with the points. I have read your points, thank you for sharing your thoughts with me'.

When I have a little bit more time I intend to set up a separate file on my computer and export all those emails on the matter of GST into that so I can reference it for future. If people can be 390 bothered to send us an email, we cannot ignore that. We have to open it, we have to read it; harrowing as it is. Boy oh boy, ma'am, honestly, it was not one, two, maybe 10 or 20. Could I have handled 10 or 20? It is incessant.

Talking to people in the street, walking in this morning, they say, 'Hey, I know you. I do this, I was there with you, this is my business, I am just going to give up. There is nothing in it for me', 395 these commercial sales that he is doing. You do that and it is the final straw that breaks the camel's back.

Ironically where we are with Amendment 19, well, because we could not debate the other suggestions that Deputy David Goy put forward, because we were not allowed to, because some in the Assembly thought he should be censored and not even – because he has not done this, and he 400 has not dotted every i and crossed every t. Maybe he did not listen to some of the advice. I know we are pretty headstrong, us politicians; sometimes we do not listen to good advice in our zest to get it sorted quickly.

But here we are, we are now debating this. Ironically, it looks quite attractive. It now looks like the attempt is to turn the dial back to what Guernsey used to be. For years and years, as a youngster 405 growing up, we had a Government that balanced its books. It was predominantly run by retired businessmen, growers in the most, there were some builders and other people, you had all the Douzaine reps, you had the Conseiller system, which was absolutely fantastic and should never have been disbanded. But now it has all changed. We have gone down a different route and I think we are trying to squeeze the pips, we are trying to get that proverbial blood out of the stone.

I think the population – I believe I have got my finger on the pulse; so has Deputy McKenna. We have been getting the same feedback constantly. That is why we are like we are. We are People's 410 Deputies, we oppose GST, and I think I am going to support this, and I would advise other Members to consider very carefully, lending their support to it too.

415 **The Deputy Bailiff:** Deputy Hansmann Rouxell, do you wish to be relevéed?

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

The Deputy Bailiff: Deputy Kazantseva-Miller.

420 **Deputy Kazantseva-Miller:** Madam, it sometimes increasingly feels that we live in a live Facebook group here, where likes and responses are more important than truth and arithmetic. I do want to talk, because I am still probably quite a traditionalist, even though I am a millennial, but I do believe that two plus two equals four, and not something else. So I do want to just briefly 425 outline the arithmetic of this amendment, which I am sure also P&R, in summing up, will reinforce.

This, what might look like an innocuous amendment, results in a net loss to the revenue of £22 million. When Deputy Vermeulen just talked about the importance of balancing the books, well, I do not know how he balanced the books in his previous business, if this amendment is resulting in a net loss of £22 million, which is probably – I give way to Deputy Vermeulen.

430 **The Deputy Bailiff:** Deputy Vermeulen.

Deputy Vermeulen: I balance the books rather well in my business. Very like the old politicians we used to have in this Assembly, we were careful with what we spent. We lived within our means. 435 We had a bit of good housekeeping. We used to make cuts and drive the top line, year on year on year, and we made profit every year.

The Deputy Bailiff: Deputy Kazantseva-Miller.

440 **Deputy Kazantseva-Miller:** Thank you, madam.

This amendment does not balance the books. I think this is the difficulty I am finding with some Members of this Assembly in terms of the consistency of their arguments. Because those same Members have risen time and time again and talked about sort your house, deliver efficiencies and savings, etc. This amendment does not do anything of that; zero. It does the opposite. It gives a
445 giveaway of £22 million to the public, which I am sure will be well-appreciated. But you well know that we cannot afford.

This just brings me back to truth. Two plus two equals four. We cannot live in some kind of fantasy environment where on one side Members will be arguing for efficiencies and saving and sorting your house in order and on another bring an amendment that delivers £22 million net loss
450 to general revenue. We need to wake up and have truthful arguments in this Assembly.

Stop deceiving the public about the messaging. This is not a TikTok video, this is reality that will affect people's lives.

The Deputy Bailiff: Deputy Hansmann Rouxell.

455 **Deputy Hansmann Rouxell:** Thank you, madam.

I want to start by echoing what Members have said but also as President of SACC, taking from this debate and the experience that Deputy Goy has had, I think we, as a body, especially new Members, will take on board that Members need to understand that we are all in Government and that more experienced Deputies can provide some support that is not necessarily the support that
460 one would get from merely drafting advice.

I do think it is important to recognise that we are here to make things happen. I absolutely echo the sentiments of Deputy Bury, that Deputy Goy has taken the mantle. However, he has done it all on his own, it feels like. Part of that, I think, is the nature of politics. Part of it is the nature of a very
465 contentious debate. But I hope that after this debate, we can start to work together to solve the problems that we were elected to do.

I just want to return to what many speeches have delved into, is the myriad of emails that we have received. We are not listening; that is what people have said. We have heard it repeatedly in this debate, we have heard it in the Assembly, we have heard it in hundreds of emails sent.
470 I understand why people feel that way. The strength, the volume, the response cannot be dismissed. But I think our responsibility is to listen beyond the opening sentence.

Yes, people have written to say, 'We do not want GST'. Nobody, not anybody in this Assembly, is denying that message. But listening also means asking what lies beneath. What are people really telling us about their lives? What are the pressures driving that opposition? Most importantly, what
475 are we going to do about them? Because acknowledging somebody's anger may help them feel heard, but as People's Deputies our responsibility cannot end there. We also have to decide how Government responds. That is the point about actually the proposals bringing different solutions to problems and not just saying no.

When I read the emails, this was what I hear, 'I am struggling. I cannot afford to live here. I have
480 had enough'. They are telling us there is very little left at the end of the month. (**A Member:** Hear, hear.) Their rent, their mortgage increases, their childcare costs of working barely worthwhile, their adult children cannot afford to leave home or are considering leaving the Island altogether. Pensioners are telling us they do not believe increases in benefit will keep pace with their costs. Small businesses are frightened about administration, reduced customer spending, whether they
485 will remain viable. Young people are telling us that they cannot see a route to securing housing or financial independence.

Running through much of the correspondence is a profound lack of trust. I know Deputies have mentioned this before. A belief the States' waste money, that it has to get its own house in order

and that the Revenue Service cannot cope with the taxes it already administers, let alone a new one. That is what people are saying. They are not simply discussing the relative merits of one form of taxation over another. They are telling us that they feel financially insecure, and that they do not believe Government understands or is capable of addressing the pressures they face. We have to listen to that.

I have read as many emails as I can and as I could, and I have not replied to as many as I have liked, but I have read them. Members can listen to exactly the same concerns, examine the exact same evidence, and reach different conclusions about the best response. That does not make one side compassionate and the other uncaring.

I have found it difficult over the past two days to listen to the repeated characterisations of the motives of those who may support this package and of P&R itself. Supporting this package does not mean that somebody is indifferent to the families who are struggling. It does not mean that they have been ignored by the public. It means that they have reached a different conclusion about how the underlying problems should be addressed.

It is perfectly legitimate to criticise P&R's package and it is perfectly legitimate to identify the flaws in it. It is equally legitimate to examine the alternatives, test whether they raise what is claimed and identify their weaknesses.

I am glad Members who disagreed with P&R did the work and brought alternatives, including Deputy Goy; especially Deputy Goy's very creative thinking. There is much in what he brought, which would have attracted me early on in the process, but we are not there. This amendment itself does send us back and it does remove what I think was highlighted yesterday, is the changes to the social security system. It takes that out. That cliff edge of the 11,023 roughly; that cliff edge, when you reach that cliff edge and suddenly have to pay social security on your entire income, that creates an issue.

If I was sitting just underneath there doing a part-time job, I would not choose that part-time job. I would not get back into the economy. I would stay below that threshold because the second you go over that threshold – that is something that has been lost in this debate. The amendment itself attracts me because it does still leave the Income Tax in, but like other Deputies have mentioned, we have to balance the books and it also does not address the structural issue that the package does.

I want to put on record that just because we did not debate the full meat of all of the Propositions does not mean that that information is lost. Those amendments and all of the accompanying information have been laid and they live now in the records of this Parliament. So future parliamentarians and all of us, when we prepare for any debate – this is not the first time we have debated tax and it will not be the first time we have debated – almost every single item that comes before us would have been debated many times before. Even when Propositions are not successful, when they have been laid, they are part of the record and Members can go back and find that information and mine it and bring those ideas forward again.

For all those reasons, I will not support the package but I commend Deputy Goy for bringing such creative ideas to the table.

The Deputy Bailiff: Deputy Le Brun.

Deputy Le Brun: Thank you, ma'am.

Deputy Goy brought some interesting ideas yesterday. I would have been interested in talking about the under-utilised property levy and the premium road levy (**A Member:** Hear, hear.), but they did not get a chance to be spoken about. The reality is the money they would have brought in probably would not cover what we actually need.

I am not the numbers man on ESS by a long shot, and it is unfortunate that the other members have not mentioned this, and I will say it, just to break it down so it is simple for people to understand. That since 2009, the Guernsey Insurance Fund has been paying out more than it has been taking in. If we do not do anything now, in just 13 years' time that runs out, which means what

do we do with people who need pensions? What do we do with people who need care? This is part of why we need to increase social security contributions to cover that, because a long time ago, when they were developed, obviously it was not for the demands we have got now and the demands that are coming up. Do you want to interrupt?

The Deputy Bailiff: You have to – Deputy Le Brun, it is up to you whether or not you give way or not.

Deputy Le Brun: He is just breaking my train of thought.

The Deputy Bailiff: Fine.

Deputy Le Brun: But it runs out in 2039. If we think 2013 is not that long ago, that is 13 years. So in another 13 years it runs out. Unfortunately no members of Employment & Social Security will morally be able to support this at all. One of the other things in it is motor tax. People are screaming out for an EV tax because it is not fair that EVs are not paying anything, so it removes that as well. Unfortunately, although I believe some of his other ideas were good and that they could be brought again as a requête, no one is stopping that. I did say to him yesterday to do that. This particular one it just cannot be voted on to be responsible.

Thank you.

The Deputy Bailiff: Thank you.
Deputy Matthews.

Deputy Matthews: Thank you, madam.

Madam, in seconding this amendment, and actually this series of amendments, my primary objective was not to declare that Deputy Goy's system is a completely flawless, finalised solution to the fiscal challenges that we face, but rather I seconded them because I firmly believe this Assembly and the public we represent deserve a full, rigorous and completely transparent debate on every viable progressive revenue model available to us.

Before we move to a broad regressive consumption tax that heavily impacts ordinary Islanders, we have a duty to exhaustively investigate all of our alternative avenues. (**A Member:** Hear, hear.) This series of amendments would have directed Policy & Resources to spend the next 11 months investigating those avenues.

Madam, my support in this Assembly for these types of alternatives aligns with my track record. Members who served in the previous Assembly will know that when Deputy Roffey laid down the gauntlet to any Members who thought they had an alternative to the GST proposals, I picked up that challenge and put together an amendment for a proportional property tax, and spent quite a long time, actually, developing those proposals. I was not quite as creative as Deputy Goy. I borrowed from a campaign in the UK called Fairer Share, which looks at how to reform property taxes to make them much more acceptable, and including removing stamp duty land tax in the UK – it would be Document Duty in Guernsey – and replacing it with an annual charge.

Those proposals did not get anywhere. They were dismissed largely by the P&R at the time and by the officers on Treasury at the time as being unworkable and ineffective and too complicated, and not the sort of thing that would raise enough money. It actually could have raised enough revenue.

Interestingly, since then, in the UK, there has been the introduction of a mansion tax to parliament.

The Deputy Bailiff: Deputy Matthews, can we focus on the amendment that is before us? Are you getting to that?

Deputy Matthews: I understand, madam. It does relate to this amendment, and subsequently, the proposals actually that were very similar to those that I proposed are looked at being brought in in the UK, because both of those proposals and those from Deputy Goy address the same issue. The issue that Deputy Goy has identified is the principle, and members of P&R have espoused, that when we introduce a consumption tax it will be broad based. It will tax everyone. Everyone will pay the tax. We will capture an awful lot of revenue, including revenue from people who are not currently contributing as much as perhaps they should be through Income Tax, including the very wealthy who have got lots of capital or are able to avoid paying Income Tax will not be able to avoid paying consumption taxes. There are various examples of people; wealthy people who arrive in the Island and will go out and spend and spend and spend and we will then capture a very small amount – because we are only looking at 3% – of some of that spending, which we can then use to help try and fill our black hole.

But of course, in so doing, because it is a broad-based tax, it will tax everyone. So it will tax ordinary members of the public when they go and buy a tin of beans or a loaf of bread from the shop, or when they buy a washing machine or anything else. The intention then of the proposals from P&R is to refund some of that through the tax and social security. It is giving with one, taking away with one hand, and then returning with another.

The downside, and the obvious question that you would ask, and Deputy Goy I am sure had asked himself in looking at his proposals, is why would you do that? Why would you not just go and tax the wealthy directly? Instead of having to take it away from everyone and then refund an awful lot of it, why not just immediately go and tax those who can afford to pay it?

This is the tail end of that series of amendments; the previous ones were not debated. But I think that that principle is one which an awful lot of Islanders will be asking themselves. Why do we not just do it directly? Part of the reason of the advantage of doing that is that by introducing a broad-based consumption tax, we will drive inflation. So inflation will be driven up by the introduction of a broad-based tax. I do give way to our Deputy Inder.

The Deputy Bailiff: Deputy Inder.

Deputy Inder: Thank you very much, Deputy Matthews.

There is one question I would really like to ask him because when we are talking about the exclusion of GST, changes to contributions and getting rid of the transport taxes, I genuinely want to know this from people with experience who sit on the biggest spending Committees by a country mob.

Deputy Matthews has seconded this, and as Deputy Kazantseva-Miller has pointed out, it loses the Island £22 million. I genuinely want to hear from him, because it is very easy to be popular, it is very easy to be populist, and it is very easy to say no to everything. Can he explain to me, as a member of Health, how on earth he can support this (*Interjection*) – and Education as well, the other big spending Committee, on the two big spending Committees, because this is beyond Facebook posts and likes? Can he explain to me, and the public, how he can support something that overnight loses the Island £22 million a year, and every year forever.

Thank you.

The Deputy Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, madam.

I welcome Deputy Inder's suggestion. I do feel we may be veering a little bit off the amendment itself, but I am quite happy to give a short answer. (*Interjection*)

The Deputy Bailiff: It was a question about the effect of the second part of the amendment, effectively, and on the other elements that are taken out by the amendment. So this in fact goes straight to the amendment, Deputy Matthews.

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Deputy Matthews: Yes, ma'am, I am quite happy to say. As I said in the first part of my speech, I had previously supported alternative tax proposals, which would raise revenue, and if Deputy Inder were able to join the Committee for Health & Social Care he would know that we have a workstream for sustainable healthcare on Guernsey. Every time it has been mentioned I have put forward proposals about how we could look at alternative revenue sources for our healthcare.

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We know that in the Princess Elizabeth Hospital (PEH), madam, right now, we have a great many patients who are receiving healthcare from our general revenue, paid for by our general revenue through our Income Taxes, but they have full coverage through health insurance and have not made a claim. We have known this for years and years and years. That is one of the routes that we could achieve much greater revenue through Health & Social Care.

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That workstream is there, madam and Deputy Inder. I hope that during the course of this term that it does deliver some results. For those reasons – I will give way to Deputy Inder.

The Deputy Bailiff: Deputy Inder.

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Deputy Inder: I am happy to pursue this. I think he has not answered the question at all, because what I actually asked is how he can support an amendment that loses us £22 million for the rest of eternity, and he has not answered that question. What he has referred to is something that Health thinks it is going to do.

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So the second question is that as a member of Health, why does he keep telling us everything is going to happen tomorrow? As a member of Health, why has he not pursued that policy letter? Reminding Members that the Health demands, I think it has gone up £6.5 million over the last five years, yet today he wants to support £22 million lost.

The real question to Deputy Matthews, as someone who is on Health and has been on Health for a very long time, he has allowed in a policy vacuum those Health demands to just grow and grow and grow, Yet today he is here asking to support the loss of £22 million recurring forever. Two and two does not equal four, it equals orange.

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The Deputy Bailiff: Deputy Matthews.

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Deputy Matthews: I thank Deputy Inder for his passion in putting forward what I think is actually not a very sensible point. Because of course I sit on Health & Social Care, of course I am a member of Health & Social Care. I do not drive the demand, the demand is largely driven by demographics, as we know.

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In terms of what would I do to try and address that demand, as I have previously said, I think that our funding for healthcare is fundamentally flawed and it does need to be addressed. It is disappointing to me that we have not done it to date. I would have done it much earlier had it been there. I argued for it to be a case, and it is now a super priority in the Government Work Plan. That is about as much as politicians do. I cannot wave a magic wand and put changes in immediately, much though I would like to.

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But for those reasons, madam, I think that we ought to consider alternative options, and I commend this amendment to the Assembly.

Thank you.

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The Deputy Bailiff: Thank you.
Yes, Deputy Helyar.

Deputy Helyar: Thank you, ma'am.

I would perhaps like to put a bit of a cold towel on some of the discussion, because I certainly fell into the trap when I was a new member believing that we would come in and we could do things

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better and we could save money and we can get things done. I think 'Action this day', actually, seems to ring a bell with me. *(Laughter)*

There is some really useful reading that Members can do, and actually there is a particularly good policy letter – and I think it is one of Deputy St Pier's finest pieces of work way back in January 2020 – which started us off on this road just pre-COVID to the tax review and all about it. Because there is a trope, and it seems to have gained a lot of ground as a result of some of this social media frenzy and the emails that we have had over the last few days. Stop wasting money, blah, blah; there is a lot of anger. It is understandable because there is a trope.

But I wanted to go back to this policy letter because table 2.1, I just wanted to talk about what things we are funding and why this amendment, if we decide to cut tax by £22 million, will have an effect. Because these are the cost pressures that were identified then. NICE treatments funding, £5 million to £12 million; that is drugs for people who are ill. Primary care services estimate, £9 million to £20 million. Health and social care demand, £5 million to £10 million; we have probably already spent that one. Long-term care funding, £7 million to £23 million. States' pension, £8 million to £18 million. That just happens. People retire and we have to pay them a pension. It is not something we can stop. Secondary pensions, £8 million in lost revenues because the States had to give revenue away in order to allow it to be used for the secondary pension purpose, together with £1 million of additional costs. And the old chestnut, public sector terms and conditions, £35 million to £40 million. That is probably also spent as well.

But if we challenge it, Deputy Oswald will say probably a considerable amount of that is nurses and doctors. That is a fact. It is not a disputable fact. That is where the cost is coming from. When we talk about having to raise tax, we are not doing that because we want some jolly somewhere or we are building a new fancy thing that we do not really need. This is real cost pressure that is coming in the future. We are not raising tax now for today, we are raising it for the long term.

Some of the stuff we have seen, I am afraid, on Facebook and other places is just nonsense. These are real costs. This echoes what Deputy Kazantseva-Miller was saying. Let us be realistic here. Let us be really realistic. The kind of amounts of money, and we are talking about a scale there, I think the scale was £8 million loss revenue, £71 million to £124 million. This is 2020. This was written in 2019. In November 2019, it was issued.

That estimate is pretty accurate, even despite the fact that we have done pretty well in our investment returns over the interim period. This is a real challenge. When I had to sit down and go through this stuff, when I first started as Treasury lead, I was very quickly disabused of the idea that we could find some money down the back of the sofa, because we cannot. It requires really heavy lifting, fiddling with a little bit here and a little bit there, and does that person have a boat that is too big, and is this house too big, is that person over there contributing? That will not turn the dial; it will just waste more time.

What it says in that policy letter, and again, seven years ago, the options for raising, and this is hair-raising, so I think everybody should really listen very carefully. The options for raising revenues on this scale are, in reality, fairly limited.

To give an indication of scale, it is estimated that to raise the amount of revenue collected each year to 24% of GDP, or approximately £84 million at 2019 prices from existing tax systems would require the following: an increase in the headline personal Income Tax rate, currently 20%, by 7%. Not 2%; 7%. An increase in social security contribution rates by 7%; that is on top of what was already agreed, which is a maximum of 16 point something. I cannot remember, apologies. An increase of estimated 350% on all domestic and commercial Tax on Real Property (TRP) rates. Those, for the benefit of the public listening and everywhere else, are the alternatives.

To raise the same amount through a change in the structure to the systems we might require, and this will go to those talking about higher earners, a higher earners' rate applied to individuals earning over £50,000 – so that is all of us, by the way – 45%; 45% Income Tax. That is more than two and a half times what you are paying now if you earn more than £50,000. Those are not wealthy individuals.

Deputy Van Katwyk: Point of correction, ma'am, we are not all earning over –

750 **The Deputy Bailiff:** Deputy Van Katwyk, you have to wait until I have said your name and said, 'point of correction'.

Deputy Van Katwyk: Very sorry, ma'am.

755 **The Deputy Bailiff:** Deputy Van Katwyk, what is your point of correction?

Deputy Van Katwyk: We are not all earning over £50,000. I am not earning over £50,000. Perhaps if you have other revenue streams you are, but I am not earning over £50,000, so that is incorrect.

760 **The Deputy Bailiff:** Thank you.
Deputy Helyar.

Deputy Helyar: Thank you for the correction, Deputy Van Katwyk, but that is not actually within
765 my knowledge.

But you understand the principle; we are very close. We are very close to that amount. That is not a wealthy person in Guernsey terms. That is not actually very far over the medium wage. So, higher earners' rate of 45% over £50,000 or a broad-based GST. This is 2019, do not forget, of 8%. Eight per cent.

770 These are the real numbers, and we need to get back to the real numbers. The idea that we can look for money down the back of the sofa and perhaps discourage some people from coming here, have lots of large houses that do not have anybody living in them because nobody will buy them. This is not a way to solve our problem. We are starting to look at fairies on the head of a pin. We really need to start being sensible about this and get back to the debate. I will not support this.
775 I would not have supported any of the other amendments because they deleted all of the Propositions.

It was a democratic decision to do that and accusing Members in here of acting undemocratically for using the rules in a democratic way is not, in my view, acceptable.

780 **The Deputy Bailiff:** Deputy Collins.

Deputy Collins: Thank you, ma'am.

Just a few points to go over. I think the most relevant point was Deputy Le Brun. Obviously being the former finance lead for Employment & Social Security, I pretty much had the numbers to my
785 fingertips. I did not want to jump up and say he was misleading the Assembly but just to correct the numbers he said. In 2019 the balance of the Guernsey Investment Fund was £740 million. As we know, ma'am, having Members just approved it not that long ago, the balance currently stands at £796 million. It has increased by £56.2 million. It has not gone down.

790 The actuarial report, which was done in 2020-21, when it was laid in front of this House, it suggested that the fund would run out in 2053. It would go to zero on the current rates. We, ma'am, the Assembly, over a number of years, have increased the rate of social security. There have been additional funds going into that fund at a much higher rate.

795 We, unfortunately as I have mentioned before, do not have the latest population data, so we have unfortunately had to pause what should have been done this year. It is being done, the data of that unfortunately having to be done December 2024, so even when we do get a report in this Assembly, the data will not be exactly accurate to like for like. But it is just to point out the error of this Deputy who reminds us has been a member of Employment & Social Security for four years as a non-voting States' Member and obviously rejoined the Committee, but I think it was wrong to suggest to this Assembly it was going to run out in 13 years.

800 I am sorry to labour the point, but I think it is what he said, ma'am. I will happily give way, perhaps, and accept an apology.

The Deputy Bailiff: Deputy Le Brun.

805 **Deputy Le Brun:** If the argument is that it is going to run out a few years later, I think it just proves the point.

The Deputy Bailiff: That is not really a point of correction, Deputy Le Brun. Deputy Collins, please continue.

810 **Deputy Collins:** Thank you, ma'am.

I think I will leave that one there. I really just wanted to pick up a couple of other points. Deputy Parkinson mentioned about after this debate there will be a wash-up, if you like, and Members will be perhaps encouraged to come in front of P&R, run the gauntlet and discuss ideas and things, or the Sub-Committee, but I would again encourage P&R to bring all Members together, to do some workshops, because a lone voice in front of five Members, it is five to one. Actually, we are 40 Members in the Assembly, we all want to have input. I certainly would have wanted to have input in Deputy Goy's proposals, and that is why I arranged a couple of private sessions to maybe do that.

820 Again, I have tried to bring Members together. I understand where P&R were, but let us try and work together on this.

I really also wanted to just touch on the emails I have received that have been raised by a Member, just to be accurate on that number again, as of 8 a.m. this morning we received 784, 769 were against GST and 15 were pro, but I understand the arguments both ways.

825 Another Member touched on the package as a whole, but just to remind Members, of course, it does not fix it for everybody. We keep mentioning it is going to help lower and medium earnings, but of course those that fall through the gap – that maybe do not have that additional income or will not be supported by the different package, are going to fall through.

830 As we know, we have some of the most – I say the homelessness league, people on the Island that are really at the bottom, they do not, will not, possibly benefit from GST on everything and potentially rising and the cost of inflation, and all of those impacts to them. So it is just to point that out.

Another Member talked about – in fact two Members, talked about two and two. But, of course, this package in front of us, if I am reading my numbers correct, is plus five, minus one, minus two, minus one, which makes maybe one. But I think that one of those numbers might be wrong. So it might actually come to zero. But if Members are going to start using that kind of rhetoric, two and two is going to make four. Actually, this is what I think the package is doing. So forgive us if some of us Members are really wanting to look at the details because that is our career, looking at facts and the figures being presented.

840 Deputy Hansmann Rouxel mentioned about the allowance. She is absolutely right. That alternative, unthinkable idea, tax package I had was actually putting the two rates together and actually raising that much up, which was not on the table this week because I just did not have the time and, of course, I could not get the advice and the numbers I wanted to present for this Assembly, and I did not want to beat – so hopefully that idea will come forward. But it is an amendment to talk about one combined rate now.

845 **Deputy Burford:** Point of correction, ma'am.

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

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Deputy Burford: P&R invited Deputy Collins in on three separate occasions and on no occasion did he actually come to the Committee for those occasions so that we could discuss matters with him. We have not resisted any attempts to speak with any Deputies.

855 **The Deputy Bailiff:** Deputy Collins.

Deputy Collins: Thank you for the intervention. Just to remind you, that first occasion was 9th June. Very kind of you to invite me the day after the publication –

860 **The Deputy Bailiff:** Deputy Collins, you address your comments through me and be careful not to make them personal.

Deputy Collins: I am sorry, ma'am. P&R did invite me in, as I said, but the first date of that was 9th June, which I felt was quite weird that their policy letter was coming out on 8th June. Obviously, that is borne out if Members were to look at the Rule 14 question I asked, and it suggests the date there.

865 I really just wanted to also finally pick up on Deputy Helyar's speech, which again I thought was excellent. But, of course, I just keep coming back, as I have mentioned before, about the housing situation. We are in the middle of housing crisis. If we had have built those 3,000 homes and have had extra people on the Island working, earning money, the numbers before us would be very different. If I was an accountant saying, 'Actually I should have accrued maybe some of that' so that is lost. So to beat us with a little stick to say, 'Oh, you should need to double, say, security X, Y, Z', I understand that but I also understand what he said about, 'The prediction is pretty close'. Well, hang on a second, as a guy that understands numbers, that cannot be right.

875 We spent an absolute fortune dealing with all the problems we have had, COVID, Brexit, everything else, wars, inflation, so if those numbers are right, they must have been by mistake because we have spent considerable –

Deputy Leadbeater: Point of order.

880 **The Deputy Bailiff:** Sorry, Deputy Collins. Deputy Leadbeater, what is your point of order?

Deputy Leadbeater: Yes, I apologise because this is all very interesting but I do not think this has any relevance whatsoever to do with the amendments in front of us.

885 **The Deputy Bailiff:** Deputy Collins, you can continue, but I do want you to focus on the amendments.

Deputy Collins: Yes, absolutely. I am just drawing to a finish. I was just replying to what comments have been allowed in debate, so I understand that. I will not go further, but I have made my point before about the housing situation.
Thank you.

The Deputy Bailiff: Thank you.
895 Alderney Representative Hill.

Alderney Representative Hill: Thank you, ma'am, and congratulations on your appointment. I will try to address you correctly. I think I have failed singly three times over the last year.

900 **The Deputy Bailiff:** I have always appreciated every time you have got it wrong though.
(Laughter)

Alderney Representative Hill: Firstly, I would like to congratulate Deputy Goy on his proposals. It was the *haute couture* of tax ideas, but unfortunately probably nothing you can really wear on the high street. (Laughter) Whilst I accept that rules are rules, it is our duty to look at all avenues, and it deserved to be on the Assembly catwalk yesterday. That, due to a drafting error, was unfortunate, and there should be a mechanism put in place in the future to avoid such a repetition, and I would ask SACC maybe potentially to look at that.

However, unfortunately I cannot support your amendment because of section (c) about the motor tax, because I believe that in fact the motor situation on both Islands needs overhauling. (**A Member:** Hear, hear.) I would like him to explain, when summing up, why he thinks that the Proposition for a motor tax is, how should I put it, for the privileged, when in fact I think that the current system actually favours the better off. (**A Member:** Hear, hear.)

It has been something we have had a big battle on, and I do not understand why the people out there cannot see it for what it is, which is basically there are lots of people using our roads, both Islands, who are not paying anything. I do think that the amount of tax that was going to be put on for the annual tax was minimal, and in fact the average person driving a car to work, school or whatever, would end up paying less. In fact, it was sharing the motor tax burden. So I would be very interested to hear in your summing up how you compare those two angles on the motor tax and why you think it is something which is going to benefit the privileged, when in my opinion it is actually going to do the other way around.

Thank you.

The Deputy Bailiff: Who else wishes to speak on the amendment?

Deputy Blin.

Deputy Blin: Thank you, ma'am.

I just really want to say that I am probably sounding a bit like a broken record at the moment because I have been saying for each amendment I am struggling. I have always had the fundamental position of standing against the GST aspects within the policy letter. Like we are all saying, we are seeing hundreds and hundreds of emails of which I am still trying to go through, and they are all calling out the same issues. So now the same things come again.

On the referendum, I could not support it because I could not see that being the right thing to do but it did give a chance to break a certain element of something that I did not wish to see. So what I try to do now, and I am doing it with this one, for Deputy Goy's one, is it is not through the ideology or emotion, it is actually just asking one question every time: does this leave Guernsey in a better position than before?

I have to say that this amendment has caused me more reflection than most because genuinely I agree with the sentiment, and this has happened on the other ones as well, and Deputy Goy and I, neither of us support GST and, as has been mentioned by others, we have to find alternatives. It is very hard to find an alternative when it is one piece that removes all the Propositions and then it breaks everything. That I cannot accept otherwise, but it is getting the ones that can work together. I still stick to the guns.

I respect very much Deputy Helyar because not only is he talking strongly about the numbers now but he spoke about the same numbers last term in the same manner and then he reflected from Deputy St Pier, those figures there. But I can say still – and remember, this is politics at the end of the day. We all have different opinions. I know there is a lot that can be done on the expenditure, on the cost, on the way we do business.

In a business, and particularly the way we work in the Committee system, we say that we are going to cut – the talk of 1%. As soon as you say that, we forget about budgeting, we just say we cannot afford to remove anything. But in any business, if you look the other way around, you look at the layers of management, you look at the fact that just recently we added 30 business HR managers, all of these are costs. So they can be done and we must not be always told that there is nothing more to give, there is nothing more to change.

I understand why this has been brought, and I understand that it has been brought with some very strong impacts. I understand about the impact it can have on the social security. I can understand the fact that it has been spoken about, I believe, by Deputy Gabriel on the transport, but at least they are solid proposals which go in a different direction to where we are going with the full package of the GST.

Basically, if we introduce the package we have now, and this is my biggest dilemma, which I appreciate from P&R they have argued this, covered all areas and I am sure they have taken into account all the other aspects they can. But my biggest concern is if they are wrong, if the people of Guernsey who have been literally hollering for the last number of weeks and months and last term, the impact – and even if I take into account I believe it was Deputy Inder saying that – no, Deputy Kazantseva-Miller saying the loss of £20-plus million and the impact it will have on the others there. It could be worse though. It could be with people leaving the Island, the economy not functioning, all the other aspects. All we have been saying, not only myself but the people of Guernsey and a lot of my colleagues, is are we sure we have done everything to gain the trust of the people by looking into every nook and cranny?

I think it was Deputy Van Katwyk, who made the comment historically from talking about the previous ex-Chief Minister Deputy Trott, that everything has been looked at in the past; everything, everything. Every time I talk to members of the public or individuals who do work for the public service, Civil Service, however you wish to call it, or term it depending on the sector, I have had – and I am sure everyone will back me up on this – so many comments saying we are not doing that right, we are wasting money there, we are doing it there. We hear that live, these are people talking to us live about what is going on and yet we come to the other end of it and we are struggling with the 1%.

I have got another slight addition to make to that and I will make this comment specifically for the benefit of our Chief Minister, who I have huge admiration for and drive for how she is doing this, but it was on the AI, and it was on the AI on the basis that –

The Deputy Bailiff: Deputy Blin, I am struggling at the moment to see how this is relevant to Amendment 19, which deletes GST, deletes the changes to social security, and deletes the changes to the taxes.

Deputy Blin: Understood, okay, I am sorry, ma'am.

Basically, going back to it, the consequences, because I think they are permanent, we have even greater responsibility to be absolutely certain before we take any steps. So it does leave me in an uncomfortable position. I agree with the objectives. I do not support GST, but I cannot say unfortunately that this amendment will actually fit in the same way as I struggled with some of the previous amendments. It is not because I am undecided, it is not because I lack conviction, but I cannot vote on something – to support – if it is going to have a bad impact.

I am coming to the point of saying, in this case, even though normally I should vote against it, I am going to abstain. I know it could be deemed as a loose term, but it is to demonstrate the principle is there, and I do not know what else we can do unless we take some action on it. But I still have to hold the point of always coming back for the better of Guernsey.

Thank you ma'am.

The Deputy Bailiff: Does anybody else wish to speak on the amendment before I turn to Deputy Burford to reply on behalf of P&R? No?
Deputy Burford.

Deputy Burford: Thank you, ma'am.

I am actually struggling to believe that we have spent one and a half hours debating whether we should reduce our general revenue by £22 million or not, because that is the effect and the only effect essentially of this amendment other than clearly it takes GST off the table, which is what is

driving a lot of people who have spoken sympathetically about it. But your opportunity ultimately to take GST off the table is to vote against the Propositions at the end of the day because it will make no difference really whether Members take it off the table now or later if they are against it, because I am not sure views are shifting any further on those three letters.

This amendment was purely about a reduction in revenue, a giveaway of £22 million. The reason it is £22 million and not the £28 million is that the amendment also keeps in place the £6 million of Corporate Taxes that are being raised. So there is £6 million coming in, £28 million going out, so it is a net £22 million deficit.

I really understand that we all have different views about how we best fill the black hole, and it would seem that most people in the Assembly, madam, do understand that we have a deficit that needs addressing. But that is not what is going on here. This is £22 million. I am sorry I am repeating it so much, but I am so surprised by this. In fact, I would very respectfully ask Deputy Goy when he sums up to tell the Assembly whether it was his intention to leave the Income Tax giveaway in or whether that was perhaps a drafting error, because it does seem quite incredible.

Combined with the package that P&R is putting forward, that would actually make us potentially over £60 million a year worse off. If it is just the £22 million, that is going to be £10 million from the Health budget. It is going to be £4 million or £5 million from the Education budget because this money would have to be found if we are going to introduce a 15% tax rate. If Members are comfortable with that, that is fine, but we will be feeding it into the budget considerations.

Deputy Goy. I have a lot of sympathy, madam, with Deputy Goy yesterday. I do not underestimate the amount of work he put into his four amendments. He circulated them many times to Deputies in different iterations. Unfortunately, Deputy Goy only sent them to P&R 24 hours before the deadline, but I will not labour on those. I will come to the point that this one that we are debating now was not consulted with P&R at all.

Deputy Goy: Point of correction.

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

Deputy Goy: The point of correction is I have actually sent the meat – is somebody's phone on?

The Deputy Bailiff: Carry on speaking, Deputy Goy.

Deputy Goy: Sorry, I got distracted by Star Wars.

The point of correction is I have actually sent the meat of the framework to P&R for at least a month.

The Deputy Bailiff: Deputy Goy, I believe that Deputy Burford accepted that you had circulated various iterations. It was the final version that she –

Deputy Goy: The final version is the same as the one that I sent to them. The only difference is the FAQ section, which is not part of the amendment anyway. So there you go.

The Deputy Bailiff: Thank you, Deputy.
Deputy Burford.

Deputy Burford: Thank you, madam.

The point I was coming to is that I would encourage Deputy Goy and, in fact, all other Members to consult not just with the Committee that their amendment affects but perhaps even with other Members in advance, because I think it would be very helpful if we could assist Members. I think there is a feeling perhaps amongst some new Members that the Committee that they are laying an

amendment against is the enemy, and I just want to say that nothing could be further from the truth.

1060 We all want to work together or we should all want to work together for the best and the most optimum outcome. I would have been very happy to also assist Deputy Goy with some of the wording on his amendment, if he had wished, and I am sure there will be other Members with some experience who would have also done that. So perhaps that is a helpful way forward, so that we can avoid what happened yesterday afternoon.

1065 Just going down it; Deputy Van Katwyk next, 2% Income Tax Deputy Trott proposed right at the very end. The problem with that is that it would have raised £32 million and Deputy Trott and his P&R proposed it as a stopgap. He was very clear, it was a two-year time-limited stopgap. The reason I voted against that then and the reason I would vote against an increase in Income Tax now is it hits those on lower and middle incomes proportionately worse. Somebody on the median income
1070 would automatically be £500 a year worse off under that.

Deputy Van Katwyk was very passionate about the people that he hears from. I am not going to give way, we have to move on. But he was very passionate about the people he hears from, about his own situation as well. I fully understand that, I have read these emails, I am aware of that but that is –

1075 **Deputy Van Katwyk:** Point of correction.

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

1080 **Deputy Van Katwyk:** I was not suggesting that we should have a 2% rise in Income Tax. What I was saying is somebody that sat at P&R for such a long time had a very different idea from this P&R.

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

1085 **Deputy Van Katwyk:** I just felt like it had been suggested –

The Deputy Bailiff: Deputy Van Katwyk, it is not a point of correction, can you sit down.

1090 **Deputy Van Katwyk:** Okay, thank you.

The Deputy Bailiff: Deputy Burford.

Deputy Burford: Thank you.

1095 But in any case, coming to Deputy Van Katwyk's main point and people leaving, this is exactly why we have developed a package, a whole package, which will make people on lower and middle incomes better off so they do not feel the same pressure. The sums are there, and I am happy to sit down with anyone and go through that, as I have done with several people who have contacted me. One young family in particular, who when we went through it and I did it manually as well as
1100 on the calculator, showed that they were really struggling. They were going to be £1,400 a year better off.

Deputy Curgenvén: Point of correction, ma'am?

1105 **The Deputy Bailiff:** Yes, Deputy Curgenvén, what is your point of correction?

Deputy Curgenvén: It was just on the calculator, that has actually been forensically proven to not work.

1110 **The Deputy Bailiff:** I do not think that can be a point of correction. Deputy Burford was saying she went through it on a calculator. If she did that, your only point of correction could be that she did not do that, because that was the point she was making.

Deputy Curgenvén: Thank you, ma'am.
1115 Thank you for clarifying.

The Deputy Bailiff: Deputy Burford.

Deputy Burford: Yes, I know there have been numerous attempts to discredit the calculator.
1120 The calculator does not deal with edge cases, we have said that, and there are also various disclaimers on it. But in the last Assembly, there were merely just a few example families. There were a lot of calls for a calculator so that people could get a better idea. It is not a rigorous tax assessment tool. It is an indication to help people understand in what is a complex package, that we do not expect the person in the street to read every word of, as to how it will affect their family. When
1125 I have gone through it with several people, I have done a manual calculation and the calculator calculation and they have been consistent.

Deputy Vermeulen says this looks an attractive amendment. Deputy Vermeulen, I would be interested in knowing how he would like to deal with the £22 million shortfall. Not right now, though, Deputy Vermeulen. (*Laughter*)

1130 Moving swiftly on; Deputy Helyar. I thank Deputy Helyar very much for the history lesson and I mean that genuinely. It plays to my oft-repeated point that history did not start on 1st July last year. I would urge Members to go back to some of those previous debates – it takes time, sure – to read the *Hansards*, to read the debates and just to see the path we have taken to get to this point. The same claims are being made at every iteration. 'Well, we have not looked at everything, there
1135 must be something else. We must turn another stone'. While all the time we are looking for a stone on the beach to turn, the money is running out. It is as blunt as that.

There was a comment, I think, from Deputy Collins about people falling through the gaps. We have been very acutely aware of that on P&R and the Essentials Cost Relief Payment falls to that. It is a benefit. Some people have criticised it, particularly Deputy Sloan, for increasing the welfare state, if you like. We make no apologies about that, because no tax system will ever be designed
1140 that works for every single person. We are aware of some edge cases, and that is what we are doing.

But, in addition, the increase that people will have in their disposable income at the lower end of the scale by the changes in tax may well take some people out of welfare as well. So it works both ways.

1145 I think essentially that is all I have got to say because it would be very good to move on. I would urge people to vote against this amendment. I do not think it will pass because I think people essentially understand that we cannot afford to give away £22 million.

Thank you.

1150 **The Deputy Bailiff:** Deputy Goy.

Deputy Goy: Thank you, ma'am.

Before I address the points raised by some of the Deputies who oppose this amendment, I just want to say thank you to Deputy Curgenvén, Deputy McKenna, Deputy Van Katwyk,
1155 Deputy Vermeulen, Deputy Matthews and Deputy Collins for standing for this amendment. Thank you from the bottom of my heart. Thank you.

I want to address one of the concerns about social security brought up by Deputy Ozanne. I would like us to understand that this social security mitigation that is in the package is a band-aid. You only need the band-aid because you got cut. What is the knife? The knife is GST. This is why
1160 the social security mitigation was put in there in the first place.

Let me say this, there is no free money from P&R. P&R is not giving money away to the public for free. P&R is putting in all these measures to soften the blow of GST. So if we do not have GST, we do not need the Social Security band-aid. I give way.

1165 **The Deputy Bailiff:** Deputy Ozanne.

Deputy Ozanne: Thank you ma'am.

1170 I just want to point out to Deputy Goy that actually some of the mitigations are not as a result of GST, they are to correct some really unfair disadvantages within the social security contributions, like the cliff edge that I mentioned. They are not all about redistributing wealth – it might be a phrase – they are actually long-term commitments that we have had within ESS to look at ensuring the system is fairer. Whilst I hear that there are some, it is not all.

1175 **The Deputy Bailiff:** Deputy Goy.

Deputy Goy: Thank you, Deputy Ozanne.

Due to time I am going to move on to the next one, which is the delete-all proposition. Let me just clarify this. I said yesterday that I am going to have –

1180 **The Deputy Bailiff:** Deputy Goy, you are supposed to be talking about your amendment. We are not going to go back and go over how the amendments were drafted and what happened. Can we focus on the amendment that is before us, please?

1185 **Deputy Goy:** Ma'am, I was trying to provide context for what I am trying to say.

The Deputy Bailiff: Well, start then but I will interrupt you, Deputy Goy, because it is important that we are debating and you are responding to the Amendment 19, not the previous amendments which have now fallen away.

1190 **Deputy Goy:** Thank you, ma'am, I will.

The drafting error only affects my amendment insofar as they knock each other out. This is what I was unhappy about and this was the point that I brought up yesterday. It has got nothing to do with anything else. This delete-all proposition line that is in the amendments basically ...

1195 **The Deputy Bailiff:** You are going to have to continue, Deputy Goy.

Deputy Goy: Sorry, I am just distracted by the Star Wars.

1200 **The Deputy Bailiff:** Yes, unfortunately there are also courtrooms that are also trying to deal with matters with windows open because it is so hot, but please carry on.

Deputy Goy: Okay, thank you.

1205 So I want to say this. There were many amendments yesterday before my amendments that also have delete-all propositions but they were not torpedoed. They were allowed to continue. So my question is why torpedo my amendments? I think the reason is because some Members here are not willing to actually even debate.

1210 **The Deputy Bailiff:** Deputy Goy, can you move on from the amendments that you laid and were, in accordance with the Rules, dismissed. Please can you focus on the amendment that you are asking the Members to consider now, which is Amendment 19.

Deputy Goy: Ma'am, I was trying to address some of the points raised to me.

1215 **The Deputy Bailiff:** I have already asked you to deal with this once. You said you were coming to it. Can you please move on to Amendment 19.

Deputy Goy: Okay. I also want to reject this circular argument as well. It says that this amendment does not bring alternatives. I did. There were four amendments yesterday. All were torpedoed. Those were the alternatives. As I said, this amendment is the last ditch because I have presented the four amendments yesterday which were torpedoed by –

The Deputy Bailiff: Deputy Goy, can you focus on this amendment and what it does so Members could be helped to decide whether to vote for it or not?

1225 **Deputy Goy:** Okay. I want to address now the point raised by Deputy Gabriel. The transport tax would have been unnecessary if the alternative that I provided, which is the premium road levy, was investigated and implemented.

I want to address now the point by Deputy Kazantseva-Miller, we are living in a Facebook world. Here is the thing, we are living in the 21st century, in 2026, social media, including Facebook, is where we get the voice of the people. This is where it is the easiest way for the people of Guernsey to voice their objections of GST and other issues. They are basically using social media as the voice to speak to you.

1230 **The Deputy Bailiff:** Deputy Goy, I recognise your passion but you do need to ensure that the debate is done through me. It is a really important part of the parliamentary process.

Deputy Goy: Ma'am, I was just trying to address –

1240 **The Deputy Bailiff:** I absolutely understand that, Deputy Goy, and I am sympathetic. It is difficult, particularly when one feels very passionate about a subject. But the parliamentary process is you address matters through me and it is a really important part of that. I will pick you up if you do not continue to do it properly.

Deputy Goy: Thank you, ma'am.
1245 Deputy Hansmann Rouxel. People are struggling financially, she says. People are –

Deputy Kazantseva-Miller: Point of correction.

1250 **The Deputy Bailiff:** What is your point of correction?

Deputy Kazantseva-Miller: Madam, it is not the first time the Deputy has completely misspelled my name and I feel it is being done intentionally. My name, and we have been working together for over a year is Deputy Kazantseva-Miller.

1255 Thank you.

Deputy Goy: Sorry.

The Deputy Bailiff: Deputy Goy, please continue.

1260 **Deputy Goy:** I was talking about Sarah Hansmann Rouxel, not you.

The Deputy Bailiff: Please carry on, Deputy.

1265 **Deputy Goy:** So, Deputy Hansmann Rouxel's point about people struggling financially, and if you hear what she was saying, you would have thought that she was anti-GST. But after saying that people are struggling financially, her solution is GST. Which is basically exactly the opposite of what the people are asking for.

1270 **Deputy Hansmann Rouxel:** Point of correction.

The Deputy Bailiff: Deputy Hansmann Rouxel – Deputy Goy, there is a point of correction. Deputy Hansmann Rouxel, what is your point of correction?

1275 **Deputy Hansmann Rouxel:** I did not say the solution was GST.

The Deputy Bailiff: Deputy Goy, please continue.

1280 **Deputy Goy:** She did say that the tax reform package is the solution, which also includes GST by the way, because GST is the main component of this tax reform package. Deputy Le Brun talks about the revenue from UPL, FCL and other alternatives probably will not bring in the revenue. Here is the thing, we will never know because they were torpedoed, all of them, yesterday, without even a debate.

To the point of Deputy Inder, losing £22 million, let me say this, you did not lose £22 million.

1285 **The Deputy Bailiff:** Deputy Goy, I remind you again, address your comments through me.

Deputy Goy: Ma'am, we did not lose the £22 million. We have not collected that £22 million. There is a big difference in that. Using the right term is important here. I think the public needs to know –

1290 **Deputy de Sausmarez:** Point of correction.

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

1295 **Deputy de Sausmarez:** My understanding of what Deputy Goy is saying is that he is suggesting that it would be £22 million less than what the proposals are putting forward, but that is not the case. The point that Deputy Burford made was that actually this would result in us being £22 million per year worse off than now, not compared with the package.

1300 **The Deputy Bailiff:** Thank you, Deputy de Sausmarez.
Deputy Goy, please continue.

1305 **Deputy Goy:** I am actually addressing Deputy Inder's use of the terminology 'losing £22 million' because I think that is very misleading. It makes people think that we are actually losing the £22 million that we have in our pocket. No, that £22 million would be collected from the public. So we have not even – we are not losing £22 million, we have not collected this £22 million. This is what I am trying to say.

1310 Deputy Helyar says that we need to raise the revenue to fund Government spending. I agree with that. This is why I came up with the alternatives. Here is the difference. Deputy Helyar wants that money to come from ordinary families, whereas I want that money to come from the people who are most capable, financially capable, to contribute first. That is the difference.

Deputy Helyar: Point of correction.

1315 **The Deputy Bailiff:** Yes, Deputy Helyar, what is your point of correction?

Deputy Helyar: Deputy Goy is an intelligent man but he has no idea what I want, so he is not entitled to say that.

1320 **The Deputy Bailiff:** Deputy Goy, please continue.

Deputy Goy: I think I disagree, but anyway.

1325 **The Deputy Bailiff:** Deputy Goy, please continue with your speech.

Deputy Goy: Yes. Deputy Hill, why take off P&R's transport tax? I did not mean to take P&R's transport tax off without a substitution. That was meant to be the premium road levy, which I was going to present yesterday. But, unfortunately, the debate did not happen because it was torpedoed. This is why we now have a blunt instrument here of trying to remove transport tax. I have made this clear. I totally understand the need for revenue, which is why I created productivity incentivisation tax (PIT), I created the fair contribution levy, I created the under-utilisation property levy, I have created the premium road levy and I created the high-value Document Duty. All of them are supposed to be working as a package, as an alternative to P&R's package.

1335 **The Deputy Bailiff:** Deputy Goy, you are talking again about amendments that have not debated and not voted on, and are no longer in discussion. Please can you focus on the amendment in hand.

Deputy Goy: Okay, thank you.

1340 Deputy Burford, about drafting error. Again, I have said this, and I do not want to repeat myself, the reason why the amendment was torpedoed yesterday has nothing to do with drafting error, because many amendments before mine had the same clause and they were debated.

I want to end this by saying GST is premature at this point in time. This is why I raise this amendment. We need to make sure that we have explored, implemented and exhausted every other option and alternatives before we move into GST and broad-based taxes that would do the greatest harm to the standards of living for ordinary families.

1345 Please, Members, let us do our due diligence first. There are a lot of stones unturned. I urge you to support this amendment, not because of its bluntness, but because I know if we reject GST today, we give the Assembly a chance to reconsider other alternatives, many of them which they torpedoed yesterday.

1350 Thank you very much.

The Deputy Bailiff: Thank you, Deputy Goy.

1355 Members, you should have on your screen Amendment 19, which is the amendment that we are dealing with. States' Greffier, would you kindly open the voting on this amendment?

There was a recorded vote.

Not carried – Pour 7, Contre 30, Ne vote pas 2, Did not vote 0, Absent 1

1360

Pour	Contre	Ne vote pas	Did not vote	Absent
Collins, Garry	Burford, Yvonne	Blin, Chris	None	Sloan, Andy
Curgenvin, Rob	Bury, Tina	Kay-Mouat, Bruno		
Goy, David	Cameron, Andy			
Matthews, Aidan	Camp, Haley			
McKenna, Liam	de Sausmarez, Lindsay			
Van Katwyk, Lee	Dorrity, David			
Vermeulen, Simon	Falla, Steve			
	Gabriel, Adrian			

Gollop, John
Hansmann Rouxel, Sarah
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
Ozanne, Jayne
Parkinson, Charles
Rochester, Sally
Rylatt, Tom
Snowdon, Alexander
St Pier, Gavin
Strachan, Jennifer
Williams, Steve

The Deputy Bailiff: They voted in relation to Amendment 19, pour 7, contre 30, and there were 2 abstentions. I therefore declare that the amendment was not passed.

**Procedural –
Motion to suspend Rule 17A under Article 7 of the Reform Law, 1948**

Procedural motion.

To suspend Rule 17A of the Rules of Procedure of the States of Deliberation and their Committees for the purposes of debate on P.2026/49 - Tax Reform 2026 and any secondary propositions thereon.

1365 **The Deputy Bailiff:** Members, you will have, I think, had circulated now a motion to suspend the Rules, which is under Article 7(1) of the Reform Law, to suspend Rule 17A. Has everybody got a copy of that? In that case I will let the Sheriff circulate that.

1370 **Deputy Ozanne:** Point of order, Madam.

The Deputy Bailiff: Yes, Deputy Ozanne.

Deputy Ozanne: Point of order. Under Rule 6 ...

1375 **The Deputy Bailiff:** Ladies and gentlemen, can you keep your voices down? I am trying to hear what Deputy Ozanne is asking.

Deputy Ozanne: Under Rule 6, I would like to understand how you see the timing for lunch hour and the rest of the day, please?

1380 **The Deputy Bailiff:** Yes, can I first deal with this motion, because that might impact on – because if it is passed, it effectively clears any time limits on speeches, so that might impact on it. But that is a very fair question, Deputy Ozanne, once we have done this motion.

1385 **Deputy Curgenvén:** Sorry, ma'am.

The Deputy Bailiff: Yes, Deputy Curgenvén.

1390 **Deputy Curgenvén:** I find myself bending down, can you just repeat your last sentence, the impact on speeches, please.
Thank you, ma'am.

1395 **The Deputy Bailiff:** The motion that is being circulated at the moment is to delete 17A, which was the Rule that was introduced by Deputy Falla limiting speeches to 15 minutes. It is more complicated than that, but that is the basic thing that impacts on most Deputies. So the motion which is proposed by Deputy Camp and seconded by Deputy Collins is to suspend that Rule for this debate in relation to the Propositions put forward by the P&R?
Yes, Deputy Helyar.

1400 **Deputy Helyar:** Could we have a recorded vote, please?

The Deputy Bailiff: Yes, there will be a recorded vote on this.
Does everybody now have a copy of the motion to suspend? In that case, I will invite Deputy Camp, as the proposer of motion, do you require the State's Greffier to read it?

1405 **Deputy Camp:** Yes, please, as nobody has had a chance to read it yet.

The States' Greffier read out the motion.

The Deputy Bailiff: Deputy Camp.

1410 **Deputy Camp:** Thank you.

The Proposition to bring this forward, or my decision to bring this forward, was not an easy thing because I like rules and I like when they are good rules. Unfortunately, yesterday I went home and I really pondered that 17A is quite a bad Rule in reality. It sounds lovely. Fifteen minutes, you get to talk about major Propositions that change people's lives, that do other things and I think we will continue to see that in future debates, but this is obviously only focused on this one.

1415 Why I was particularly concerned last night is after what felt like about nine hours of a barrage of questions, attacks at times, and my view is some attempt to try and discredit me based on my past performance in industry. (**A Member:** Hear, hear.) I then had 15 minutes to respond to what was quite a lot of poor arithmetic, misunderstandings and other things. That is quite a hard job when essentially what we are debating here overall and what people are trying to do with their amendments is to bring real balance, real integrity to debate. That is really what I am asking for here is for us to accept that for this debate to end up at the best result, we need to do so with integrity. Integrity requires us to allow that people speak, and that people have the room and the time to do that.

1425 I went home and yes, I went on to Facebook; awful Facebook. I apologise unreservedly for my willingness to engage in social media. However, there was an exchange, and to some extent I think there is an apology owed to Deputy Leadbeater, not by myself, but perhaps by somebody else. It highlighted to me there was some confusion created in the debate around my amendment, the Amendment 14, which had I been able to actually have the time to explain, might have been resolved. It might not have ended up in a Facebook exchange demonstrating, I think, Members misunderstanding of the Proposition that was put before them. We could have covered that at the time, and it does not need then to go into a Facebook spat. I tried not to engage in a spat and I would hope Deputy Leadbeater would acknowledge that I have not done that. (**A Member:** Hear, hear.)

I think everybody in this Chamber needs the right to respond. Fifteen minutes to – I mean I did not write down all the questions. I could not possibly have written down all the questions and listened and prepared for the response, but 15 minutes to respond to question after question after question after question by people who really were, quite rightly – it is their entire right to forensically pick apart an amendment, (**A Member:** Hear, hear.) and I hope we will see that as we carry on today. It is only fair that if people are going to use their 15 minutes to forensically pick apart people's work, that there is an allowance that people should have the time and the space of that right of response.

This is why I bring this motion to suspend Rule 17A for this debate, which is a seminal debate in Guernsey's history. This will go down in the record books because it is 20 years of – I was going to say hurt, but sorry, that is a football song. (*Laughter*) Twenty years in the making, this debate, and we are all told about urgency, etc. I think actually what we need to do is we need to pause a little bit. I think we need to stop the urgency because this is not a debate to be decided urgently because somebody wants it to be. It is a debate that needs to be handled on a proper, timely manner. As I said, that requires everyone in this room who wants to speak, who has a point to make, to be able to do so in appropriate timing without a very arbitrary cut-off limit.

Thank you very much.

The Deputy Bailiff: Thank you.

Deputy Collins, do you formally second?

Deputy Collins: I do, ma'am.

May I speak now?

The Deputy Bailiff: Is anybody bringing a motion? No. Yes, you may then.

Deputy Collins: Thank you, madam.

I will be very brief. I think even yourself, ma'am, you touched on it yesterday when one Member asked lots of questions to remind them that Deputy Camp only had 15 minutes to reply, so it is quite relevant.

The other point I wanted to make, a certain Member of P&R said after the session had finished last night that Members wanted to talk a lot. I found it quite interesting that five Members of P&R decided to get up and talk to one of the amendments, one in depth in reply to the debate and then after following –

The Deputy Bailiff: Can you focus on the 15 minutes though, please, Deputy Collins?

Deputy Collins: That possibly, ma'am, is that you have a Principal Committee who could talk for five times 15 minutes against the Proposition. That is all I wanted to say, ma'am.

Thank you.

The Deputy Bailiff: Deputy Bury.

Deputy Bury: Thank you, madam.

I will not be supporting this. We are in the state now of approaching Friday lunchtime with many amendments left. We need to be shortening speeches, not lengthening them. (**Several Members:** Hear, hear.) We need to be disciplined. I was hoping, ma'am, I know it is a difficult one for you to call on, that you might impose the ruling that you are able to, to limit speeches.

The Deputy Bailiff: No, I am not going to.

Deputy Bury: I absolutely will not be supporting this. We need to be getting through this. The community need to know after – and while Deputy Camp says it will go down in history, it will go

down in history along with the six others we have had in the last term about tax. (**A Member:** Hear, hear.) We need to get through this. Rumours abound of a filibuster plan, so abound that it has been reported in the media. For those who do not know what filibustering is, it is just to waste time, to delay, (**A Member:** Hear, hear.) to fill the space for as long as you can. I do not quite understand to what end, but it is what is happening and now we have it in black and white.

I urge Members not to support this.

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

The Deputy Bailiff: 26(1). Deputy Inder has asked for the guillotine motion on this motion. Those who still wish to speak and debate, please stand in your seats. Do you wish me to put it to the vote, please? Those who wish to guillotine debate now and move straight to the vote, please indicate pour; those against.

Some Members voted Pour, others voted Contre.

I am going to take a recorded vote. States' Greffier, would you kindly open the voting?

Deputy Goy: Sorry, ma'am, this is motion for ...

The Deputy Bailiff: To guillotine the debate. To stop the debate on the motion now.

Deputy Goy: Thank you.

The Deputy Bailiff: There is an opportunity for Deputy Camp to respond and then we will go straight to the vote, if successful obviously.

Would you kindly close the voting, please?

There was a recorded vote.

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

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

1520 **The Deputy Bailiff:** There voted in relation to the guillotine motion, pour 24, contre 15. I therefore declare that the guillotine motion has been passed.
Deputy Camp, do you have anything to say in reply?

Deputy Ozanne: Point of order, ma'am.

1525 **The Deputy Bailiff:** Sorry, Deputy Ozanne.

Deputy Ozanne: Sorry, ma'am, I am a little bit confused, and I am wondering if someone can help me. What Deputy Camp appears to be asking for is longer to reply at the end of a speech.
1530 *(Interjections)* Well, exactly, and what the writing is, is for all speeches to be suspended.

The Deputy Bailiff: That is correct.

Deputy Ozanne: There is no middle way of making –

1535 **The Deputy Bailiff:** No. Well, that is up to anybody else. All I can deal with, sorry, Deputy Ozanne, is what is on the motion and the motion is to remove 17A completely. That will remove all 15-minute limits, regardless of whether it is a reply or whether it is a speech in debate or otherwise.

1540 Deputy Camp, do you have anything that you wish to say in response to the limited –

Deputy Camp: Yes, I would. I would like to ask if Deputy Bury would withdraw her comment about me bringing a motion to suspend as a filibustering attempt. I think that is quite below the belt.

1545 Thank you.

The Deputy Bailiff: I am afraid, Deputy Vermeulen, Deputy Camp was sitting down when you stood up.

1550 Let us go to the vote then. This is a matter where there does need to be an SEV vote. You should have it now on your screens. States' Greffier, would you kindly open the voting?

Would you kindly close the voting, please?

There was a recorded vote.

1555 *Not carried – Pour 11, Contre 28, Ne vote pas 0, Did not vote 0, Absent 1*

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

The Deputy Bailiff: There voted in relation to the motion to suspend Rule 17A, pour 11, contre 28. I therefore declare that the motion has not passed.

1560 Members, you will be aware from the original list that Deputy Sloan was to lay Amendment 5. Unfortunately, he has not been able to do so and therefore one of the replacement amendments deals with – yes, Deputy Collins.

**Procedural –
Start afternoon session at 2 p.m. and sit to at least 6.30 p.m.**

1565 **Deputy Collins:** I do apologise, ma'am, but Deputy Ozanne raised about sitting hours which you said you would address after. I am so sorry.

The Deputy Bailiff: I am terribly sorry. Thank you very much for bringing that to my attention. Members, it is a matter for you. We have got what looks like a pint in a half pint pot, but it is possible to extend the hours of today. I shall start with where I have started on previous days that we commence at two o'clock after lunch. Those who support the motion, please say pour; those against.

Members voted Pour.

1575 **The Deputy Bailiff:** The motion is passed. I am also going to suggest that we – I will put a motion to the Assembly, in fact, that we sit to at least 6.30 again this evening. Those who support the motion, please say pour; those against.

Members voted Pour.

1580 **The Deputy Bailiff:** We will sit to at least 6.30 this evening. Again, that does not stop other motions being brought, as Deputy Vermeulen did yesterday, but that is the position at the moment. Start at two, finish at 6.30
Yes, Deputy Vermeulen.

1585 **Deputy Vermeulen:** I seriously am concerned about the quality of the decision-making amongst –

The Deputy Bailiff: Deputy Vermeulen, the motion has been passed.

1590 **Deputy Vermeulen:** I know.

The Deputy Bailiff: It is not a matter of debate now. Your colleagues believe that they can continue. Democracy has spoken and they say they can continue so we will continue.

1595

Deputy Vermeulen: I just draw that to your attention as Members were falling asleep yesterday.

The Deputy Bailiff: That has also happened during the morning and during the afternoon, I am afraid. *(Laughter)* I get to see everything up here. People snooze off quite regularly.

1600

Yes, Deputy Gabriel.

Deputy Gabriel: To help Members with any forward planning, ma'am, is there a court time, your time, staff time available for any extension next week to continue debate?

1605

The Deputy Bailiff: Deputy Gabriel, my understanding is that it is not the facility of this building or the staff, including myself; it is Members' availability that would prevent it moving into next week. I believe so. Nobody has put forward a motion that we should continue into next week. Brexit debates, that was on a Saturday. Again, I do not think anybody is putting forward that yet. If that is put forward, I am very happy to put the motion to the Assembly, but it is holiday season, I am afraid, Deputy Gabriel, and many people will be moving on.

1610

Yes, Deputy Leadbeater.

Deputy Leadbeater: Ma'am, if one wanted to put a motion forward to continue tomorrow to gauge the interest and appetite amongst the Assembly, because that might help us formulate our opinions, I would be quite happy to do so.

1615

The Deputy Bailiff: A motion to sit tomorrow?

Deputy Leadbeater: Yes.

1620

The Deputy Bailiff: Saturday. I am just going to check with States' Greffier that I have not spoken out of turn.

Yes, Members, although we might be a little short-staffed because it is holiday time for members of the Royal Court as well as for States' Members, we would be able to facilitate a meeting tomorrow if that was the decision of this Chamber. Would you like me to put a motion to the Chamber?

1625

Deputy Leadbeater: Yes, please, madam.

The Deputy Bailiff: The motion – Yes, Deputy Helyar.

1630

Deputy Helyar: May I ask if it is possible to have a vox pop on who might be available and not available before we take a vote on it?

The Deputy Bailiff: Yes, who is not available tomorrow?

1635

Do you still wish me to put the motion to the Assembly?

Deputy Leadbeater: I think I had better withdraw that, madam. *(Laughter)*

Motion under Article 7(1) of the Reform (Guernsey) Law, 1948

To suspend Rule 24(2) of the Rules of Procedure of the States of Deliberation and their Committee to the extent necessary to permit the amendment below to be debated.

1640

The Deputy Bailiff: Right, shall we move on to what is Amendment 25, formerly 5, but because it is a new amendment, because there are a different proposer and seconder, it is necessary for us to first deal with a motion to suspend the Rules.

Deputy Helyar, would you like the States' Greffier to deal first with the suspension of the Rules?

1645 **Deputy Helyar:** Yes, please, ma'am.

The Deputy Bailiff: Do you wish him to read that out?

Deputy Helyar: No, I think it is self-explanatory, thank you.

1650

The Deputy Bailiff: Is that formally seconded by you, Deputy St Pier, in relation to suspending the Rules?

Deputy St Pier: Yes, ma'am.

1655

The Deputy Bailiff: Members, the first vote that you need to deal with is suspending the Rules in order to debate this amendment. This is a matter that is an SEV vote. States' Greffier will put the matter – thank you. I shall just put it there. As you can see, the States' Greffier has put that on your SEV. I should be grateful, States' Greffier, if you now open the voting on that. This is to suspend the Rules in order that we can debate Amendment 25.

1660

There was a recorded vote.

Carried – Pour 37, Contre 0, Ne vote pas 0, Did not vote 2, Absent 1

1665

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

The Deputy Bailiff: There voted pour 37, 2 Members were not in the Chamber at the time of the vote. I therefore declare that the Proposition has passed.

[Amendment 25.](#)

To insert an additional proposition as follows:

'To direct the inclusion within the scope of the further longer term work on the future development of Guernsey's tax system (envisaged in Appendix 3 of the Tax Review Sub-committee's report) the development and examination of proposals for a single common tax rate framework, founded upon the principles of strengthening the Bailiwick's international competitiveness, supporting sustainable economic growth and maintaining a tax system that continues to provide a strong foundation for Guernsey's long-term economic model.'

1670

The Deputy Bailiff: Deputy Helyar, would you like the States' Greffier to read the additional Proposition you are seeking this morning?

Deputy Helyar: No ma'am, I am just going to crack on, if that is okay?

1675

The Deputy Bailiff: All right. Thank you. Yes.

Deputy Helyar: Thank you.

1680 Thank you to Members, before I start, for approving suspension of the Rules. I shall be as brief as possible. Deputy Sloan, as you know, is not able to be here through extremis in relation to his family circumstances. He has given me some notes, so I do not go off-piste. Here we go.

1685 Members who have heard Deputy Sloan speak on tax before will know this is not a new idea. He has been advocating this approach for a number of years. He believes every so often we need to step back from individual taxes and ask a bigger question, not simply how do we raise another £50 million, but what sort of tax system does Guernsey actually want? One that simply raises revenue, or one that also strengthens our international competitiveness, supports sustainable economic growth and provides a strong foundation for the economic model upon which our prosperity ultimately depends. For a small international finance centre like ours, tax is not simply about funding public services; it is also part of our economic strategy.

1690 That is what this amendment is about. It does not ask Members to introduce a single common tax rate. It does not say such a framework is necessarily the right answer. It simply says, as part of the longer-term work already envisaged in this policy letter, we should properly examine the idea. Surely, that is what a long-term review is for.

1695 One of the things that has resonated throughout debate so far is we have discussed several taxes in isolation, GST, Income Tax, social insurance, Corporate Tax, and so on, but our economy does not experience them one at a time. Families do not, businesses do not, and investors do not. They experience the tax system as a whole. Economists often distinguish between the process of changing taxes and the intellectual and holistic challenge of designing tax systems. Changing taxes is principally about raising revenue. Designing a tax system is about something much broader. It is about incentivisation of business and entrepreneurship, simplicity, transparency, and competitiveness. Ultimately, it is about economic growth, which is in everyone's best interests. (A Member: Hallelujah.)

1700 Good tax systems do not just raise revenue the Government requires, they also create the least possible damage to economic activity. For a jurisdiction like ours, that matters enormously. We compete internationally for every day of businesses, investment and talented people. Our tax system is one of the few policy levers that we control entirely ourselves, and it should therefore be viewed not simply as a mechanism for funding Government, but as one of the principal ways in which we strengthen our economy.

1705

1710 If we were designing Guernsey's tax system from first principles today, knowing everything we know now about the world, would we build exactly the system we currently have? Would we design something different, something simpler, something more coherent, something that treats major taxes as part of one integrated framework, rather than separate conversations in different departments with different objectives? I do not know the answer, and neither, it says in the notes here, does Deputy Sloan, but I suspect he thinks he might do. *(Laughter)* Nor does this amendment pretend to do that, or in fact insinuate it.

1715 Members may conclude after detailed work that a single common tax rate framework is not appropriate for Guernsey. If that is where the evidence leads, so be it. As we continue to evolve thinking, this idea perhaps deserves the opportunity to be properly examined. The principles in the amendment are deliberately straightforward: strengthen competitiveness, support sustainable economic growth, maintain a tax system that provides a strong foundation for Guernsey's long-term economic model. Those are the objectives, and that should unite us today rather than divide us.

1720 Madam, we spend a great deal of time in this Assembly debating tax rates. Perhaps we should spend a little more time considering tax systems, and that is all this amendment asks us to do. I ask Members for their support.

1725 **The Deputy Bailiff:** Thank you.
Deputy Parkinson.

Deputy Parkinson: Thank you, ma'am.
1730 Speaking on behalf of P&R, P&R does not oppose this amendment. Speaking personally, I think it is likely that a common tax rate would mean the Income Tax rate went down and the GST rate went up. I think that would be quite regressive, but I am happy to look into it.

Deputy Collins: Point of order, ma'am.

1735 **The Deputy Bailiff:** Yes, what is your point of order?

Deputy Collins: I am so sorry, ma'am, but the amendment was not seconded. I do apologise.

1740 **The Deputy Bailiff:** You are absolutely right, Deputy Collins.

Deputy Collins: I am so sorry.

The Deputy Bailiff: Thank you very much.
1745 Deputy St Pier, do you formally second it?

Deputy St Pier: I do, madam, and I reserve my right to speak.
Thank you.

1750 **The Deputy Bailiff:** Thank you for pointing that out, Deputy Collins.
Yes, Deputy Gollop.

Deputy Gollop: I will speak very briefly.
1755 I agree with everything Deputy Helyar says. A common framework of taxation is useful. I think we should be thinking philosophically and looking at other examples of places, whether they be in the Caribbean, Gibraltar, Jersey, the Isle of Man, but also looking to our own circumstances.

I remember a late Deputy of the States who I had a few drinks with one night, and he very much thought that one day we might have a 10-10-10 system: 10% Corporate Tax, 10% what would amount to VAT or GST, 10% Income Tax. I think we may need a bit more than that nowadays, but
1760 I think we do have to address, ever since Zero-10, even before that when we introduced the

Long-term Care Fund, we have had a rather confusing relationship with social security contributions. We are allowing them to take up the heavy lifting with Health and other expenditures, whereas we should be looking at the whole picture. I would welcome contributing to that.

I do not agree necessarily with the presumption of Deputy Parkinson that equalising a GST and an Income Tax would be regressive. The devil would be in the detail, but I really do think the States could sell to middle Guernsey a policy where, for example, the Income Tax Rate for average incomes, as Deputy Van Katwyk and others have talked about, went down from 20% to 15% or maybe lower still. That surely would inspire consumption and improve our economy.

Thank you.

The Deputy Bailiff: Thank you.

Who else wishes to speak on this amendment?

Deputy Vermeulen.

Deputy Vermeulen: Thank you, ma'am.

I do like the look of this, and it is a shame that Deputy Sloan is not in the Assembly, but realise what currently faces him and the challenges he has got, so I wish him well.

Just on this, a couple of questions. Would there be proper consultation with the general public, with small businesses, as well as the large financial institutions which provide so much employment on the Island before any of this is put forward? I am conscious that people are moving away to other jurisdictions that perhaps do not have Income Tax but do have a sales tax. They invariably are in the Caribbean, as John Gollop just mentioned.

It is quite interesting. I think the thing that really gets me going is it talks about economic growth and that should be at the front of mind of all our politicians. Sadly, it has not been, and it balances the books as well. As long as we do not throw the baby out with the bath water on this and people in Guernsey are worse off, I think I will support this.

Thank you, ma'am.

The Deputy Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Madam, first of all, I think it is an innocuous amendment in that at least it inserts an additional Proposition. There will be further review of our taxation anyway, so it could very easily slot into what we are doing.

I think we just need to be careful that it somehow does not start seeming like there is this magic solution that we can find with this single tax framework. Also, to think that all the tax work that has been undertaken over the last, certainly, six tax debates has not – to some extent has been trying to consider all of those questions that a single tax framework might. I think the argument I would say today is that the tax package in front of us is not a single tax solution. It is a tax package that is looking to address many of the elements that this amendment suggests we really need to be considering, including our competitiveness, including the importance of supporting sustainable economic growth, etc.

From my understanding of Deputy Sloan's idea, is that he very much would like to see a single tax rate across all the core taxation channels we have got. I think he previously surfaced the idea of having a 12-12-12%, which would be 12% Income Tax, 12% GST, and 12% Corporate. Actually, that sounds quite powerful and perhaps if you look at the numbers, that is how the cookie could crumble, achieving a similar type of revenue-raising measures as well.

I am supportive of this amendment. I do not think there is anything too dangerous in it, but also, we just need to be careful to somehow think that all the hours and hours of work that we have currently been undertaking through our tax review system for all these years are already not considering the fundamental issues that this amendment tries to address as well.

The Deputy Bailiff: Deputy Bury.

Deputy Bury: Thank you, madam.

1815 Just briefly, a couple of points from an ESS point of view and I think carries on nicely from Deputy Kazantseva-Miller's hours and hours and hours of work. As Deputy Helyar described it, this is a redesign of a tax system. It is a very significant structural change, a huge piece of work and I am not necessarily arguing for or against the merits of that, just simply stating the impact would be large on our Committee's Work Plan. Just to ensure Members realise that when they ask us, 'Why
1820 have you not done this? Why have you not done that? Why have you not done the other?' This would likely impact that.

The other thing which, again, is another small point but just a matter for Members to consider, it is probably likely under this that the responsibility for setting the rates of social security contributions would move to P&R if it is going to be one single common framework, which slightly
1825 disenfranchises the ESS mandate. Members may not care here or there about that, but it is just a matter of fact for them and us to consider.

Thank you, ma'am.

The Deputy Bailiff: Thank you.

1830 Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

When I came back to Guernsey a couple of years ago, I had no idea we had these different forms of tax, and I got very confused because I kept being asked by different people for different amounts
1835 of money. Neither group seemed to understand my confusion because it was so normal here, but so alien to someone coming from abroad.

Simplicity is very attractive, which is why this is being proposed. That would have taken away, if we had had one single tax rate, all my confusion. But part of that is actually about communication and helping people understand why we have the system that we do. Deputy Bury has spoken on
1840 behalf of the Committee. This would, sadly, cause a huge re-ordering of our priorities and mean that very important work could not happen at this time.

More importantly for me, as a member of ESS, I believe the whole mandate of ESS is to ensure that we can use the levers and pulleys that we have to ensure the right people get the right help when they need it, that the tax system for them is tailored to be fair. I have huge concerns that that
1845 fairness, that issue of trust that I have spent the last few days talking about, will be undermined if we are seen to put this all into one single tax rate.

Personally, I would say this is a great plausible idea but please do not put this on us yet. We have got to earn trust, we have got to do the work we need to, particularly on ESS, and then potentially in the future we could one day perhaps look at this, but not at this time.

1850 Thank you.

The Deputy Bailiff: Deputy St Pier.

Deputy St Pier: Thank you, madam.

1855 I am grateful to Deputy Sloan for this amendment now adopted by Deputy Helyar. This is actually the result of some engagement I had with Deputy Sloan on this issue a week or so ago. I am pleased that I managed to persuade him to turn it into this form rather than its more radical form, which was to delete all the Propositions and get on and just implement the system. I felt this was a slightly more practical approach.

1860 I challenge a little bit, and in fact, so much so that I shared with him my draft of what is now Amendment 10 and was rather flattered that he adopted the language and then managed to lodge it before I had managed to lodge Amendment 10. Naturally, I am therefore supportive of it. The reason I am supportive of it is because it dovetails with the scope of the long-term work set out in the Tax Review Sub-Committee's report at Appendix 3, the opening sentence of which is:

1865

This will consider and examine the longer-term tax structure for Guernsey's evolving economy, including the current constituents of Guernsey's economy.

1870

I think it is important to emphasise that the work, as stated on the amendment, should be founded upon the principles of strengthening the Bailiwick's international competitiveness and supporting sustainable economic growth. That is the primary motive as opposed to simplicity. I think simplicity is a by-product of that. Also, just the term that this is a redesign, I think, is an overstatement and it is a word that Deputy Bury picked up. That may yet follow, but this amendment is simply asking that this work is included within the scope of the Tax Review Sub-Committee's work to look at the development and examination of proposals. It is a preliminary piece of work. It is not, I think, intended to come back with a wholesale redesign.

1875

Yes, I cannot deny, obviously I have only joined the Committee *for* Employment & Social Security during this States' Meeting, so I have not participated in their consideration of this amendment. But speaking as the seconder of it, I can say it was never intended or designed to be a significant drain on resources and therefore to re-order the priorities for that Committee. It is intended to very much firmly sit within the work that is already envisaged under the leadership of Deputy Parkinson and the Tax Review Sub-Committee.

1880

Deputy Kazantseva-Miller referred to Deputy Sloan's support for a 12-12-12 model. Madam, when I first joined the States in 2012, Deputy Sloan then – to coin Deputy Camp's phrase – in a former life was then the States' Economist. At that stage, he was a strong advocate of what he then pitched as a 10-10-10 model. That rather, again, shows the pressures on the system that Deputy Helyar spoke about in relation to a previous amendment.

1885

However, there is clearly merit in exploring this in the context of what has worked well elsewhere, particularly if you look at some of the Baltic nations that were able to move to this kind of model when they left the Soviet Union and the impact it had on their competitiveness. Clearly, they were essentially starting from a blank sheet of paper, which we are not, but there are lessons to be learnt. Therefore, I do encourage Members to support this amendment so the work can be done as part of the scope that is already envisaged.

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The Deputy Bailiff: Deputy Collins.

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Deputy Collins: Thank you, ma'am.

Yes, I am definitely going to be supporting this. As Members know, I did an alternative plan G, which was out there, but actually it was looking and trying to put all this together. When I started work in 1997, ma'am – yes, I am that old – my social security rate was 4.5%. Today, 2026, it is 7.5%. That indicates the fact that that has been able to increase. As Deputy Niles, and I give him credit for this, mentioned several times in this Chamber, ma'am, that 20p has been a figure we have not been able to move on. It has been stuck. Yet on the other side of that coin, the social security, we have been able to increase it. As Members and I have said before today, ma'am, that has been gradually increasing to deal with those pensions and the other expenses coming up

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I am really supportive. I will not talk at length, but I understand ESS are also within their Committee Work Plan, or maybe when I last looked at it going to look at a restructure anyway. Some of that work is already in the pipeline to be done. I appreciate that it might take away some of their mandate, but on the other hand, that might give them more time to focus on those 30-odd or 40-odd resolutions that need to be resolved in bringing back some key legislation. Obviously, I will not be part of that workstream, ma'am. I will be focusing on other matters across the Assembly, but I do echo that I think it is definitely worth that this piece of work needs doing and I would love to contribute to it in any way.

1910

Thank you, ma'am.

The Deputy Bailiff: Deputy Camp.

1915

Deputy Camp: Thank you.

Yes, notwithstanding what Deputy St Pier said about the fact that this is inherent in the Tax Review Sub-Committee's next phase under their terms of reference, I like this Proposition because what it does is it turns the implied into the express. I quite like that, that we can use this Assembly to make explicit requests rather than implied promises. That is much stronger than implication.

1920

I suppose the only fault I find with it – and actually I do hope that P&R, in taking forward the Tax Review Sub-Committee terms of reference, will draw very strongly upon the second part of this Proposition and make sure that is a founding principle for anything that it does going forwards. Strengthening the Bailiwick's international competitiveness, supporting sustainable economic growth and maintaining a tax system that continues to provide a strong foundation for Guernsey's long-term economic model are not words we hear often in this Assembly when we are tinkering around the edges. I wish that we heard them more. I applaud Deputy Helyar, Deputy Sloan for bringing this forward, but would ask that P&R really take that second part and embed it as a founding principle of the work they do and as an express request from this Assembly.

1925

1930

The Deputy Bailiff: Thank you.

Deputy Rochester.

Deputy Rochester: I struggle a little bit with this amendment of swinging between principle and pragmatism, as I have on much of this debate over the last few days, ma'am. My principle would tell me that there is little merit in this amendment until we have a shared view of what the Island should look like in 20 or 30 years, and that we use these tools to design the means by which we can get to that destination. Pragmatism tells me this entire debate is one of practical reality and solving a problem that is in front of us of the services we need to provide and the funding that we have to provide them.

1935

1940

I think, on balance, I will probably support the amendment because it has appeal, it supports economic growth, but it just reminds me that in so much of what we do, we are putting the cart before the horse, specifically I refer to the idea of planning infrastructure. If we are going to be able to clearly deliver the future we are all agreeing on, we need to take the time to do that.

1945

I will support the amendment but hope that once we have concluded this debate, and hopefully stabilised our financial position, we will be able to put the work into agreeing what the future of the Island looks like.

The Deputy Bailiff: Does anybody else wish to speak on this amendment? I do not believe P&R are going to respond, so therefore I will go straight to Deputy Helyar.

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Deputy Helyar: Thank you, ma'am.

Thank you to Deputy St Pier for his seconding, P&R for their support and for Deputy Parkinson to agree to add it to the list of other blue-sky things. There is a long list of them, I am well aware of.

1955

Deputy Vermeulen asked a question about consultation. We are not at the stage of doing that. This is really just thinking time that is being asked for. Obviously, it is compulsory to consult on these issues and when there have been other tax changes, like the ones we are talking about today, it can take 20 years to get to a conclusion. I am sure it will long be discussed, but I know that Deputy Sloan, with his background particularly as an economist, was very keen that this be added to the list.

1960

I thank other Members, generally speaking, for their support, and I understand the reservations of Deputy Bury about disenfranchisement. That is certainly something that would have to be dealt with very upfront, if it ever comes to it. It may be that this is discarded because it is too difficult, but I promised to be brief and so I shall sit down.

1965

Thank you, Members, for the debate.

The Deputy Bailiff: Thank you.

States' Greffier, would you open the voting on Amendment 25?

1970

There was a recorded vote.

Carried – Pour 31, Contre 3, Ne vote pas 2, Did not vote 3, Absent 1

Pour

Blin, Chris
Burford, Yvonne
Cameron, Andy
Camp, Haley
Collins, Garry
Curgenven, Rob
de Sausmarez, Lindsay
Dorrit, David
Gabriel, Adrian
Gollop, John
Goy, David
Helyar, Mark
Hill, Edward
Humphreys, Rhona
Kay-Mouat, Bruno
Kazantseva-Miller, Sasha
Laine, Marc
Leadbeater, Marc
Malik, Munazza
McKenna, Liam
Montague, Paul
Niles, Andrew
Oswald, George
Parkinson, Charles
Rochester, Sally
Snowdon, Alexander
St Pier, Gavin
Strachan, Jennifer
Van Katwyk, Lee
Vermeulen, Simon
Williams, Steve

Contre

Bury, Tina
Le Brun, Ross
Rylatt, Tom

Ne vote pas

Falla, Steve
Ozanne, Jayne

Did not vote

Hansmann Rouxel, Sarah
Inder, Neil
Matthews, Aidan

Absent

Sloan, Andy

1975

The Deputy Bailiff: There voted in relation to Amendment 25, pour 31, contre 3, there were 2 abstentions, and 3 Members were not in the Chamber at the time of the vote. I therefore declare that Amendment 25 is passed.

Motion under Article 7(1) of the Reform (Guernsey) Law, 1948

To suspend Rule 24(2) of the Rules of Procedure of the States of Deliberation and their Committee to the extent necessary to permit the amendment below to be debated.

1980

The Deputy Bailiff: We will now move on to Amendment 24, which was Amendment 4. Again, it will be first necessary for the Rules to be suspended. Deputy Malik, do you wish, as the new proposer of this amendment, the States' Greffier to read the motion to suspend the Rules?

1985

Deputy Malik: Yes, please.

The Deputy Bailiff: Thank you, States' Greffier.

The States' Greffier read out the motion.

1990 **The Deputy Bailiff:** Thank you.
Deputy Malik, do you wish to speak at all on this? This is just the motion to suspend the Rules, not the amendment itself. Is that formally seconded, Deputy Montague?

Deputy Montague: It is, ma'am.

1995 **The Deputy Bailiff:** Thank you.
In that case, we will move straight to the vote to suspend the Rules. States' Members, you should have before you the motion. No, that is not it. *(Laughter)* Sorry.

2000 Thank you. Before you now is the motion to suspend the Rules in order that Amendment 24 can be debated. States' Greffier, would you kindly open the voting on that motion?

Sorry? *(Interjection)* Yes. States' Greffier, is there another one? This is 51 and that one is 49. It is a procedural motion. Deputy Gabriel, well spotted. Sorry, as you can imagine, there is an awful lot going on. At least the IT is working today. *(Laughter)*

2005 Members, you now have before you the motion to suspend under Article 7. This is in relation to Amendment 24. States' Greffier, would you open the voting on this? This is just to suspend the Rule so we can debate the amendment.

There was a recorded vote.

2010 *Carried – Pour 38, Contre 0, Ne vote pas 0, Did not vote 1, Absent 1*

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

Van Katwyk, Lee
Vermeulen, Simon
Williams, Steve

2015 **The Deputy Bailiff:** There voted in relation to the motion to suspend the Rules: pour 38, and 1 Member was not in the Chamber at the time of voting. I therefore declare that the motion has been passed.

[Amendment 24:](#)

To insert two additional propositions as follows:

'3A. To direct the Policy & Resources Committee to introduce a Child Responsibility Tax Allowance (as defined in the explanatory memorandum) in respect of each dependent child for the purposes of income tax, with effect from implementation of the wider tax reform package, or as soon as reasonably practicable thereafter, and

3B. to direct the Policy & Resources Committee, in developing the detailed proposals, to undertake fiscal and distributional analysis using Revenue Service data, including consideration of the interaction of the proposed allowance with existing child-related tax provisions and the overall impact of the measure within the wider tax reform package.'

2020 **The Deputy Bailiff:** Deputy Malik, would you like the States' Greffier to read the amendment, which is now Amendment 24?

Deputy Malik: Yes, please.
Thank you.

2025 **The Deputy Bailiff:** States' Greffier.

The States' Greffier read out Amendment 24.

2030 **The Deputy Bailiff:** Thank you.
Deputy Malik.

Deputy Malik: Thank you, ma'am.
I would like to first offer my congratulations on your appointment.

2035 **The Deputy Bailiff:** Thank you.

Deputy Malik: That is wonderful news.

Ma'am, this is obviously Deputy Sloan's amendment that he proposed and unfortunately he is not here today, so I am just stepping in.

2040 Ma'am, before turning to the substance, I should say that I genuinely welcome the Policy & Resources Committee's decision to support this amendment, and I am grateful that the Committee has recognised the principle it advances. Indeed, I suspect one of the reasons it has been willing to do so is because its own analysis illustrates the issue so clearly. This amendment rests on two simple Propositions. The first is about fairness. The second is about Guernsey's future.

2045 Let me begin with fairness. Throughout this debate, we have spoken a great deal about fairness. We have discussed income, tax rates, deciles, distributional analysis, modelling, and disposable income, but there is one thing we have spoken surprisingly little about. That is the financial responsibilities of raising children. To me, that is a significant omission.

2050 The tax system is supposed to reflect a person's ability to contribute, but income on its own is an imperfect measure of ability to pay. A household earning £80,000, whilst raising two or three children, is simply not in the same financial position as a household earning £80,000 with no dependents. The costs of raising children are substantial. They are unavoidable and they are

long-lasting. They materially reduce a family's disposable income and therefore its capacity to contribute through the tax system. That is not a controversial Proposition. It is simply reality.

2055 Economists sometimes distinguish between income and taxable capacity. Two households can have identical incomes but very different financial responsibilities. Looking only at gross income tells us an incomplete story. The amendment simply asks us to recognise that, not by creating another welfare payment, not by introducing another means-tested benefit, but by recognising the responsibility within the tax system itself through a Child Responsibility Tax Allowance.

2060 I think that is a much sounder principle. It is not a new principle. Guernsey already recognises the additional responsibilities that are associated with dependent children. We do so through family allowance. We do so through the charge of child provisions within the Income Tax Law. We do so through the child requirement rates within Income Support.

2065 This amendment does not invent a new principle. It simply asks us to apply an existing principle more consistently as we redesign our tax system. Indeed, Members need only look at the Committee's own distributional analysis. Figure A8.6 compares the impact of this package on different household types across the income distribution. What stands out is that households with dependent children frequently fare worse than otherwise comparable households without children. Compare a single adult with a single parent. Compare two working age adults with two working age adults who are raising children. Across much of the income distribution, the households with children come out less favourably.

2070 I do not need to persuade Members that households with children face greater financial responsibilities. The Committee's own modelling has already done that. It is there in black and white and yet here is the contradiction. Almost every major strategic document that comes before this Assembly tells us that one of Guernsey's greatest long-term challenges is demographics. We have an ageing population. We have increasing dependency ratios. We need more economically active people. We need more of tomorrow's taxpayers if we are to sustain tomorrow's public services. Those are not controversial observations. Yet at precisely that moment, we tell ourselves that families and demographics matter, our own modelling shows that in many cases, households raising those future taxpayers are treated less favourably than otherwise similar households.

2080 There is something rather perverse about that, and I am not suggesting that this amendment will transform our demographic outlook. It will not. Nor am I suggesting that the tax policy alone determines whether people choose to have children. Of course, it does not, but surely, if demographics genuinely matter, then the least we should expect is that our tax system does not make that challenge harder. Our policies should at least be pulling in the same direction.

2085 The future taxpayers who will fund our pensions, staff our hospitals, establish businesses, care for older generations, and sustain our economy do not simply appear at the age of 18. They are being raised today. Families are bearing those costs today. Recognising that responsibility within the tax system seems entirely reasonable to me.

2090 I appreciate that some Members may feel uncomfortable because this allowance is not means-tested. I understand that view, but I respectfully disagree. This amendment is not about relieving poverty. If it were, the appropriate instrument would have been the benefit system. This amendment is about recognising the responsibility within the tax system.

2095 A tax allowance is fundamentally different from a welfare payment. It is not saying one family needs more help than another. It is recognising that two households with identical incomes may nevertheless have very different capacities to contribute, because one is bearing the financial responsibility of raising dependent children. Children do not become less expensive because their parents earn more. The costs of raising them are not mean tested. If we believe that raising dependent children is something that the tax system should recognise, then we should recognise the responsibility itself, not the level of income.

2100 Finally, ma'am, a word on costs. Some Members may ask why I have not attempted to attach a detailed fiscal costing to this amendment. The answer is that I think it misunderstands where we are in this debate. We are redesigning the entire tax system. Every amendment agreed this week changes where the final package lands. My own back of the envelope estimate is that eventual fiscal

effect may be somewhere in the region of £10 million to £15 million. That is not insignificant, but nor should we lose the perspective. Against the total States' expenditure approaching about £900 million a year, we are talking about well under 2% of that annual spending.

This is not a question of affordability so much as it is a question of priority. Indeed, the Assembly has never insisted upon perfect certainty before agreeing such important structural reforms. When Income Support was introduced, Members did not know precisely what its long-term, steady-state cost would be. As experience has shown, the scheme today costs tens of millions of pounds more than that was originally envisaged.

My point is not to criticise that decision. It is simply to recognise that major reforms are often agreed on the basis of sound principles, with the precise fiscal position refined as the wider package takes shape. That is exactly what this amendment asks us to do. Decide the principle today, allow the overall package to settle where it settles. Then once the Assembly has determined the final shape of the tax system, make whatever fiscal adjustments are necessary across the package as a whole.

Ma'am, I do not pretend that this amendment solves Guernsey's demographic challenge. I do not pretend that it transforms our public finances, but I do believe that it nudges our tax system in the right direction. If we are serious about fairness, if we are serious about supporting families, and if we are serious about addressing a long-term demographic challenge, then our tax system should recognise one of the greatest financial responsibilities that many Islanders will ever undertake.

I believe it should, and I commend the amendment to the Assembly.

Thank you.

The Deputy Bailiff: Thank you.

Do you formally second that amendment, Deputy Montague?

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

The Deputy Bailiff: Deputy Inder.

Deputy Inder: Thank you.

Deputy Malik does not speak enough, I have got to say. She has only spoken two or three times in this Chamber, to my recollection, and every time she has delivered something it has been calm, with intelligence, and in the main I have generally supported it. But guess what? There is a bit of a 'but'.

However, I am concerned about one aspect and it is in relation to the explanatory notes. I understand that P&R have broadly supported it. They state that the investigation should be conducted but on a non-means-tested basis. That is a principle I cannot support. I am not going to try and persuade anyone in this debate to try and reject this. The best I am going to do is abstain.

I do not believe in universal benefits; I never have done. I think far too often you pay far too many people with far too much money benefits which they do not deserve or, more importantly, do not need. I will remind Deputy Malik that we have a strange use of terminology. If you are poor you get a benefit. If you are rich it is called an allowance. That is a very distinct difference.

My view has always been consistent. Where public is used to provide benefits or allowances or financial assistance it should be targeted at those who genuinely need it. I do not think the well-off in Guernsey need this kind of support.

For that reason, while I entirely support the objective of this amendment, I cannot support the principle of a non-means-tested scheme. For the purposes of my position, I am not trying to persuade anyone to vote it down, my position will be just to abstain.

Thank you.

The Deputy Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

I must say I do completely agree with Deputy Inder that it is was an extraordinary speech and, although I disagree with some of it, it is good to hear such clear thinking, so thank you, Deputy Malik.

2160 Ma'am, I completely understand the motivation behind this amendment, and I have absolutely no doubt that it is well-intentioned. Raising children is expensive. (**A Member:** Hear, hear.) Families face real pressures. As a society we should want our children to flourish, especially during a cost-of-living crisis. But good intentions do not always produce good policy. The question here is not whether children deserve support – of course they do – the question is whether this is a fair and effective way of producing and providing that support. I do not believe it is.

2165 The central flaw in this amendment is that it creates a universal tax allowance, as Deputy Inder has pointed out, that is not means-tested. It assumes that because someone has dependent children they should receive additional tax relief, regardless of their financial circumstances. I simply do not think that is a fair principle on which to build our tax system.

2170 There is a world of difference between supporting children and subsidising everyone who happens to have children. Under this proposal a family with a very high income would receive exactly the same Child Responsibility Allowance as a family struggling to make ends meet. A household able to buy their child a car for their 18th birthday would receive the same allowance as one wondering how to pay next month's food bills. That cannot be the best use of our limited public money.

2175 If our objective is to help children then surely we should direct our support towards those whose families genuinely need it most. That is what fairness demands and that is what we are trying to do with Family Allowance. One of the arguments made in support of this amendment is that households with children have a reduced ability to pay because of the costs of raising a family. There is truth in that, but having children is not the only circumstances that reduces someone's ability to pay.

2180 Many Islanders shoulder substantial financial responsibilities that are invisible in this amendment. Some are carers. Some are supporting elderly parents, as I chose to do. Some live with a disability. Some are single people paying exceptionally high rents from a single income because they have no second salary to rely upon. Life places financial burdens on many different people in many different ways and this amendment recognises only one part of them.

2185 As Members know, I do not have children. Sadly, that was never a path that life took for me and, therefore, I do not have an interest in this amendment but I do hope those who do will make that clear. Like many single Islanders I meet every bill from one income alone. I receive none of the financial advantages that come from sharing housing costs or household expenses such as utility bills with another earner.

2190 I do not say that to diminish the challenges that are faced by parents. Raising children undoubtedly brings financial pressures. I simply make the point that financial need cannot be assumed simply because someone has children, just as financial security cannot be assumed simply because someone does not have them. Need is far more complicated. That is why good public policy should focus on circumstances and not categories.

2195 This amendment also raises an important question about priorities. We are repeatedly told that our public finances are under pressure, which we know they are, and if we are going to spend scarce public money then surely we have a responsibility to ensure it reaches those who need it most. Universal tax reliefs are attractive politically because everyone likes receiving something, but targeted support is almost always fairer because it directs resources where they make the greatest difference.

2200 If there are families genuinely struggling with the cost of raising children then I would happily support additional measures to help them. Indeed, I think we should, and that is why we are looking at the Family Allowance within ESS, but not universal and not available equally to households with vastly different financial circumstances.

2205

Finally, I worry about the precedent that this amendment creates. Once we begin creating tax allowances based on particular family circumstances without regard to need, where do we stop? Should we create allowances for carers, for those supporting elderly relatives, for disabled adults, for people living alone who bear the full cost of housing and rent on a single income? Every one of those groups could make a compelling case for their financial responsibilities that reduce their ability to pay.

A tax system becomes increasingly complicated as we attempt to recognise every individual circumstance. A simple principle is surely better: support those who need support and do so fairly, do so transparently, and target assistance where it will make the greatest difference.

For those reasons I ask Members to reject this well-intentioned but unfortunately unfair amendment.

The Deputy Bailiff: Deputy Montague.

Deputy Montague: Thank you very much, madam.

Generally speaking I would agree with Deputy Inder and Deputy Ozanne about that targeting, but on this occasion I think we are in a fundamentally different situation. I think the threat facing a lot of our countries is absolutely existential. Our current 18-year-olds in this Island, in the year of their birth we had 613 births registered at the Greffe. In 2025 it has dropped to 419. This is a pattern that is seen not just in jurisdictions like ours, the Isle of Man, and Jersey, but across so many countries. I think we really need to look at this.

I draw colleagues' attention to figure 5 in the tax policy letter that shows that 77% of our revenue comes from Income Tax. The OECD average – because almost all those countries have other diversified tax base – is down to 52%. I am not talking here just about ensuring that we produce children so they can be these little fiscal sausages that go through the machine of society. *(Laughter)* But if we genuinely care about the future of this Island we have to do something radical. I think what we have seen, and there have been studies around the world, a little bit of support here does not really cut it. We need to be universal.

We have had conversations in our Committee about universal support for early years funding, and we have had some big arguments about it. On this case this is such a major issue for our community and many others as well, that I think we really do need to re-orient how we treat the concept of having a child. We have to publicly make it clear that it is something that we support. We have to – to quote my colleague, Deputy Matthews, who says this often – make Guernsey the best place in the world to have a child and bring up a child.

For that reason I am happy to second this amendment. I am weary again about standing up and going on about demographics because in January after our Joyous Childhood Conference at Beaucamps I, in a slightly unguarded conversation with *The Press*, apparently said the following, 'How can we help couples have more children?' That of course was the headline next to a stupid picture of me smiling like an idiot. *(Laughter)* I told you before but I think the mandate we have is broad enough without adding 'dating agency' to it.

But foolishness aside, I do support this. I understand entirely what Deputy Inder and Deputy Ozanne said, but on this issue I think we require a shift of our community focus. I understand people have different perspectives, but I think when we look into the future of what we want for Guernsey we have to really support that idea to make this Island the best possible place to have children and bring them up.

Thank you.

The Deputy Bailiff: Deputy Humphreys.

Deputy Humphreys: Thank you, ma'am.

Forgive me, I had a prepared speech but I am not going to do it because most of it has been said, so I am going to pick some bits from it. Deputy Inder and Deputy Ozanne, I very much agree

with you about the means-testing piece. I was really sad not to see that in there but, Deputy Montague, I have just heard what you have to say as well, so I get that.

I think the bit that hits me most is that, as I understand it, this would be applicable to everyone working, even if they are of an income where their personal allowance is being eroded due to their earning level. That seems to me a little bit out of context really. If you have got personal allowances being reduced because someone is earning a very significant sum, they will still get this allowance. That feels just slightly out of kilter, so I would just like to understand if I have got that right.

It feels like an addition to the Plus aspects of the package, which is great. I think the Plus aspects of the package have not been spoken about enough in the last two days, but the Plus aspects of the package are also headlined as to support lower and middle-income families, and this goes a little bit further than that, so I would just raise that.

My one remaining comment I was going to make to Deputy Sloan; he is not here. I am really surprised to see an amendment from him without maths, without numbers, without statistics. That stuff just is not there, and I would be expecting to see it. I think because this is a direction to P&R to do it rather than to model it and look at it, I find that quite difficult.

Thank you.

The Deputy Bailiff: Deputy Camp.

Deputy Camp: Thank you.

I should probably start by saying I have no particular interest in this amendment and I have no intention to have an interest in it. (*Laughter*) I have done that. I must also – because I really want to get off your naughty list – say congratulations, and I will move on. Now, tick.

The Deputy Bailiff: Noted, thank you.

Deputy Camp: I am off the naughty list.

To the amendment itself, I commend the spirit. The P&R proposals show in heat maps discussed at the Scrutiny hearing that families with children are worse off under these proposals than those without. That is there in red, yellow and green. But that is an obvious disconnect when one considers that the position of dependency ratio, which we are all concerned about, is in part due to the fact that we are not meeting the replacement rate.

I appreciate Deputy Montague put it much more emotively and realistically than I do. I will use 'replacement rate' and I will stick with that. The reality is people are having fewer children and, in reality, our economic climate disincentivises many from having children because it is so expensive to live here. Quite right, that is another struggle unique to us.

However, there are a few things about this proposal I do not get, and I suppose in the context of today's debate, which is all we have to talk about – I cannot imagine a different future where something else has been considered, I can only consider the things we are discussing here – that is the trade-off we make against today's decisions and wherever they may lead. However, if this Proposition fails I do wonder if the appropriate Committees, whether that is P&R, ESS, or some other that I have not thought about, might take this challenge because there is certainly merit in it.

It feels like perhaps something Tax Review Sub-Committee ought to be considering is how we do within that taxation consider how we keep families here, how we grow our own children, and importantly keep our children here. There is little point us growing children and sending them off.

Just a couple of technical questions. I completely understand Deputy Sloan and Deputy Malik's reasons. Deputy Sloan's love of universal credit, taxes, whatever we are calling them, has been documented before. But in this one, in seeking fairness, would this proposal penalise separated parents? It does seem to assume that all our children have comfortable, two-parent environments. Where that happens, which parent would receive the allowance?

Where we are with the current Family Allowance, if we look in history and it was really designed to ensure that a father who was taking all the money could not go down the pub and gamble and

drink away all the money for the family. That is why when the payments first started it was a payment for the mother. While clearly we are in a very different financial area and women are not quite so under the thumb of men anymore – and I do not want to pretend that is where we are and all fathers are terrible drinking gamblers either, because they clearly are not – I just do want to ask how would this proposal settle which one parent receives the allowance for their one dependent child.

Thank you.

The Deputy Bailiff: Deputy Oswald.

Deputy Oswald: Thank you, ma'am.

I congratulate Deputy Malik on rising to the challenge of presenting this Proposition at very short notice, and I think her speech is well-received. I liked the amendment when I first saw it in the papers that we are issued, and I continue to like it now.

I think that one of the principal drivers for this is what we are seeing in many of the emails we are receiving, which is families talking about moving off Island because they cannot support their children. This is one possible incentive to keeping such people on Island who, by definition, are income earners – because this is an Income Tax allowance – and who are contributing to the economy of this Island, as opposed to a universal allowance to everybody who has children everywhere.

I take Deputy Montague's point about the incentives for needing to increase our replacement rate. I suspect strongly that an Income Tax allowance is possibly not a major driver when one is considering whether to conceive a child or not.

I will sit down at that point.

The Deputy Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you very much, Madam Deputy Bailiff.

Generally I am not in favour of universal benefits of more than a targeted approach, but this is targeted in respect it is targeting towards people having children. During the Scrutiny hearing – a bit of a car crash, the Scrutiny hearing, in my opinion – I saw the backwards and forwards between Deputy Sloan and Deputy de Sausmarez regarding the heat map and parents with children being worse off.

I looked at it and I thought they were both saying the same thing because, at the end of the day, if you are a household of two people earning X and that is all you have, you are going to have more disposable income than those two people who chuck a couple of kids into the mix. It is not rocket science. I am very sympathetic to this amendment for going some way to try and square that circle.

Going back to targeted support with means testing, I was around a table with about seven or eight friends a couple of weeks ago. I found myself actually trying to convince people that a consumption tax was a good idea. (*Laughter*) It was a really odd conversation for me to be having because I kind of convinced myself during that conversation. I said, 'Well, all of us around this table will be better off under the proposals put forward by P&R', We went around and looked at everybody's circumstance and there was one friend of mine – Deputy Cameron will know him well as well – he is a decorator, works for himself, and his wife is an accountant. They earn fairly decent money. He would be disproportionately affected compared to all of us.

He probably spends a bit more time in Spain than the rest of us around that table, but they still struggle. They still have a mortgage, they still struggle, they still have to support their children and they would like to grow their family from the two children they have now, but he worked out on the calculator he would be £1,700 a year worse off. That is one less trip to Benidorm, I suppose, if you want to look at it that way. But if we are looking to target people and we are looking to means test, it is not always the people on the lower end of the scale that actually need the support, it is these people that will be effected negatively by the proposals if they are successful that obviously would need this extra support.

During one of the tax debates last term I told a story, it was when Deputy Ferbrache was sat where Deputy de Sausmarez is now. There was a friend of mine, he was a self-employed builder and his wife worked in the legal profession. They have one child, they had a mortgage, the cost of their mortgage and the cost of living had escalated so much that even though he was self-employed in construction earning a decent wage, and his wife was earning good money as well, they simply could not afford to have any more children. They were having this one child and that was it.

These are people that you would say are middle Guernsey, the people that are actually doing quite well, that can afford a mortgage, have had children and have got themselves to where they are, but they cannot progress any further, or they are struggling just to be able to meet the commitments they have got with the children they have. This is why I find this amendment attractive. The attractiveness to the universal element of this amendment resonates with me.

It is difficult to deny the principle of supporting people to have more children. The points that Deputy Montague has made about the people number falling, etc, obviously the devil is going to be in the detail, and I think it is really important and a really good move of not just trying to chuck the detail into this amendment at this point so we can have this massive bunfight on how it is going to work and who is going to be targeted on the floor of the House. That is just not going to get us anywhere. I would ask Members to support the principle behind this and allow P&R to go away, whoever is going to be putting this package together and looking at it, because I assume it is coming back in 2030 with the insurance review, and there will be a chance for Members to vote on the detail if this is successful and the proposals are worked up, and I assume that will be the case.

I would encourage all Members to support this amendment and look forward, if it is successful, to what comes back in 2030.

Thank you.

The Deputy Bailiff: Deputy St Pier.

Deputy St Pier: Thank you.

I rise principally just to address Deputy Leadbeater's last point. The amendment actually says:

... with effect from implementation of the wider tax reform package.

So it is not to look at this, it is to direct Policy & Resources to do it; to introduce a Child Responsibility Tax Allowance. This is unlike the previous amendments which were to go away and have a look and bring back proposals. This is a very clear direction.

That is where my anxiety around this amendment lies, because it is a significant change to make to our system, frankly on the fly, on the back of an amendment. You would normally expect a substantial policy letter setting out the options, setting out the impacts, setting out the alternatives; none of which we have really had. I will give way to Deputy Burford.

The Deputy Bailiff: Deputy Burford.

Deputy Burford: Thank you.

I appreciate Deputy St Pier giving way because maybe I can address this point. It is certainly the point that leapt out at the Committee when we first reviewed the amendment, but it was a direct instruction to introduce it.

However, we did actually provide Deputy Sloan with some alternate wording, which incorporated most of 3(b) and some other things, as well as tying in the Committee for Employment & Social Security, because it clearly crosses into their mandate. Deputy Sloan was not minded to go with our revised version but on further reviewing of the amendment we came to the conclusion that despite the fact that it says 'introduce' it does not stop us bringing our workings back prior to that.

I can understand that might not be entirely to Deputy St Pier's liking, but we feel that there is merit in the basic principles behind the amendment, and that is the approach that the Committee took.

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Deputy St Pier: I am grateful to Deputy Burford for that intervention because I was curious to understand P&R's support for this, and no doubt they will expand on that when they respond to debate. I would also like to know whether that support is indeed unanimous.

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In the absence of Deputy Sloan, who cannot defend himself on this, his criticism of the whole package is that it is about redistribution. This is a substantial further redistribution and arguably certainly up there in the top two or three of items that would be redistributed.

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For all the reasons that others have said, you can definitely see the attraction of it, although to Deputy Montague's point about the impact on our number of births, certainly again further analysis of what has been tried elsewhere would suggest that these kind of measures have very little impact because there are so many other factors in play as to the decisions people make about the size of their family. That does not mean that this does not have merit, but again none of that is available to us.

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Having said that, of course the point that Deputy Oswald made about this strengthening the mitigation side of the overall package is quite obvious and, therefore, does make it attractive. But of course, as others have noted, it is very far from costless and indeed comes with a very substantial cheque attached to it, albeit one we do not have a clue how big it is. No doubt that will come back as part of further work that P&R will do, and again they would need to prioritise that piece of work, which they were not planning on doing.

2435

But even assuming Deputy Malik's opening statement that it could be £10 million to £15 million, there is no way to pay for that other than by raising other revenues. One of the banners as we came in, madam, was a two-sided banner with an introductory offer for GST of 3%, and he flipped it over and then it was 5%, and then it was 10%. If this amendment is passed it should be done in the knowledge that the most likely outcome will be an increase in the revenues to pay for it, and that is very likely to be an increased rate in GST as part of that overall redistribution.

2440

So I do not think people should be naïve in passing this as being somehow the nirvana, because it is far from that. I am certainly left with seeing all the attractions of why it is here, but seeing a lot of downsides. Certainly I have a lot of anxiety that we are making a significant policy change on the back of an amendment and very little information. I do think P&R need to justify their support in very strong terms when they respond to the debate.

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The Deputy Bailiff: Thank you.

Unless someone is promising they can only talk for one minute and 30 seconds I think we will take the opportunity. We are returning at 2 p.m., so we will adjourn for lunch now.

*The Assembly adjourned at 12.29 p.m.
and resumed its sitting at 2 p.m.*

Tax Reform 2026 – Debate continued

2450

The Deputy Bailiff: Who would like to speak next on this amendment?
Yes, Deputy Bury.

Deputy Bury: Thank you, ma'am.

2455 Just starting with the point Deputy Camp made about declarations of interest. Possibly, it depends when it comes in. A fast flying tour to adulthood, which is making me feel very old. That is my declaration of interest, if needed.

I am going to try not to repeat many of the points that have been made, but I will – as has been done previously – take the opportunity to entirely agree with Deputy Inder. *(Laughter)* Many of us can agree with the sentiment of this, absolutely, but as has been said, the untargeted universal nature of it is where I and the members of my Committee come into difficulty with it.

As with most of our non-contributory benefits at ESS, we target them at those who most need them, trying to balance the fiscal responsibility with the needs of the most vulnerable members of our community. Perhaps if we were in the good old days when we were awash with money then this principle good be adhered to, that was very strongly made in Deputy Malik's speech. But we are not in the good old days, we know that. That is why we are here having this debate over many days. We are trying to balance the needs versus the principles.

The non-targeted nature is really the main issue for us at ESS. The other part is that ironically we have been directed to make savings on our Family Allowance benefit, which is not subject to a means test, but an affluence test. It has a cap of a household income of £125,000. If you are above that you cannot claim it. We will then have two Government policies with no coherence whatsoever. The targeted one to the people who need it will have a cap and then there will be an untargeted one for everyone.

What I wanted to say to Members, as we have been directed to review Family Allowance originally in a savings capacity, there is the possibility that if the principle of this amendment is supported we could pivot. We could look at the Family Allowance differently if Members want to up that support but still, within a targeted nature, we could soak up this debate and – I will give way to Deputy Leadbeater.

2480 **The Deputy Bailiff:** Deputy Leadbeater.

Deputy Leadbeater: I thank Deputy Bury for giving way and I apologise, I did not want to disturb her. But this amendment will help people in respect of Income Tax, not across the board, as in there will be Income Tax breaks for people, not a broad-based universal Family Allowance. This would only target people that are working. That is the difference for me, because this is working families that we are targeting, rather than the broad brush of all families.

The Deputy Bailiff: Deputy Bury.

2490 **Deputy Bury:** Okay, yes, some nuance to that.

I would like to bring a bit of colour to some of the arguments that have been made, primarily I think by Deputy Montague around obviously our issue with birth rates and those declining, as are our younger population. Recently – I do not know what it would be, a professional body – the International Social Security Association held a conference around this very matter, declining birth rates in Europe and how the social security challenges and responses can help to mitigate.

The evidence from that shows that financial support is quite minor in what is preventing people possibly having children. Evidence suggests that this decision is increasingly influenced by broader factors. From the OECD they were cited as affordable and accessible housing, affordable and accessible childcare, adequate parental leave, shared parental responsibility, flexible labour market participation, and simplified access to services. These are the things.

I know it has been said that this will not be a panacea, we are not going to give people a bit of a tax break and suddenly be flooded with children, but I think it is important to note that it has been evidenced elsewhere that it is a minor factor. If we take that in the context of what we are talking about here, the cost of this particular amendment, perhaps we should be looking more broadly at services, housing, childcare, etc.

I think that was everything I wanted to cover, but although Deputy Leadbeater is making a slightly separate point, it is still something that we at ESS can do. We could not approve this amendment, not incur this additional untargeted cost, and we could go away and look at Family Allowance through an entirely different lens, and still perhaps potentially meet the principle.

2510 Deputy Malik was mentioning around the difference, and it was quite an academic distinction between a tax break and a benefit. It is accurate. But when you are looking at it in the round of how much it is going to cost us, that does not really make any difference. I am not going to give way.

I would urge Members to reject this amendment on the basis of this untargeted nature. We simply cannot afford, as others have said, to be giving such money away to those who do not need it. That really goes against the grain of what we try and do with our benefits at ESS.

2515 Thank you.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, ma'am.

It is a shame there was no give way, but I have not spoken. As somebody that is on record saying they are pro-family and they feel that the GST package, the tax package, is anti-family because the family wagons are targeted in the motor tax, and the GST, the affordability; this amendment is very light on figures. Which one is it; is it £10 million or is it £15 million? Does it replace what Deputy Bury was talking about, Family Allowances? Does it come in instead of that? Do we have reform at social security and go right through the whole thing? Should it be means-tested? There are probably a lot more questions I have on this one than answers.

2525 But I have been banging the drum even in this meeting for something that the French have got, Les Grandes Familles. That does encourage people to have children and raise their children in France. That is exactly what they are doing in other countries. I suppose, in a way, Guernsey did that a bit more. I know we are scrapping mortgage relief on properties. I do not know how much that saved with the reduction of interest. I do not know if P&R have got a figure, but it would be very interesting to learn. I understand they are supporting this amendment but if we have saved £10 million or £15 million there you could afford to put it into this one here.

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So definitely means-tested, and I like the idea of supporting local families, so that gives you an idea where I stand. But first and foremost, our economy has got to be able to afford to do this. I have been saying for a long time now, let us get Guernsey going. Let us go for growth. Let us make that our number one priority. I will give way to Deputy Inder, but where is our strategy for growth?

2535 So definitely means-tested, and I like the idea of supporting local families, so that gives you an idea where I stand. But first and foremost, our economy has got to be able to afford to do this. I have been saying for a long time now, let us get Guernsey going. Let us go for growth. Let us make that our number one priority. I will give way to Deputy Inder, but where is our strategy for growth?

The Deputy Bailiff: Deputy Inder.

Deputy Inder: Deputy Vermeulen and I had a coffee this morning, but I paid. *(Laughter)*

Again, I have got to put some challenge in, Deputy Vermeulen. France, absolutely right, the Grande Familles tax is a great piece of work, but does he realise that is paid for out of their tax and VAT rate? The French tax rate starts at around 40% and their VAT rate is 20%.

2545 With the greatest respect – I was going to use the term 'cognitive dissonance' but I will not – there seems to be a certain dissonance between the desire for growth, but not wanting to try and find any revenues; the desire for supporting families, yet not reflecting on the fact that we are running out of money. As someone who is likely to vote against this tax package, can he in any way square for us – for the Members and the public outside – how someone who has been around politics six months longer than I have squares this ability to want a policy without wanting a broader tax base? The same sort of question I had for Deputy Matthews.

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Sorry, that was far too long, I beg your pardon.

The Deputy Bailiff: No, you are all right, you are only one minute and 20 seconds. Deputy Vermeulen.

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Deputy Vermeulen: People are accusing me of filibustering but I keep getting questions like this, and I keep trying to answer them.

2560 If we have a look at what Deputy Parkinson was telling us, and where we are right now with our accounts, they have improved. We have got more than we thought. It is far better. It is robust, as described. I think Pillar Two keeps coming up. Is it £10 million? People are still upset that the original suggestion was it was only going to be £10 million and then by magic, out of the back of the sofa, it increased. It is up to £42 million and Deputy Parkinson thinks it can be more, but it does come
2565 with a caveat that we have to be careful that we do not lose those businesses which we have set up on the Island.

If we look again at France, yes, they have got the TVA over there, their French form of Income Tax. It is a much bigger country but they have also got visitor tax, *taxe de la city*, and a GST tax, so you are paying all those things when you go there and visit. They are harvesting money from visitors.
2570 Having visited Saint-Malo recently they are doing quite well. I am quite envious of the investment that is going in around the ports and in the city. Quite envious of that.

Yes, I am pro-growth. I do not want to alienate, which has happened. This is very genuine, Deputy Niles. I do have genuine concerns when families are writing to us saying they do not see a future for their children and they are going to up sticks and leave because of this. We have got to realise the here and now, exactly where we are financially. It is no different from the UK. In the UK
2575 families are being hit left, right and centre. They are in the middle of a cost-of-living crisis. Interest rates have gone up on their mortgages, you have got electricity at an all-time high. They are being hit left, right and centre.

Interestingly, this programme I was watching, they said there is talk about a shortage of housing. I thought, 'Wow, I had better concentrate here because this is what we are being told in Guernsey, we have got a shortage of housing'. This lovely young mum who was being interviewed said, 'Well, we have not got a shortage of beds but we have got a shortage of housing'. It seems to be that everybody wants single occupancy, their own house. We had a letter today about people being trained how to navigate just that, a property, housing. They seem to be single parent mums being
2585 remarkable well-trained. I have not written that; that has been written to me.

That is where I am. Growth first and foremost, that should be our priority. We should not price ourselves out of the market, and we definitely do not want to lose the people that are living here and contributing positively, the painters, the decorators, or the window cleaner that was outside chatting to us all. All those trades, they have all got their own businesses and they are all feeling like they are disenfranchised. We must not do that.
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It is a very interesting Proposition this, and I would like answers to those questions that I have raised to help me make my decision, but I am definitely supportive of families, especially Guernsey families, every time.

Thank you, ma'am.

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The Deputy Bailiff: Deputy Gollop.

Deputy Gollop: Thank you, madam.

I want to support the amendment. I probably agree with a lot of what Deputy Inder said inasmuch that he is right that some other countries like France have, over the year, sometimes successfully targeted the growth of families and reversed or partially reversed declining birth rates, but at a huge cost of tax.
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I agree that Deputy Malik does not speak often enough because we like to hear what she says. But I do not agree with her in the sense Deputy Bury meant, in her questioning of targeting. Unfortunately we have not got the erudite knowledge of Deputy Sloan here today directly, and why
2605 he prefers universal benefits to targeting. But this is an old debate, and I remember when in my first term we had the equally erudite Mr John Roper, who was the late Director General of the Financial Services Commission. I recall – I hope accurately – that he was against targeting and for universal benefits as well.

2610 There are many problems with targeting. I think it has become a very sort of progressive policy, but I think at its worst targeting costs administrative time and effort. It also creates unintended consequences. It can create cliff edges and it can have perverse disincentives. Already we have a view on the Island that if you are lucky enough – or you might be wealthy, I suppose – to qualify for Income Support, you qualify for a large number of other medical and social benefits, but if you are
2615 over a certain level you do not.

I think a lot of the protest we have been hearing and reading about has come from what one could loosely call middle Guernsey. When Deputy Inder and other Members say, 'What is the point of giving this money to really affluent people?' I think we would all have different views – as Deputy Van Katwyk reminded us earlier – of who are the well-off people. It is a little bit presumptuous to assume that people who might on paper have a high income would not
2620 necessarily benefit from this, and it would not make a decision in their minds of (a) staying on the Island, and (b) having maybe an extra child.

I agree, there are many other factors to this – housing being a very important one, and Health Services. I am not going to die on the means-tested element for two reasons. The first reason is this is getting permission for – to answer Deputy Vermeulen's point – a non-means-tested Income Tax allowance available in respect of each qualifying dependent child to supplement existing Family Allowance payments. But of course when the detail comes back it could be that we will pivot.
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When we start talking about allowances, not only is there a means test now with Family Allowance, but somebody mentioned carer's allowance or attendant's allowance, I believe it is £100,000. There are other allowances where the means test is really low, so we are all over the place in reality about means testing in any event.
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The thrust of this amendment is that it will be universal. There may well be exemptions down the line when the detail comes back, but I think the whole point of it is – and Deputy Montague made the argument eloquently – about trying to encourage family life and at least not increase the demographic inequality, the generational inequality, and to find ways of making family life more affordable and, therefore, increasing the birth rate.
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I remember one of the political crises of the last decade which I survived was when we had the midwifery inspections and the strengthening of that service. Ironically, we then put a lot of financial resource, effort, and medical professionalism into the birthing of children at a time when suddenly the numbers dropped off the cliff. So we were in a situation where UK regulatory practice and reports meant that we had to put more resource into what in reality was a diseconomy of scale.
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So many of our other issues, like schools, depend upon a sustainable birth rate and sustainable families staying here. This at least focuses the attention where it should be. How can we – whether we go for GST or not – afford to provide more for the people who need it.

That brings me to a topic nobody else, to my surprise, has mentioned, which is why I particularly hope the social Committees and Policy & Resources members will support this. Only a few months ago we did the Government Work Plan and we had three overarching strategic areas: foundations for our future, children are that, babies; sustainable wellbeing, well that surely is about a sustainable society and Deputy Ozanne I think made that point in a way; and Island resilience. Resilience means having the right infrastructure to support families.
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Then we had five broad focuses from Leale's Yard to tax reform, which we are on now. We also had one on sustainable health and care, agreeing and advancing a programme of changes to create a system scaled appropriately for the Island. Another important one: early years and families, strengthening the focus on family support, childcare funding, and early years' health.

If we get through this meeting some of us have a Corporate Parenting Board next week, which I have chaired and appreciate being a member of. That is for a specific group of children who are very important to our society who may have been through foster care, but I believe on a wider level we will reintroduce a children and young people's group. We need to actually live up to those bold aims. I know the Chief Minister, in particular, really wants a bit of a game-changing approach to improving family viability in Guernsey. I suspect Deputy Matthews does as well. This is surely a mechanism of doing it.
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I know it is a bit wordy, the explanatory note, and I did not write it, but it does make the point that despite the policy letter's modelling, the distributional analysis demonstrates that in many cases – no wonder we have protests outside – households with dependent children, including lone parent households, are expected to experience a worsening change in their financial position than other households within the same income decile.

This reflects the reality that income alone is an imperfect measure of a household's ability to contribute. That is very true because some people can have a high income – and I do not think I come into this category – and a carefree, bachelor lifestyle. I would not particularly benefit directly, whereas others have dependent children. As parents are now increasingly from split families, and sometimes at an older age, we have to take that on board as well.

Families with dependent children face significant, unavoidable expenditure that is not borne by households without dependents. Treating households with the same income but markedly different financial responsibilities in the same way risks producing outcomes that are inequitable in practice. The amendment seeks to correct this imbalance. A fundamental principle is taxpayers should contribute according to their ability to pay, yet households with dependent children do not have the same disposal income as households without dependents or equivalent earnings. The costs of raising children are substantial and materially reduce the family's capacity to contribute.

We want to encourage the growth Deputy Vermeulen does. We also want to encourage, where appropriate, for parents to both work and be entrepreneurs and all the rest of it. If they had more money in this way that will contribute to family viability as well. So I support this.

We have heard from Social Security members that we already have an Income Support scheme which incorporates child requirements when assessing household need. Guernsey already recognises the additional costs associated with dependent children. We also have a Charge of Child Allowance. But they are niche; the Charge of Child, as I understand, is for qualifying lone parents.

What we need to do – and I think this is the way to sell tax reform – is we need a package which benefits not just the poorest minority, but everybody including working families. If I am honest, I think we need a little bit of redistribution of wealth – I will.

The Deputy Bailiff: Deputy Ozanne.

Deputy Ozanne: Thank you, Deputy Gollop, for giving way.

I just want to clarify that Family Allowance at the moment is available for everybody up to £125,000, so it is not just 'for the poorest'. It is in a sense means-tested, but it has a very generous cap to it.

The Deputy Bailiff: Deputy Gollop.

Deputy Gollop: Yes, I can agree with Deputy Ozanne on that point, but I would say we have lived in a climate for at least a decade since the first tax review when, to my shame, I voted against Family Allowance at one point when we had a rather authoritarian and austerity-type tax review. What has come out of it in reality is Family Allowance has in real terms reduced. Elements of Family Allowance have been redirected, understandably, towards childcare. I heard political rumours that perhaps Family Allowance might be targeted again with savings cuts, or the business of targeting might change.

I know this amendment is not designed to redesign Family Allowance or to abolish Family Allowance. It is something different. It is an allowance in terms of taxation. Its purpose is to spend wisely, let us say £10 million, to encourage families of all kinds, not just those who receive it. I think even quite affluent people have higher mortgage costs, for example, if they need a bigger house. They have higher eating out costs, higher food costs, higher transport costs. Even going on holiday is obviously more expensive for five or six than for one, two or three.

The point of this is not just to redistribute between the affluent and the less affluent, but perhaps, I am afraid to say, for single people and childless people to realise that although they might not

benefit directly, we all benefit from an inclusive society that maintains critical mass. That of course is another point. We are seeing this in Alderney a little bit, that if the number of families drop it has repercussions for leisure, sports, schools, pharmacies, GPs and everything else. We need to keep families of all income levels happy.

The Deputy Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, madam.

I will be very pleased to support this amendment. I think it is very well thought through and I thank Deputy Sloan for doing the thinking on it, and to Deputy Malik for presenting it. I very strongly support it.

Deputy Ozanne opened up by asking if we support a tax break or an allowance for families, where does it end, would we support anything else, would we support people who are carers and people with other responsibilities like that. I think Deputy Montague largely answered that question, and we have discussed this many times around ESC. Largely the reason why we are here debating tax policy and why we have difficulties with our fiscal policy is because of this really profoundly existential threat that we have from population decline. That is what is driving the difficulties that we have in our finances, because we have fewer working age people and more retired people. Our dependency ratio is worsening.

That is what sets apart a tax break to make having families and children more beneficial than anything else. That is the differentiator that makes it different. That is why it is in our interests as a society to support this. It is not just a case of saying, 'Well, this is a group that I would like to support' it is actually, 'This is what we should be doing in order for Guernsey society to continue to exist'.

In terms of how it actually achieves that, Deputy Bury I think queried whether we should be having targeted or universal benefits. That is a valid question to ask – and I think in general there is a case for universal benefits – but certainly in this case there is a case for saying we should just have it there. We should encourage people. We should make sure that Guernsey is seen as being a place that is a family friendly and children friendly society.

In fact, I would consider bringing that as an amendment, and it is a matter of regret that I did not bring it to some extent, to the Government Work Plan to say that should be the only priority that we have as the States of Guernsey is to try and turn that around. That is clearly something we are struggling to achieve at the moment. Many countries across the western world are having the same struggle, I think we are probably having it slightly more acutely in Guernsey than other places.

It is something that as a Government we need to be addressing as our top priority. We should forget about all our other – well, we do not forget about our other priorities but this is our most important thing that we need to try and address.

I do recognise that many people will say, 'Well, this is just a small tax break.' As Deputy Oswald said, I do not think anybody is going to change their minds about starting a family on the basis of a tax allowance. There was a whole conference amongst social security groups saying that these changes can be quite minor and have little impact.

There are two points here, firstly it is true that pro-natal Government interventions can be quite minor in their impact, but one thing we do know is that Government can have a very profound impact in encouraging people not to have children. We know that is the case. What we really need to do is try and turn that ship around. Yes, of course it is a case that it will not just be done through tax allowances; the whole system needs to be looked at from top to bottom. What are we doing in terms of provision of housing, the cost of living, availability of jobs? But that is not a reason to reject one individual component from it; this is an important factor too. If we rejected all of them and said, 'Well, that on its own will not make any difference' we would not get very far at all.

That reminds me of the final point that Members seemed to have picked up on. Deputy St Pier said that it did not have a lot of detail in an amendment, this should have a very weighty policy letter attached to it and be discussed in much more detail. Deputy Burford concurred with that view that more detail would.

There is almost a parallel with a decision that couples might face when they are thinking about starting a family. If you thought about how much it was going to cost you, you would just never do it. To some extent you need to just say this is something that we know is a useful thing for us to do. I am sure Policy & Resources will be able to work out the detail in good time, and so I am very happy to support this amendment, the principle of it, and I commend it to Members to support it also.

Thank you.

The Deputy Bailiff: Deputy Strachan.

Deputy Strachan: Thank you, ma'am.

I am sitting here writing notes about what I wanted to say, 'Okay, somebody said that, somebody said that.' I am not doing very well, so it will be short.

I want to thank Deputy Montague for setting us off on this concept of this existential issue that we have got with this. We then went down a few rabbit holes, but I was glad to see Deputies Gollop and Matthews pick it up again because I am very much of that line as well. I think that Deputy Sloan in writing the address to open this also addressed the fact that we had not yet spoken about families. We do have a big problem here and while we know that it is worldwide, or at least in developed nations, we also know that we have unique tools here that perhaps the UK and other much larger jurisdictions cannot enact.

We are here talking about tax but I would like to see us be much more ambitious with a package of support that we give to families. That is why I was very pleased that the Government Work Plan, which Deputy Gollop mentioned, does have an early years stream in it. I just wanted to put my voice to what Deputy Camp said, if this does fail I do hope that we will pick this up and be more ambitious with it.

Deputy Bury mentioned that money alone will not move the dial in terms of a higher birth rate, but then she mentioned housing costs and childcare costs. It is actually money that sits at the heart of quite a lot of those decisions that are made. We have had some very thoughtful emails to Deputies with some good suggestions about how people would like support, and I would like to see this be something we engage our voters in.

On the topic of money, what really saddens me is that sometimes we will get emails and people will have one child and at that point they will know how much it is all costing. That is the point where they say, 'I just cannot afford another one, so we are just going to have the one' or, 'We are not going to go to three' even though they would dearly want to. I would like for us to be able to facilitate that where possible.

I am sure P&R may pick up on this but we do actually have, Deputy Gollop, a new political oversight group which is going to pick up from the children's boards, called the Children and Family Policial Oversight Group, which is a cross-Committee group where I am hoping we can pick up some of this work. I am one of the members. But I would say that on the HSC Committee the majority of us wanted to be on that group so I think we are, as a Committee, pretty much 100% behind this work.

Coming to Deputy Inder's point, where is the money going to come from. I would flip this on its head and say we are leaders here, we need to take the long-term view. We have just heard from several people this is an existential threat. This is not just a 'nice to have', this is our future economy, this is our future direction. I would like to see us investing in this way and others.

I will be supporting this amendment.

The Deputy Bailiff: Deputy Kazantseva-Miller.

Deputy Ozanne: May I ask, will you be asking, ma'am, for people to declare their interest if they stand to gain from this?

The Deputy Bailiff: No, I am not minded to do that, Deputy Ozanne. You could argue that people who have had children and now they are not under 18 anymore do not have an interest, but they quite conceivably could. It is too complicated a matter. This is a family amendment that it would be I think impossible to accurately reflect who in fact has an interest. Maybe those who have an interest that they do not have children, that is also an interest. I am not going to make this a declaration of interest –

Deputy Ozanne: But if they stand to benefit, ma'am, if they have got children under 18 –

The Deputy Bailiff: No, I have made my decision, Deputy Ozanne. I do not think that this is one where you need to declare an interest. Thank you.

Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, madam.

I am grateful to Deputies Malik, Sloan and Montague for bringing this forward because this is the kind of amendment I would have brought forward as well. In fact I brought forward, together with Deputy Heidi Soulsby, a successful amendment exactly around this area, looking at supporting families with a view of those support packages improving also workforce participation. I know Deputies Cameron and Leadbeater also had an amendment during the last political term very much in the same sphere.

To me this is one of the areas where I would have actually liked the overall tax package to be a bit stronger in direction of travel with the package that was brought forward. But notwithstanding, I think we can still make changes in terms of the direction of travel we want the tax policy to take. This is the reason, as Deputy Gollop indicated, this is already encompassed in one of our super priorities. If this amendment did come forward I would have hoped that these kind of levers would have already been on the table and considered as part of that super priority of shaping and strengthening our focus on early years and families.

This brings me to the point that while some see this tax package is just filling up a bit of a black hole, to me it is about the project future that Deputy Niles and others are talking about. We have seen dramatic birth rate declines in just a matter of years. From the time I had my first children about 13 years ago, that birth rate has dropped about 40%. That is not a small decline, that is a dramatic drop. We are really reaching a point of an existential crisis.

To me that figure about the project future that we want to build perhaps best tries to encompass the status quo position, is figure 3 on page 15, which represents the amount of public spending per age category. What has always stood out to me when I have seen this figure through the tax debate proposals being shared with us is just look at how little we spend on our population under 20 compared to where the public finances are spent elsewhere. It is a fraction of what we effectively spend on our elder, well-deserved, generation over 65.

This brings me to the point that Deputy Rochester was making. What kind of community do we want to build and where do we want that investment to go? This brings me to the fundamental question, if we are thinking long-term surely early years and children is where we absolutely want to be investing, regardless of their financial situation. This is the area we need to be investing. I find the discussions about, 'Well, if a child is born into a slightly wealthier family they are actually a bit less worthy of that investment' is a misguided approach at this stage.

The tax allowance support is not only about potentially increasing our birth rates, it is about potentially looking to improve workforce participation, helping with childcare cost provision, all of which could have lots of positive economic benefits. The key issue that is coming and is heartbreaking is to hear those personal stories from families who are saying, 'I am making a conscious decision only to have one child, or not to have any children at all'. I think we should all be heartbroken about those types of stories. That issue of financial stress is absolutely then translating into the inability to access housing, inability to perhaps access the healthcare that is required. So support with children will have ripple effects across the board.

2870 As I said, to me this is the area of the tax package I feel we can improve on. Although some
Members are a bit concerned perhaps that the amendment is quite strongly worded, because it is
saying 'direct to introduce' but I actually quite like it because sometimes slightly more wishy-washy
amendments leave a bit too much scope for nothing happening. I feel by sending a very strong
message today that this is the type of initiatives and levers we want to be included actually sends a
2875 very strong message of the intention of this Assembly. I will give way to Deputy Inder.

Deputy Inder: Thank you, Deputy Kazantseva-Miller, for giving way.

It is just the hard stop. The implementation I think is really referenced in what Deputy St Pier
said and yourself have repeated, 'with the effect from the implementation of the wider tax reform
2880 package, or as soon as reasonably practicable thereafter'. In my reading of that there is not
necessarily a hard stop at implementation. If they cannot make it, the work will be completed at
some point in the future. Would you agree there is less of a risk, as Deputy St Pier implied, because
there is effectively no cliff edge or hard stop on this?

2885 **The Deputy Bailiff:** Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Yes, I guess I would tend to agree. I think what I am trying to say is
it both sends a strong intention of direction by the Assembly, but also gives enough levers for the
Policy & Resources Committee to come back with proposals that they feel are right to bring forward,
2890 either as part of the tax package or at another time, or come back and rescind the resolutions
because they might have done the work and said, 'Listen, this is completely unaffordable and
something we do not want to do'. But I quite like the stronger direction of travel that Deputy Sloan
decided to stick with and stick to his guns and go with.

There were questions raised about a means testing. This is not something, first of all, we need
2895 to predetermine today, but I guess this is the fundamental principle about our decision to invest in
young people. I do want to mention that I think both Deputy Ozzanne and Deputy Bury were very
quick to their feet to say, 'Listen, we think a lack of means testing is unfair'. I do hope that I will see
quite a lot of proposals coming from the Committee for Employment & Social Security to perhaps
change the way some of our benefit systems are currently distributed, because a lot of it is not
2900 means-tested. So I am looking forward to all of those proposals to come from Deputy Ozzanne about
making the benefit system perhaps more fair. I do look forward to that.

I do want to mention one thing. While I feel strongly supportive of this amendment I am only
doing it because I am intending to support the overall tax package and the direction of travel of
raising more revenues and ensuring we have stable public services. I am comfortable with
2905 supporting this amendment in that position, and I think it would be disingenuous for Members who
are not intending to support the tax package to go ahead and support this amendment. Again, we
cannot be in this fantasy world – I am not going to give way – where we are happy, like
Deputy Matthews, to continue spending more and more public funding but without committing to
revenue raising.

2910 So I do urge Members who have no intention of supporting the tax proposals, please do not
vote for this amendment.

The Deputy Bailiff: Thank you.
Deputy Collins.

2915 **Deputy Collins:** Thank you, ma'am.

With respect, I am doing my best. Mrs Collins reminds me that I should definitely be supportive
of this and, just to declare an interest, we are keen to have some more children. Even though, like
this week, we disagree on the numbers; she would like four, I would like two. We have one daughter
2920 at the moment. But, as I say, just to declare that interest.

I have heard a few people talk about single parents, but we do have an additional allowance for single parents. As you well know, ma'am, the allowance £15,200 this year. Single parents are allowed to get an extra £9,800 that makes it up to £25,000 of allowance, and of course if they are over a certain bracket that reduces, as you well know, ma'am.

2925 Another interesting fact is of course we have 900 single parents in the Island, of which 300 are in receipt of some form of benefit from my former Committee, ESS. It is interesting we have 600 parents that are reliant on perhaps the allowance so again, if you were going to change it hopefully that will be taken into account.

2930 I did not really want to speak for very long but I wanted to pick up Deputy Montague's point. He also raised this OECD chart. On the 38 countries, if you take the average country size of population, that is 36.8 million people as an average, so perhaps we do not fit in the average box of that because we are an Island with possibly 65,000 – maybe a few more, maybe a few less, I am not too sure exactly on the population numbers.

2935 On the education point of view – as he has well-educated me on, being on EDDIAC – we take a good chunk of our population and put them into private colleges. That means that as a percentage that is not quite, compared to other places, the average children that go to private college.

2940 I think that is all I really wanted to say. I think it has all been said. I echo the fact that I think this will cost £10 million, and I am not too sure what to do with this because the five years I have been in this place I have never abstained yet once, because I feel it is my job to vote yes or no on these matters. For me I am absolutely head and heart, because I agree that this is an additional £10 million that we cannot afford. On the aspect, I am desperately keen to get more families having children.

With my own personal conflict I may abstain. I may well change to a different view. I am really conflicted on this one.

Thank you.

2945

The Deputy Bailiff: Deputy Cameron.

Deputy Cameron: Thank you, ma'am.

2950 I am a little late to the party but may I offer my congratulations on becoming Bailiff. It has been a memorable debate, both inside and outside the Chamber. I wish you every success in your new role.

The Deputy Bailiff: Thank you.

2955 **Deputy Cameron:** I am happy to support this amendment. As others have mentioned, I think it sits comfortably alongside one of the priorities in the Government Work Plan, namely supporting children and families.

2960 We have heard from Deputies Bury and Ozanne speak about targeted support for families, and family allowances. I understand that approach but I do worry that we are slowly creating a society where only the wealthiest and the poorest can realistically afford to have children, while ordinary working families increasingly fall between the cracks. As Deputy Leadbeater mentioned, there are many people out there who are hardworking and earning good money but simply cannot afford to have an additional child. Deputy Kazantseva-Miller has added many more valid concerns.

2965 I ask Members to consider what sort of community we will become if this trend continues. Deputy Bury quite rightly suggests that more affordable housing and expanded childcare provision will have a greater impact, and I agree that both are essential. However, these solutions are still years away while many young families are facing these pressures today.

2970 As Deputy Gollop has mentioned, expanding funded early years education from 15 to 30 hours would be one of the best investments we could make in young families. It would support children's development, help parents return to work, and strengthen our economy. The amendment pursues the same objective from a different direction, by recognising the financial responsibilities that come with raising children.

As Deputy Strachan has mentioned, supporting families should not be seen simply as a cost; it is an investment in the Island's next generation who will ultimately support our Island's future prosperity. For those reasons I am happy to support this amendment.

Thank you.

The Deputy Bailiff: Thank you.

Deputy Rylatt.

Deputy Rylatt: Thank you, madam.

While I do not know if it is what Deputy Sloan intended, the debate has clearly become a bit of a proxy debate for how we tackle our birthrate issue. While I am incredibly in support of the objectives behind this I think Deputy Bury has some very well-made points regarding the need for evidence and the need to approach this issue holistically rather than through a single tax measure.

Building on that, I would like to cite the example of Hungary. Hungary has one of the boldest pronatalist policy agendas in the OECD. Since 2010 it has introduced a range of measures, including zero interest baby-expecting loans, debt forgiveness for couples with children, personal income tax release for mothers, and housing support for married couples. They spend 5% of their GDP on family subsidies. To put that in a Guernsey context, that would be the equivalent of around £175 million. Yet, between 2011 and 2024 Hungary's total fertility rate rose from 1.23 to 1.39, an increase but remaining well below the replacement rate of 2.1.

Guernsey is obviously not Hungary. We are not in a position to allocate anything like 5% of GDP to family subsidies, but I think the point is instructive. Even very large, very expensive, and deliberate policy interventions do not produce simple answers to declining birth rates, which I think speaks to the need for dealing with this very carefully. We have now, as Deputy Strachan mentioned, the Children and Families Political Oversight Group, which I have joined as ESS's representative. Through that work I really would like to see us take the mantle on this, examine these issues, and properly develop policy proposals in a sober and evidence-based way.

This amendment I do not think is that. As we have heard, it has no clear costing, appears to have had limited consultation, and may have revenue implications between £10 million and £15 million.

One of the most circulated criticisms of the wider tax reform package – and I am not saying I necessarily agree with it – is that in revenue terms it risks being all of the pain and none of the gain. If we approve an uncosted amendment on this scale, that argument probably begins to grow legs. From a fiscal standpoint it becomes harder to say that the package as a whole is raising revenue for the long-term sustainability of public services if we are simultaneously carving out a large and uncosted hole in that same revenue base.

From what I can tell, there also appear to be no real policy rationale for how this allowance would sit alongside Family Allowance, on which we already spend between £6 million and £7 million a year, and is something that, as Deputy Bury mentioned, ESS are reviewing.

In closing, from me it is very much yes to the principle, yes to the objectives, yes to ESS and the political oversight group taking the mantle on this issue I hope, but I am not convinced on the execution of the proposal, and it is a no to making major family policy through an amendment that does not yet have the evidence to support it.

Thank you.

The Deputy Bailiff: Deputy Blin.

Deputy Blin: Thank you, ma'am.

First of all I would like to thank Deputy Malik for bringing this forward. It is clearly a really important part of our society, especially for all the reasons mentioned of growth and all aspects of our economy. I just want to bring two other points. There was the bit that I first reacted to about the means testing. Listening and actually thinking about the situation, families with good incomes,

two people working, etc., without children is very different to that same income with children and with all the other costs there. So I do understand now what initially I was a little bit concerned about.

They are all persuasive arguments to bring this but my question is really, this needs broader discussion and it has just been raised by Deputy Rylatt as well on the basis of the costs. It is not fully costed, we have this £10 million to £15 million of what it will cost through the tax allowance, and it is coming on as part of the tax reform. So actually this debate is something that should be almost done very separately and different to this.

Therefore, this is not to me part of the whole tax reform, it is more about the whole conversation of supporting families, it is about our demographic challenges, it is about children, it is about housing, and it is about our economy. For me these issues are way too important to be considered just part of a wider tax package.

I was particularly taken by the speech of the President of ESS, Deputy Bury, who made the point well, and I very much agree with this, especially when it is almost taking the mantle to say this is something that they would like to look at as a whole, because it does not just stop in this area, it expands to many other areas. It is really a comprehensive review of family support, the taxation, the childcare, the housing, the other policies, all working together to address our economic and long-term demographic changes.

If, following that work, the Assembly concludes that a Child Responsibility Tax Allowance is the right approach, then I would be very happy to consider that and support it because we all know where it sits. But this type of good policy does deserve its own debate, and it deserves proper evidence and that we do not have this as a sort of add-on within the tax reform.

For those reasons I hugely support the principle behind this amendment but I will not be supporting it in this instance unless it comes back through as part of a larger package.

Thank you, ma'am.

The Deputy Bailiff: Thank you.

Alderney Representative Hill.

Alderney Representative Hill: Thank you, ma'am.

I can safely say I do not have a vested interest. I do not have children.

When we were shown the presentation about the need for GST we were shown a graph with a funnel, and on that funnel it was crystal clear exactly where the problem is. There are not enough young people to keep the larger demographic – well, I had to say in funds but certainly in care and in health. There has been talk here of £10 million to £15 million as if that is money just thrown in the street. You reap what you sow. Those are the people who are going to be paying the taxes and the things you need later on. It is not money just put into the air conditioning unit; it is money that will grow the population and will grow your tax base.

I just want to point out something where Deputy Bury and Deputy Rylatt questioned the effectiveness of such a package, and I can tell you that in Alderney in 2008 when we had the financial crisis and everything our birth rate dropped dramatically, so much so that you can see now 17 years on we only have seven or eight people in that age group. If they had been given a package because of the financial uncertainties and things perhaps that sort of issue would not come. If you want direct absolute hardcore evidence that giving people a financial leg-up for having families, you cannot get a more clear crystal example.

Also about who gets it. There is an assumption that people who earn over a certain amount are somehow okay, but I find that it is those very people who are deciding not to have a second child, and they will be the income earners and the higher achievers in the future as much as those who really need the money. Both in childcare and also in housing this cliff edge problem is if you earn just a little bit too much you get nothing, and that is stopping people from having children and also wanting to stay on the Island because they feel left out. They earn just too much to be bothered about, and please remember that when you are assessing this potential childcare option.

Thank you very much.

The Deputy Bailiff: Deputy Van Katwyk.

Deputy Van Katwyk: Thank you, ma'am.

3080 Unlike my good friend and colleague, Alderney Representative Hill, I do have a vested interest and that interest is currently waddling around in short sleeves and legs at the moment. I will declare that interest now.

I would also like to rebuff one of the assertions made by another good colleague of mine, Deputy Kazantseva-Miller, who I have the utmost respect for her hard work, intelligence and
3085 professionalism. However, saying that just because we are not voting for P&R's tax package we should not vote for this I think is a bit misleading of some Members. (**Several Members:** Hear, hear.)

Let us face it, yesterday we tried to debate Deputy Goy's amendments that could have given us a different way to fund such measures like this, however, I think about 21 Members of this Assembly
3090 decided that we could not have that debate, therefore, I will still be voting for this measure and I will still be voting against P&R's tax package.

Thank you.

The Deputy Bailiff: Deputy Curgenvén.

3095

Deputy Curgenvén: Thank you, ma'am.

I want to open with two payslips. They were printed in the same month by two different employers, and at the bottom of each one is the same figure, £45,000 a year. The first belongs to a man in his 30s, maybe with a flat in town, no dependents, his evenings his own to do what he will
3100 with. His income also his own to do what he wishes. Maybe down the pub, as Deputy Camp may have suggested before.

The second payslip belongs to a lone parent in the Vale with three children at school. Same number, same gross pay, and under the tax system this package would build the new bands, the new allowances, the new tax on everything either of them buys, the same treatment pound for
3105 pound, line for line. However, to the assessment that lands on each doormat next year these two Islanders are identical twins, yet every Member of this Assembly knows they are nothing of the kind.

By what honest measure of fairness can this Assembly look at those two households and say they have the same capacity to contribute to the public purse? Consider what stands between the second payslip and its owner's ability to pay. Before the parent in the Vale has a single discretionary
3110 pound she has fed four people, not one. She has bought the school shoes that were outgrown in March and then bought them again. She has paid for childcare in the holidays so that the salary on the payslip can be earned at all, and the uniform, and the dentist, and the bus fares, and the winter coats. None of it is optional. None of it is deferrable. None of it is a choice in any meaningful sense of the word.

3115 She cannot decline to feed her children the way her counterpart in town can decline to renew a subscription. The Law obliges her to maintain them. Her own heart obliges her more surely than any Law. When we tax her £45,000 as though it was his £45,000 we are taxing money she does not have; a notional, on paper income that was never hers to spend because it was committed before it arrived.

3120 Look at what the parent policy letter does on the income table side and ask why it does. It proposes a new 15 pence band on the first slice of taxable income. It proposes to raise the personal allowance. Why? Not for administrative tidiness. Those measures exist for one reason only, because Policy & Resources accept – rightly, by the way – that the pound is not a pound wherever it sits. That the first pound of a household's income are spoken for by the necessities of life, and that a fair
3125 system takes less where the capacity to give is less.

Ma'am, that is ability to pay operating in the very document we are debating. The question before this Assembly today is not whether ability to pay governs Guernsey's tax reform. The package

concedes that it does. The question is narrower. Having accepted the principle, will we apply it consistently, or will we apply it to one dimension of capacity and go conveniently blind on the other?

What does amendment – I was going to say Amendment 4 but it has changed.

The Deputy Bailiff: Twenty-four.

Deputy Curgenvin: Twenty-four, thank you, ma'am.

What does Amendment 24 propose? Nothing exotic. Nothing untested. It proposes the oldest and plainest instrument Income Tax possesses: an allowance. A fixed sum per qualifying dependent child, set against taxable income so that the tax falls on what a family actually has rather than what it notionally earns.

We already hear an objection gaining ground. A non-means-tested allowance, Members will say – certainly Deputy Inder, who has left the room just for this bit – gives relief to high earners too, to households who cannot plainly pay. Why should the wealthy family in St Martin's get the same allowances as a struggling family in St Sampson's? First, an allowance is not a cheque; its value to any taxpayer is the allowance multiplied by the marginal rate on a fixed sum. It is bounded by design. It caps naturally. It cannot balloon into a windfall for anyone.

Second, what the allowance actually does for every family at every income is identical. It stops the state taxing the portion of income that child raising has already claimed. Third, and most importantly, if Members think the design can be refined, sharpened, better targeted, good. That conversation belongs in the detailed proposals.

Ma'am, switching briefly to how economists speak, vertical equity is a phrase most of us understand. Those with more should contribute more. Horizontal equity is its quieter sibling. Those in like circumstances should be treated alike, and those in genuinely unlike circumstances should not be forced into identical treatment as though the difference between them did not exist. A system can honour the first perfectly and still be unjust if it defines like circumstances so crudely that it herds the unlike into the same pen.

That precisely is what an income only structure does. The package sorts every taxpayer in this Island along a single axis – the size of the number on the payslip – and declares everyone at the same point on that axis to be in like circumstances which, as we have certainly seen in the last couple of days, is simply not true.

On to another objection that we have already heard, which I believe Deputy St Pier has already rightly touched upon timing. Why now? Why in the middle of the largest and most contentious tax debates this Assembly has held? Why now? Because of what this week, or whenever it will be, is. Look at what the package before us actually does. It redraws the Income Tax bands, it moves the personal allowance, it restructures social security allowances, it introduces an entirely new tax on consumption, if successful. This is not an adjustment at the margins of the system; it is a rebasing, a once-in-a-generation relaying of the foundation on which every Guernsey household's contribution will be calculated for decades. Forever.

There is a rule that every tradesman in this Island could recite to us. When the floor is up fix the joists. You do not relay the boards over a known deficit and promise to come back for it, because everybody in the trade knows what coming back for it costs once that floor is nailed down. If income alone is an imperfect base then the moment to build the second dimension into that base, the dimension of family responsibility, is the moment the base is open. I say that moment is now.

Lest anyone reach for the word 'wrecking' or 'ball', which I do not think they have yet, ma'am, one sentence, no more: this amendment strikes not a comma from the package. It adds two Propositions to it. Members who support the reform can support this improvement in the same breath, as I think others will or have explained more fully.

I come back to the desk and to the two payslips laying upon it. If this Assembly passes the package unamended here is what we will have said, not in the rhetoric of the debate but in the arithmetic of the assessments, which is where a tax system tells the truth. To the man in town we

3180 will have said, 'We measured your capacity and we taxed it'. To the parent in the Vale we would have said, 'We measured your capacity too, and we found it identical to that of a man with no one to feed but himself'. We will have said it while raising the personal allowance in the name of an ability to pay. We will have said it in a policy letter that justifies every Income Tax measure by the very principles its silence on children portrays.

3185 This is not a fairness anyone in this Chamber would defend if it were put to them plainly, which is why I have spent this time trying to put it plainly. Amendment 24 asks this Assembly to finish the sentence the package started: contribute according to ability to pay. All of it measured honestly on both of the dimensions that determine it. What comes in and who must keep it.

3190 Deputy Sloan and Deputy Malik have not brought us a novelty, they have brought us the package's own principle, applied without flinching to the households that the package forgot. The reform claims the yardstick of fairness. Very well, let it be measured by it. Let the two payslips on this desk finally read the way every Islander outside this Chamber already reads them: alike in income, unlike in burden, and owed a tax system honest enough to know the difference.

3195 This is what this amendment does. It is the whole of what it does, and it is enough. I support Amendment 24 and I urge every Member who believes the words 'ability to pay' mean what they say, to support it too.

Thank you, ma'am.

The Deputy Bailiff: Thank you.

3200 Alderney Representative Snowden.

Alderney Representative Snowden: Thank you very much.

3205 I am going to be quite brief on this but I think this is exactly the sort of thing that we should be seeing. We will see how the tax debate goes. I doubt we are actually going to finish today. But we do have an ageing demographic and that is what we are taught quite a lot in the tax debate, the problems rolling up and how we need to get more younger people and more birth rates.

3210 But when you actually talk to people who have children or are thinking about children they are simply saying they cannot afford it. They have got a cost-of-living crisis at the moment, everything is so expensive, they have got their rents going up, they have got everything going up continuously, and they are actually scared. They are scared to have children because of the cost of it and how the financial situation may worsen for them.

3215 So anything that we can do to try and help, just the little steps, has got to be beneficial. This is much more longer term thinking about trying to get that birth rate up a bit more, because we know if we do not the problems are going to get worse and worse. We do need to support this today and look at the bigger picture, and this is much more longer term that we need to think about.

I will be supporting this and, thank you, for bringing this today.

The Deputy Bailiff: Thank you.

3220 Does anybody else wish to speak before I turn to Deputy de Sausmarez, who is speaking on behalf of P&R? No?

Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, madam.

3225 I have got copious notes but I cannot remember where I put them. Here we go. Thank you, this has been a really interesting and helpful debate.

I will try to pick up the points that have been raised, especially those that are effectively questions to P&R as we go, but if it looks as though I have not answered them before I wind up please do feel free to interrupt and I will give way.

3230 I should start with a declaration of interest. I do have four dependent children, or fiscal sausages (*Laughter*), as I shall be referring to them from now on, with thanks to Deputy Montague for that.

I think I will come back to that because I have just done quite an interesting calculation, so I will try and come back to that.

What goes around comes around, because actually we used to have this kind of allowance and then it was reviewed, and then it turned into the Family Allowance that we have today. It turned from a tax allowance to a benefit, partly for some of the reasons I will go into. I should clarify again, P&R are supportive, I am supportive. I will be supporting this for some reasons that I will go into, because I think the challenges set by Deputy St Pier are very fair, and they do need to be honestly answered.

We used to have an allowance of this type that went into Family Allowance. There have been a couple of other bits of work that are taking place or set to take place this term, which other Members have helpfully already referred to. One is the work that Deputy Bury referenced that ESS is doing to look at the Family Allowance and see if there are any savings to be had from that.

I should probably mention that the last time that was reviewed it did indeed go down, but the money was reinvested in other ways and that is why we have seen a significant reduction which, I have to say, I have personally benefited from in quite a substantial way. Anyone with boys will know that trips to A&E, for example, are a lot cheaper than they used to be. A&E, GPs, nurse's visit, free dental care, that kind of thing.

I can say as a parent, my goodness me, it makes a massive difference, especially a parent of four. All of the comments about the cost of raising children I can say I have got first-hand experience of. I feel very blessed to have a big family but, my goodness, it does not come cheap. Also I am sitting here slightly bewildered at how much planning goes into other people's children. Something I need to get better at clearly.

A few points of detail. Deputy Inder, among others, has picked up that this is not to be means-tested. I think we have to assume as well that it, therefore, sits outside of the withdrawal of allowances for higher earners. It is potentially expensive. It does not indicate the level at which the allowance would be set. That is the kind of detail that P&R will come back with.

I think it would help if I just jump straight into this clarification. Deputy Burford has already given a bit of an indication of this, but with respect to the timing it is intended with effect from implementation of the wider tax reform package, or as soon as reasonably practicable, as others have pointed out. It is reasonable to take affordability into the definition of practicable. If it were to be voted in but it would not be affordable for whatever reason, or it would be so small as not to justify the cost of the systems changes that would be required, then it would possibly fail that test.

It does specify that Policy & Resources would work up the detailed proposals, and just to be absolutely clear, we could not implement this unilaterally even if we wanted to. We would have to come back to this Assembly because the detail that would need to be agreed by the Assembly would include the actual rate and the legislation, and there would need to be systems changes as a result of that. There is no question about the fact that the detail would need to be approved by this Assembly. It would not be unilaterally implemented, although obviously if this amendment carries we would take that as a clear direction.

In working up that detail we would of course take very careful account of the work that Deputy Bury has already referred to in terms of that Family Allowance review, and also the work that others, including Deputy Strachan and Deputy Gollop – let me just finish this sentence and then I will give way – have referred to in terms of the super priority around the early years and families.

I will give way to Deputy St Pier.

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

In relation to the work that she has referred to, is she comfortable that the Committee has the resources, particularly the policy resources, to be devoted to what is a substantial policy project at a time when those resources will be focused very much on delivering the outcome of the rest of the package, if the rest of the package goes through the Assembly?

The Deputy Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you.

3285 I think that is another very fair question but actually I think the answer is in the sentence that I was completing. We would be looking to tie it in with the work that is already committed to with respect to ESS's review of Family Allowance, and indeed on the super priority that the States have already agreed through the GWP. That is looking at creating an early years and families framework, and when we read the detail of the super priority it does fit quite comfortably within that scope.

3290 Deputy St Pier framed it as a question, I think he was really making a point that this does not come at no cost in terms of the resources. He is right but I think because of that broader work – I am not saying there is no additional cost, that would not be an accurate way to frame it, but much of this work's original scope would probably look to cover a degree of that ground in any case. But it is a fair point to raise.

3295 I have already mentioned that because it specifies that it is not means-tested we would assume that it sits outside of the withdrawal. Various Members have talked about the cost, and I think it is fair to say that cost is not necessarily the same thing as value, so I think there is a distinction to be made with that.

3300 There is an interesting detail though, and I will just touch on it. I am sorry; it is not terribly organised, the order in which I am making these points. To Deputy Curgenvén's point – and others have already raised this, I think Deputy Collins raised this – we do already have an allowance for single parents and it is called the Charge of Child Allowance. It is currently set at about £9,800, I believe, and that sits on top of the personal Income Tax allowance. What it means is that if you are a single parent, you have your ordinary personal Income Tax allowance and then an additional
3305 £9,800 allowance on which there is no income tax liability.

Interestingly, it does not matter how many children you have, you do not get that repeatedly, and I think it is worth bearing in mind that the direction here is that this tax allowance in this amendment would be in respect of each dependent child for the purposes of Income Tax. If we are in the business of declaring an interest, someone like me with four children would have potentially
3310 a very significant chunk of their income which would not be subject to Income Tax by virtue of having multiple children. As I say, we cannot say exactly what figure because we have not yet determined the quantum that would be.

The officers have done some calculations. I believe that if the allowance was set at around the rate of the Charge of Child Allowance the cost is likely to be in the region of £6 million, but it would
3315 be – I will give way to Deputy Inder.

The Deputy Bailiff: Deputy Inder.

3320 **Deputy Inder:** That is very interesting because quite clearly there is a difference between cost and value, but it sounds like there is going to be a cost in that. If Policy & Resources are supportive of this it is quite clearly going to eat into the net gain of £36 million. Therefore, and it is a straight question, if Policy & Resources are going to support this – and we are not going to get out today – over the summer period will they be assessing the cost of all these amendments and coming back with a 5% GST rate?

3325

The Deputy Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you.

3330 I think the thing that I will reiterate is that we would have to bring the detailed proposals and the workings back. As I mentioned before, 'as soon as practicable' we would interpret as meaning if and when they are affordable. I take Deputy Inder's point. I am more than happy to have that conversation with him over the summer. I cannot think of a more fun way of spending the summer. *(Laughter)* I would like to stress that we are supportive of this because we are supportive of the intent, but I am being as absolutely upfront as I possibly can about all the potential wrinkles.

3335 The other thing I would say, just before I give way to Deputy Ozanne, and I will, is that I think, as Deputy Inder pointed out himself, the effect of this amendment is actually to insert two further Propositions. By agreeing this amendment, we are not agreeing that direction at this point. It would simply mean that they are added to the substantive Propositions on which we will vote if we ever get to a substantive vote, if maybe that gives Members some reassurance.

3340 They would be sequential, so it could be that if, for example, there are not sufficient revenue-raising measures agreed in any Propositions above them, that Members may feel as though it would be inappropriate to approve them at that stage, to Deputy Inder's point. It is a valid point. We were hoping that the amendment might be slightly reworded, but it is what it is.

3345 As I said, I think there is that latitude in which to work up the detail. That detail would have to come back and so the Assembly can take assurance from the fact that anything that is agreed today, or indeed at the next sitting of the States, would not be in stone in terms of the detail because that would be coming back. I give away to Deputy Ozanne.

The Deputy Bailiff: Deputy Ozanne.

3350 **Deputy Ozanne:** I am very grateful to Deputy de Sausmarez for giving way.

I wonder, ma'am, if I could ask through you whether P&R, if this amendment passes, could come back, as they did with the tax reform package, with modelling as to what it would look like for a family whose household income is, say, £500,000 or even £1 million with three children who are in private school? What is the tax break they would, of course, benefit from, and whether we truly believe that that would really have any impact whatsoever on them having children or not? I would be keen to understand what the impacts, even over £200,000, but it is those in the very high-income brackets who we are saying this will encourage them to have more children, which I believe is for the birds. *(Laughter)*

3360 **The Deputy Bailiff:** Deputy de Sausmarez.

3365 **Deputy de Sausmarez:** I think if this amendment carries, and both Propositions that it directs to insert are approved, we would be required to do that anyway because 3B directs Policy & Resources in developing the detailed proposals to undertake fiscal and distributional analysis. That is the answer to her question. Yes, absolutely. This is what I am saying, it would be a decision for this Assembly when there is more information available to either approve it or not approve it, assuming that this amendment is (a) carried in the first place and (b) approved when the substantive Propositions are voted on.

3370 It is also worth pointing out, and this follows directly on from Deputy Ozanne's point actually, that this would benefit – I do not need to do the detailed fiscal analysis. Everyone can work it out. This would benefit higher earners. I think it is also worth pointing out that it would not benefit lower income households or households that are in receipt of Income Support.

3375 To explain that quickly, that is because Income Support is calculated net of tax allowances. Tax allowances would automatically be taken into account and therefore if the tax allowance goes up, it may well take people out of the Income Support threshold, beyond the threshold. Just to be really clear, it definitively would not benefit people who are in receipt of Income Support in terms of its net impact at least. It also would not benefit households who do not have taxable income because their income is not sufficiently high, accepting there is a crossover between those groups.

3380 There would be some cost as well to systems change. I think I have covered the charge of child allowance. Deputy Camp asked some questions. I think they are answered by the charge of child allowance. That is only per household, a key distinction again, and this amendment is that it is per child so that would have to affect the quantum, I would imagine.

3385 I do strongly endorse Deputy Montague's points that he made. To the rebuttal that I think that we got from Deputy St Pier and others who have said, 'Look, parents do not' – I am certainly one of these parents – 'sit down and calculate things carefully necessarily', and this is not necessarily going

to be what makes the difference, but I think there is something to the point that as a Government, we can choose to not make things harder for parents.

3390 It is already an expensive place to bring up – it is a wonderful place to bring up children, but it is not a cheap place to bring up children. From my perspective, and I am speaking personally rather than on behalf of the Committee, I do think there is merit in considering just reducing the friction, reducing the barriers in that respect, accepting that it comes at a cost and accepting that the Assembly would have to make an informed decision over that cost.

3395 Deputy Vermeulen ranged a bit further and wider, as did Deputy Matthews. They were talking about houses. Deputy Vermeulen maybe cannot remember a debate he took part in about the States' Strategic Housing Indicator, because that talks to exactly the point that he was making about the change in household composition and therefore the change in the types of housing. That is something that has already fed through into our policy and it is something the Committee *for* Housing are very much involved in terms of shaping the new housing stock that is coming through.
3400 Deputy Matthews never misses an opportunity to talk about housing, and he has not failed us on this occasion either.

Really the only reason I raise it is to make the point that there are lots of inter-related issues. That is why I think it is so critical that should this amendment be carried and should it be agreed as part of the substantive Propositions – I will give way in just a moment – that it really does need to sit within that broader framework and not be pulling in different directions, as Deputy Bury warned, in terms of anything that might happen with family allowance or indeed any other child-related tax allowances as stipulated in the amendment.

I give way to Deputy Vermeulen.

3410 **The Deputy Bailiff:** Deputy Vermeulen.

Deputy Vermeulen: I appreciate you giving way there.

One of the questions I asked was with the reduction in mortgage relief, how much has that generated and could it pay for the – I do not know which one it is now, because you have introduced
3415 £5 million. Is it £5 million, £10 million, £15 million? How much is the mortgage relief saved by reducing that?

Deputy de Sausmarez: The thing is there was a plan to reduce mortgage interest relief, but that has been frozen because of a Deputy Matthews's amendment actually. There is now no saving to be had from that, so we definitely cannot pay for it from that if that was the implication. Again, that is something that is a live discussion between Policy & Resources and Committee *for* Housing.

I give way to Deputy Collins.

3425 **The Deputy Bailiff:** Deputy Collins.

Deputy Collins: Thank you for giving away.

We know that figure for mortgage interest relief was £3.5 million, but what –

3430 **Deputy de Sausmarez:** Yes, £3.8 million.

Deputy Collins: Thank you.

While I am on my own feet, I just wanted to just check your numbers because it sounded like you said you were trying to give all of the children that additional £9,800, which I must have misheard that because that works out at £76 million. I am sure that is not what you intended to say,
3435 but that is perhaps what I heard. You are absolutely right, the numbers have to be crunched, but I took away that you said it was about £6 million and it is weird that Deputy Sloan, who originally proposed this, said it was between £10 million and £15 million.

Thank you.

3440 **Deputy de Sausmarez:** Yes, the £9,800 figure, just to be absolutely clear, is the level currently
of the existing charge of child allowance, so we are not suggesting that that would necessarily be
this. I would not even like to hazard a guess. It would need a lot more than a back of an envelope
finger in the air, but the officers have done something. Yes, they have calculated that it would
3445 probably cost at least £6 million based on probably the fact that below that, the system-change
costs and all the hassle around changing, it might not be worth it. I do not know. I would have to
come back with more detail, which is the main point.

I do not think there is any point in trying to speculate as to the detail on the floor of the Chamber.
It would have to be more carefully worked out. We would have to do the proper analysis. We would
have to check affordability. That would be an absolutely key criteria and, as Deputy Inder indicates,
3450 if we think that this is very important and it is not available without some counter-balancing revenue
measure, then I think absolutely that is a perfectly reasonable position to take. P&R is quite clear
that the only – we do interpret the directions in this in terms of bring it in as soon as practicable to
mean that we would have to take into account affordability. That, for us, is an important criterion.

Yes, Alderney Representative Hill talked about the demographics in Alderney. He is quite right.
3455 The change in the demographic profile in Guernsey is acute and worrying, but actually the
demographic change in Alderney is off the charts. It is really acute. I do not know what the
equivalent stat in Alderney is, but I know that in 2053, it is projected that there will be more people
in the 80 to 90-year-old bracket than there will be in the nought to 10. We will have gone from that
population pyramid to an inverted pyramid over 80 years.

3460 It is certainly not a silver bullet. I think it is underpinned by a very sound principle, and I am
certainly very personally supportive of the intent. P&R is not shying away from the fact that this has
got costs and issues, but we do give the Assembly the reassurance that none of that would be
introduced or could even be implemented before it came back to the Assembly for this Assembly
to consider whether they agreed that it was worthwhile to do. We can also give an assurance that
3465 we would carry out the work very much in tandem with the other work that is being led by ESS and,
indeed, the super priority, which I am very pleased to be leading on myself.

That is really it from the P&R perspective. From a personal perspective, I am grateful to
Deputies Sloan, Malik and Montague for bringing this to the Assembly.

Thank you.

3470 **The Deputy Bailiff:** Thank you.

Deputy Malik.

Deputy Malik: Ma'am, I will be brief.

3475 I am grateful to the Policy & Resources Committee for supporting the amendment. I think that
support reflects the fact that the Committee's own analysis demonstrates the issue we are trying to
address. Thanks to all the Members who have contributed. Really good points made today. This
debate really comes down to one single question: do we really believe that the tax system should
recognise one of the greatest financial responsibilities that many people ever undertake, that is,
3480 raising dependent children? I believe it should.

We spend a great deal of time talking about fairness, but fairness is not simply about income. It
is also about recognising responsibility. Two households can have exactly the same income, but
very different ability to pay tax if one is raising children and the other is not. We also spend a great
deal of time worrying about Guernsey's demographic future. We say we need more young people,
3485 more workers, and more future taxpayers. Those future taxpayers are being raised by families today,
and it seems entirely reasonable that the tax system should recognise that contribution.

Some Members may be concerned about the cost. The estimate is perhaps it is about £10 million
to £15 million. In the context of States' spending of about £800 million, it is just well under 2%. That
is not a question of affordability; it is a question of priority. We are redesigning the whole tax system.
3490 The precise fiscal position will be settled once the Assembly has decided the overall package. Today,

we are deciding a principle. I think it is a good principle. If we want a tax system that is fairer, more coherent, and better aligned with the long-term interests of Guernsey, then recognising the responsibilities of raising children is a sensible place to start.

I commend the amendment to the Assembly.

3495

Thank you.

The Deputy Bailiff: Thank you, Deputy Malik.

States' Members, on your SEV, there is now Amendment 24. States' Greffier, would you kindly open the voting?

3500

There was a recorded vote.

Carried – Pour 26, Contre 5, Ne vote pas 8, Did not vote 0, Absent 1

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

3505

The Deputy Bailiff: There voted in relation to Amendment 24: pour 26, contre 5, there were 8 abstentions. I therefore declare that the amendments have been passed.

I am now going to ask H.M. Sheriff to circulate Amendment 27. That is not for debate now, but so that you have it.

3510

We will move on now to what was Amendment 6 but now has been replaced by Amendment 23. Before I introduce that, can I just provide some guidance for Members on order in this Chamber, which is something that is my responsibility. The Chamber is not a place for taking photographs unless it is an actual time for taking photographs, not cheeky photographs of people in unusual poses amongst the other Members. Please do not do that. This is an Assembly and a parliament, and we need to respect that. Similarly, there should be no recording. There is an official recording and there should not be additional recording by Members.

3515

Motion under Article 7(1) of the Reform (Guernsey) Law, 1948

To suspend Rule 24(2) of the Rules of Procedure of the States of Deliberation and their Committee to the extent necessary to permit the amendment below to be debated.

3520 **The Deputy Bailiff:** We are now going to what was Amendment 6 and is now Amendment 23. The first thing we need to do is to suspend the Rules. You propose that, Deputy Helyar. Do you wish States' Greffier to read out the suspension provision?

3525 **Deputy Helyar:** No, I think we have all got it. Thank you.

The Deputy Bailiff: Thank you. Deputy Camp, do you second that motion to suspend the Rules?

3530 **Deputy Camp:** I do. Thank you.

The Deputy Bailiff: Thank you. Therefore, States' Greffier, would you kindly open the voting on suspending the Rules in order that we can debate Amendment 23, that previously was Amendment 6? This is another of the Deputy Sloan amendments, but unfortunately, because he is not in the Chamber, has now been proposed by Deputy Helyar.

There was a recorded vote.

3540 *Carried – Pour 38, Contre 0, Ne vote pas 0, Did not vote 1, Absent 1*

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

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

The Deputy Bailiff: There voted: pour 38. I therefore declare that the motion has passed and the Rules are suspended to allow the amendment.

3545

[Amendment 23.](#)

To insert an additional proposition as follows:

'To agree that, as a matter of fiscal policy, growth in total States expenditure (revenue and social security spending) should not exceed inflation over the financial years 2027, 2028, and 2029 save where the States expressly resolve that exceptional circumstances justify a departure from that principle.'

The Deputy Bailiff: Deputy Helyar, do you wish States' Greffier to read Amendment 23?

Deputy Helyar: No, ma'am, I am happy to do that.

3550

The Deputy Bailiff: Thank you.

Deputy Helyar: Thank you, ma'am.

3555 Again, apologies from Deputy Sloan who is unfortunately detained in other matters which are very important to him and his family.

I have not been given any notes or a speech for this one. I am being allowed to ad lib (*Laughter*) so I might say all sorts of things that Deputy Sloan might not have said, but I am going to keep it very brief. Firstly, I am going to read the Proposition and then go through the explanatory notes. It is:

3560

To agree that, as a matter of fiscal policy ...

Which is something that applies to all of us and all our Committees, not just to P&R:

... growth in total States expenditure (revenue and social security spending) should not exceed inflation over the financial years 2027, 2028 and 2029, save ...

3565

So there is a catch:

... where the States expressly resolve that exceptional circumstances justify a departure from that principle.

3570

In other words, in super summary, the States cannot spend any more than inflation from general revenue and social security unless the States approves it. That is it in super summary. Now, what this does not do is it does not direct P&R to do anything. It is really important to take that in, that this is a responsibility on everybody and their Committees. It is not a P&R direction. I will go to the explanatory memorandum which says:

This amendment recognises that the Bailiwick's long-term fiscal sustainability cannot be secured solely through increases in taxation. It depends equally upon maintaining expenditure discipline.

This amendment does not seek to prevent the States from responding to unforeseen events or changing priorities. Rather, it establishes a presumption that increases in expenditure should, over the medium term, be funded through reprioritisation and efficiency rather than by increasing the overall size of government in real terms. Maintaining expenditure broadly constant in real terms would help restore fiscal sustainability while creating space for measures to improve economic growth and competitiveness. It deliberately exempts capital expenditure from this constraint.

3575 The reason for it removing capital expenditure, clearly it is very lumpy. If you get a big project one year, it might represent a spending of 10 years effectively in one go. In terms of consultation, I thought I should mention that no formal consultation has been undertaken as this amendment relates to Propositions contained within the policy letter and is therefore a matter for the States as a whole. What would I say about this? I suspect, and I hope, that P&R will be agnostic about this because it is not necessarily strictly a P&R responsibility.

3580 I personally believe that we need to demonstrate, as an Assembly and generally as an organisation, that we can work more efficiently, that we can hold the line on growth and expenditure where possible. If we cannot, then we should explain why, and that is exactly what this does. It just says, 'If you cannot do it, the States have to approve it'. It does not say there should not be an expansion. We have just had a debate and approved an amendment which might lead to an expansion in expenditure because of an allowance in tax, and that has been justified in debate in here today.

That is all I am going to say, really. It is quite straightforward. We need to demonstrate to the public that we can exercise restraint in growth, and that is what this amendment seeks to do.

3590 Thank you.

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

3595 **Deputy Camp:** I do, thank you, ma'am, and reserve my right to speak in debate.

The Deputy Bailiff: Thank you.
Deputy Niles.

3600 **Deputy Niles:** Ma'am, I rise early on behalf of P&R just to say and to clarify that we do not oppose this amendment, and we should say that it is actually fiscally quite attractive to us. However, we should caveat that, and I have had very brief conversations with Deputy Oswald and also with Deputy Bury, because we understand that we have to be sympathetic also to those Committees who this will impact. I am sure that they will make their case in due course.

3605 Thank you.

The Deputy Bailiff: Thank you.
Deputy Gollop.

3610 **Deputy Gollop:** I am sure I am going to, hopefully, not annoy you, Madam Deputy Presiding Officer, but I am in a curious position on this amendment of wanting to vote for it but speak against it. *(Laughter)*

The Deputy Bailiff: Right. How interesting.

3615 **Deputy Gollop:** The reason I will probably vote for it is I think one message that could not be clearer from all of the many letters and protests and comments and messages we have had is the public out there have, to a degree, lost trust in the States (**A Member:** Hear, hear) because of the overspends of certain projects and of the rise in expenditure, whether it be, I do not know, 30 more human resources officers or whatever. Therefore, I think there has become a degree of militancy that has gone beyond scepticism. The reason we are having, I think, such a complicated and even heated debate on the numerous amendments and the tax reform package is precisely because people are very reluctant to want the GST.

3620 Again, whenever the media does a vox pop of varied members of the public, not necessarily those who have written to us, you get time and time again the view that the States have lost control of expenditure, that we are spending too much, and that we should – I do not know, what is the word – live within our means. I never quite understand that in the context of Government because

living within your means, your means as a Government tends to be the charges and taxation you make as distinct from the income of a family, but they also say that if you are like a business, and we are not like a business, we would cut our costs to our measurements.

3630 I think it is important we all send out maybe even a unanimous message that we support the principles of this policy, this Proposition. Indeed, if elements of the tax reform package win, then we will certainly need to justify what has been won, especially if it is about raising more revenue, and so we can say that we are prepared before it actually comes into being perhaps some of these measures, we will have reached more of the expenditure cap.

3635 To agree that, as a matter of fiscal policy, growth in total States' expenditure shall not exceed inflation over the next three years, expressly resolved to the exceptional circumstances justify a departure, I think actually is very strong public relations and, more than that, a mission and a message.

3640 Why I will speak against it, though, is the reality element here. The first thing is we just voted, and I did as well, for an uncoded amendment that may, in one form or another, come back with an additional £10 million to £15 million, and that is on top of all our other commitments. I might have heard Deputy Vermeulen chuckle, as he does, because he is very strong on expenditure restraint, but he knows, as we do on Home Affairs, that there is not a lot of savings we can make. We are not only heavily staff dependent; we are more than aware that in certain areas, like the police, like the
3645 fire service, and other areas of infrastructure, we probably – well, we do, we need more resource, not less. Where does the cutting come from?

As a long-serving Member who has been in many of the Assemblies – Deputy Collins referred to a few of these, and Deputy Parkinson earlier – I remember going up to – it is now closed – the Guernsey Bowling Academy to one of those workshop days when we all had little stickers and spots
3650 and things to put on things. I was the only one who put on more Government expenditure. I think this was around about the time of Zero-10.

Every Member there was convinced that we would be able to make radical savings. Actually, they proved right in the short term because Deputy Parkinson's era as Treasury Minister did see a bit of an expenditure cap. But it did not last because sooner or later you have to find additional money
3655 for infrastructure, for repairs and for service growth. Some of the savings that were made tended to be short-term gain, medium-term pay.

I do not believe if we are to match public appetites, if we are going to continue not charging for health and other services, if we are going to have a fair and civilised society – people have already said only today, 'Why can we not be more like France, let alone, Jersey?' If we are going to provide
3660 the level of services and indeed pay for additional ones – we have spoken a lot about declining fertility. I believe Health & Social Care, for example, should be spending more on assisted reproduction. They know they do have not the budget or the resources for that. In Jersey they are having the same debate about fertility help. That is an example of the service we only partially provide compared to certain areas and it is a good example, in a way, of the increasing demands
3665 on Health and the public sector.

I do not believe that we will stick within this. I know from my own philosophical, possibly ideological, position, that we should hem ourselves in, that we do need growth in the economy. But we also need improving tax revenues from the fairest possible sources, whether they be those that Policy & Resources believe or what some other Members believe.

3670 I wonder how realistic a vote for this will be, because I think we hear so many of the public saying, 'They should cut expenditure. They should restrain expenditure'. In many cases, they are precisely the people who have needed support, who have needed healthcare, who will need more healthcare or perhaps support to buy a house. I believe, the States needs to be more proactive in investing in the infrastructure, which also includes, I am afraid, housing. We have not got on with the £150 million loan for the Housing Committee.
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I cannot go through everything now, and there is not time. The point is that we can say yes to this, but we also have to be realistic that it probably will not be kept. It does not really reflect the complicated demands on us to maintain public sector services, especially as we suffer from

diseconomies of scale, because by regulation and other reasons, we often have to have everything, but we have a population of not 60 million or even 600,000, but 60,000 to sustain.

The Deputy Bailiff: Thank you. Deputy Bury.

Deputy Bury: Thank you, ma'am.

I think of all the amendments that we have, which are many, this is the one that brings ESS the greatest concern. Although the amendment sounds very simple and fiscally prudent, expenditure should only rise by inflation, it really does not take into account that social security expenditure is fundamentally different from most of States' spending because it is demand-led and it is based on a statutory entitlement. It rises and falls according to the circumstances in our community. That might be the number of pensioners, the number of disabled people requiring support, the number of households needing assistance with housing costs, and the earnings and the income levels of those households.

Essentially, if more Islanders qualify for support, we must respond. If demand or the value of claims increases by more than inflation, we cannot simply refuse to those who qualify. The only practical way to remain within an inflation-only spending limit would be to reduce the value of the support that we give to existing claimants. In that context, the question for Members is not whether expenditure should be controlled, the question is whether existing customers should receive less support than the cost of living in order to create room within the projections for the increased demand.

For example, a working family, a couple with two children, both parents work, but one loses their job unexpectedly due to redundancy. The household income falls sharply, but their rent has not fallen, their electricity bill has not fallen, their children's needs have not fallen. Under existing legislation, they may become entitled to Income Support. But the cost of social security is not driven by inflation in that context, it is driven by responding to that real change in a family's circumstances.

Another example is a pensioner who has just lost her husband, living alone, worked all her life, relies on a small pension and additional support through Income Support with living costs. If the Island's ageing population means there are more pensioners next year than this year, expenditure increases even if every individual payment only rises by inflation. Again, the pressure comes from increased demand, not increased generosity.

I have got a few examples, but I do not want to bore people too much. *(Laughter)* Two households may receive very different levels of support despite having similar family circumstances because their housing costs are different. Entitlement is calculated according to their circumstances and assessed need. If rents increase or if a person must move into more suitable accommodation, say, following acquiring a disability, family breakdown or domestic abuse, expenditure can again increase regardless of general inflation. When more people need support, social security expenditure rises. That is not necessarily evidence of policy failure or lack of spending discipline. It reflects real-world need and is evidence that more Islanders require assistance.

It is easy to discuss expenditure in percentages and millions of pounds, but the practical effect is better understood in pounds per week for real households. If inflation is 4%, but demand growth requires benefit rates to increase by only 1%, existing claimants experience a 3% real-terms reduction in the support that they receive.

Just a few more examples of what that might look like. Take our pensioner again. Our pensioner currently receives £228.24 per week in Income Support. If inflation is 4%, we recognise that she needs approximately £475 more per year to maintain the standard of living. But under this amendment, if the growing demand means that rates can only rise by 1%, she would only receive approximately £117 more per year. These are real term losses and that would be of around £356 each year.

Consider a parent fleeing domestic abuse with three young children and moving into a rented accommodation to establish a new safe home. The purpose of Income Support is to prevent that family falling below a minimum standard of living. If benefits rise in line with inflation, we recognise

that the household needs around £1,875 more each year to meet increased living costs. But under the example used, the amendment would mean only providing around £469 of additional support, leaving a gap of more than £1,400.

While I am talking about Income Support, I will quote something that Deputy Gollop said earlier. I know it is a triggering phrase for people because, as Deputy Gollop said, 'People's minds go to people sitting on their sofa and eating crisps all day'. I will remind people, as I do often, and I am sure I will for the rest of my time in this role, that Income Support has a mandatory work requirement in Law in order to receive it. There are variations depending on personal circumstances. While the big figure of Income Support for the 2026 Budget is just over £61 million, we have that broken down at ESS of the types of people and why we are supporting them.

For example, the biggest – I am going to round figures just for ease – is just over £14 million for people with incapacity. One of the next biggest ones is £11.5 million. All of those people are meeting their work requirement. They just do not earn enough to sustain what their family needs. The next biggest one is just over £10 million, and that is for pensioners. Then we have close to £9 million for single parents. These are the people that we are supporting, and they have a mandatory work requirement. While there are some nuances to that, it is not people sitting around doing nothing and eating crisps.

This amendment also would affect the Long-term Care Fund. I would ask Members to consider the implications for that because just last year, in 2025, the States made a conscious decision to reform the funding for the Long-term Care Fund. That was to provide greater stability for our care providers to stabilise the market, incentivise growth in a market that we know we need and is not growing at the rate we need it. As part of that approach, the States agreed an uprating policy under which the long-term care benefit rates increased by 1% above inflation each year, whilst residents will also be increasing their co-payment over time in a manageable way.

If the total States' expenditure is restricted to an inflationary growth, any increase in the long-term care rates above inflation would need to be offset elsewhere. This could include additional costs being transferred to the residents through higher co-payments. For residents without the resources to absorb the higher charges, the additional costs would ultimately come back round to Income Support, which I have just established we would be needing to reduce further.

In summary, Members should be clear what this amendment means in practice. It does not reduce the number of pensioners. It does not reduce the number of disabled Islanders. It does not reduce family breakdown, domestic abuse, illness, unemployment, or rising housing costs. What it does is simply require the social security system to absorb those pressures within a fixed spending envelope. For an entitlement-based system, that can only be achieved by reducing the real value of support to existing customers. By reducing the real-term value of Income Support, we are essentially lowering what was previously considered by the States to be the minimum acceptable standard of living.

I hope that is very clear to Members. If this debate goes on into the sands of time, like many others have, then I will rely on my other Members to remind everybody of it later on.

Thank you, ma'am.

The Deputy Bailiff: Deputy Oswald.

Deputy Oswald: Thank you, madam.

This amendment focuses on maintaining expenditure discipline, principally by ensuring that growth and States' expenditure should not exceed inflation, an admirable concept that few of us would disagree with on principle. But there are very significant knock-on effects, particularly for us on HSC, but also for other Committees, including ESS, which have to be considered. I recognise that the proposal is pitched at a very high level, but granular details are very important here. Deputy Bury has just illustrated exactly why granular detail is important.

For us, what constitutes inflation? Are we talking about RPI or RPIX here? Deputy Helyar will know, with respect to the HSC remit, that medical inflation – that is costs of drugs, prostheses,

medical technology, etc. – runs at least twice the rate of any generally-measured marker of inflation. What measure of inflation would he envisage should be applied to our future budgetary requests if his amendment is successful? In the explanatory note, the author states the amendment does not, however, seek to prevent the States from responding to unforeseen events or changing priorities. How would he define unforeseen events or changing priorities? In the Proposition itself, the mitigation seems more severe. The wording is:

... save where the States expressly resolve that exceptional circumstances justify a departure from that principle.

How do we define exceptional circumstances? For example, we send more than 2,000 Guernsey residents at States' expense to tertiary centres in the UK annually for treatment that cannot be delivered here. Currently, we have a negotiated rate at which the NHS charges us for these services, but maintaining the current relatively favourable arrangements to us is coming under increasing pressure. The NHS, as is well known, is also having difficulty in balancing its books. If our arrangement changes, we will be subjected to increasing recurring costs on an annual basis, possibly imposed at short notice, which are very likely to exceed any measured figure determined for inflation. These events are foreseen, but not planned for, as we continue to negotiate to maintain the status quo. But if it were to change, would this count as an exceptional circumstance?

Furthermore, as Deputy Helyar knows and has indeed said today, HSC costs are rising by at least £5 million per year, driven predominantly by demographic and demand factors over which we have little control. What figures for these drivers could he envisage HSC using successfully in negotiating our future budget requests? I recognise the need for fiscal responsibility. I said last year that the original Sloan amendment was a shot across our bowels. For us, on the biggest spending Committee of all, this is a constant driver in considering how we may reach a plan for a sustainable healthcare delivery solution. Considering this, as Deputy Helyar has already said today, we also have to take into account that wages outside of our remit make up probably two-thirds of our costs.

Without further considering in detail how this particular amendment will affect the funding of drivers of our costs and delivery of services here, as explained, I cannot support this amendment as it stands. Applying a blanket ban on increases beyond inflation, accepting the mitigations proposed, if adopted without consideration of the issues I have raised, will require HSC to impose significant cuts to stay within guidelines, exactly as Deputy Bury has just intimated would also apply on ESS. The demand will not go away, but people will have to wait longer for treatment, and some may not get treated at all.

I do not believe the people of Guernsey wish to see such cuts in our service. I would embrace further discussion with the proposers of this amendment, should it be successful, but in the meantime, I would encourage Members of this Assembly to vote to reject it, as indeed I will.

The Deputy Bailiff: Thank you.

Members, since we are going on until 6.30, I am going to propose we have a 10-minute comfort break. Those who support the motion, please say pour; those against.

Members voted Pour.

The Deputy Bailiff: Good. Shall we say 25 past four?

*The Assembly adjourned at 4.13 p.m.
and resumed its sitting at 4.27 p.m.*

**Tax Reform –
Debate Continued**

The Deputy Bailiff: There we are. Thank you very much.
Thank you, Deputy de Sausmarez.

Deputy de Sausmarez: Thank you.

I just wanted to put a little bit of colour around what Deputy Bury was talking about. She gave us some real-world examples, which I think are useful. Again, I will reiterate that P&R, for the reasons that Deputy Niles has already explained, does not oppose this. We just wanted to make absolutely

sure that people understood what they were voting on and what the practical implications of it might be, because social security is explicitly included in this limitation unless explicitly excluded.

I want to use pensions as an example, and I do have some numbers, so please bear with me, but I will try and make it as palatable as possible. I am taking a period of about 15 or 16 years. I have got data from 2009 and 2025. In 2009, there were 14,782 States' pensioners and that cost us, in terms of the public purse, £78 million. That represented, in those days, 16% of our public spending.

In 2025, we now have 19,155 pensioners – well, that was last year anyway – and that costs £177 million and it now represents 20% of public expenditure. It is a 30% increase in the number of people that we are supporting with the pension. Let us all remember that that is an entitlement. It is something that people have contributed to throughout their working lives. It is an increase of £99 million in nominal terms. If we account for inflation, it is £50 million in real terms over those 15 years or so.

I think Deputy Bury mentioned this, but actually the formula underpinning our pensions uprating is typically more than inflation itself. It is an inflation plus formula, and it is inflation plus a third of the difference between inflation and average earnings. I think it is something like that Deputy Bury confirms. This is really just to illustrate that the number of people that we support through the pension is growing quite considerably year on year, and that figure does tend to accumulate.

I know we have other people leaving that scheme, but over time the number of people that we are supporting through the pension does increase. Therefore, the cost increases. The cost does not just increase because of inflation, in fact inflation accounted for – I think it is – 59% of the increase over that time, but actually when you take into account the uprating formula, that accounts a 63% increase. It is really very significant. Overall, it is 126% increase in expenditure.

I really just wanted to make that point and, as Deputy Bury has already explained, if that expenditure is not excluded, and at the moment the default under this amendment is that it is included, then that means that really there will be no choice but to reduce the value of the pension in real terms for the people that receive it. I think Deputy Bury would agree with that assessment because obviously we cannot change the number of people who are eligible for the pension.

We are actually already extending that. One of the more foresighted, forward-looking decisions that this Assembly took some years ago was to extend the pension age out to 70, but that has been phased in over a very long period of time. It is obviously unreasonable not to give people a lot of notice in terms of when they are retiring because they need to plan for that. We cannot change the pension age in a hurry; it just would not be a reasonable thing to do.

If social security expenditure is capped in the way that this amendment suggests, then the only other option is to reduce the value of the pension going to each pensioner. I just wanted to make clear that while P&R does not oppose this, that is the consequence unless these items are specifically excluded.

I share the concerns of Deputy Bury about the Long-term Care Fund as well, because we know that just as our demographic changes are making more people eligible for pensions, quite naturally, also more people are requiring long-term care for exactly the same reason. That is not something they have a choice over; it is just something that happens. Again, it is really down to the States to support them through one way or another. As Deputy Bury has already mentioned, if we cannot

support them through that fund, then I think it would be general revenue picking up the slack from the other.

For those reasons, although I am supportive of the principle of this, I will be abstaining on this particular amendment. Well, unless Deputy Helyar can give me some assurances about – which is really unfair because he is going to have to channel Deputy Sloan somehow. But unless I can be given assurances that those social security elements at least can be – and some actual clarity would be really good about how they are to be excluded.

My personal thoughts are because the uprating reports have to come to the Assembly each year, the most logical thing to assume would be that if we are going to diverge from that fiscal principle, it would be through those uprating reports. That would be my assumption, but it would be good to hear some clarity from Deputy Helyar when he has the unenviable task of summing up on behalf of Deputy Sloan.

Thank you.

The Deputy Bailiff: Deputy Strachan, too late, I am afraid.
Deputy Strachan.

Deputy Strachan: Thank you, ma'am.

As Deputy Oswald has mentioned, the Government Work Plan has tasked HSC to reimagine Health. It is a super priority that we are to develop a sustainable health and care system. The goal is to be more efficient in how we deliver health and social care requirements, and this is not an easy task. However, if we do not do this work, we face even more serious financial issues.

I wanted to just talk a little bit about the challenge as well between capital and income. One of the challenges we have is that the second phase of the hospital, which would be a capital cost, now needs to be rethought a little bit because of the increase in cost. How do we do that? Well, fairly straightforward for any people who do workflow, you prevent people from coming into hospital and you get them out of hospital quicker. Because of an ageing demographic, we also expect demand on this resource to be increasing.

How do we do that? We do that with therapists and carers at home and in the community. We support our local charities with commissioned services. We work together with the private care sector. We work closely with technology innovations to allow monitoring at home, both before and afterwards, and we possibly re-imagine what staff are actually doing. What does that require? That requires training to upskill. It requires work to embed better prevention, but all these are non-capital costs sitting under business as usual (BAU) expenditure, but not permanent.

In the 2026 Budget, Health had digital cut, training cut, and preventative efforts cut and this was an above-inflation Budget. These are way too easy to cut, but they prevent us from any meaningful transformation of Health. We have got to invest in these things. I am in favour of a more efficient and sustainable health and care system, but not via this blunt instrument.

Thank you.

The Deputy Bailiff: Deputy Inder.

Deputy Inder: Ma'am, my view is relatively consistent. It may be consistently wrong, but at least I am consistent. I genuinely believe the only way any government can credibly argue that it needs to raise taxes is by first proving that it has some control over its expenditure. I have been absolutely consistent in that for the past few years I have been in Government.

Taxpayers will expect us, the body, to scrutinise every pound we spend, challenge inefficiency and ensure that public money is being used as effectively as possible. Regrettably, I have little confidence that there is currently a majority in this Assembly – there are individuals, absolutely. There are individuals in the Committees, but by majority spread across this Assembly, I am not convinced that there is a political will to make those difficult decisions. I genuinely do not believe

it. I do not know if that is the Deputies themselves, I suspect it is, but I am certainly sure it is in part the system of government.

3930 The big budgets are controlled by the Presidents, and we do not have anything that looks like a Chancellor that can impose swathing costs across, for example, the Armed Forces. The budgets are ultimately controlled by the individual Presidents, even though I understand P&R has got quite a hefty budget, but the big spenders are going to be Education, ESS, Health in the corner, and my man over here to my left, Deputy Leadbeater, on Home.

3935 Time and time again actually, when proposals are brought forward to restrain spending or reduce the size and cost of Government, they struggle to commend sufficient support. It is always easier to prove new spending than it is to reduce it. It is actually easy, all day long, and that is why Amendment 3 is relatively important. It is important for me to see if I actually support the final policy letter and, for the avoidance of doubt, if anyone thinks that I am a Policy & Resources man, they really do not know me. *(Laughter)*

3940 The policy letter itself assumes that the States will achieve – in their words – £20 million a year of baseline spending reductions by 2029. But listen to what has been said in the last few speeches. Some of us need to start connecting these dots through 1% annual efficiency savings. Yet, if this Assembly cannot support Amendment 23, a modest amendment designed to strengthen that discipline around controlling expenditure, then what hope should the public have we will actually deliver the £20 million of savings? I genuinely believe that is a myth. If this Assembly cannot support those measures, the reinforced spend discipline today, why should anyone believe we will make much harder decisions that will be required over the next three years?

3950 Now, there is an old saying, and it is often attributed to Margaret Thatcher, which I think I have used in one of my manifestos. I am not entirely sure it helped me that year, 'There is no such thing as public money. There is only taxpayers' money'. The States really does not generate wealth. It usually extracts wealth, but it provides services, so it is not that evil. No, those words remain true today. Every pound we spend has first been earned by someone else. It belongs to the people of this Island before it belongs to the States, and we have a duty to treat it with the utmost care.

3955 If my memory serves me well – and I am happy to give way – just talking on the 1%, I believe Deputy Bury did not support the original Proposition to reduce Committee spending by 1%. It does not really bode well, does it? I will give way.

The Deputy Bailiff: Deputy Bury.

3960 **Deputy Bury:** I did not support it, but the States have directed us to do it, so we are doing it.

The Deputy Bailiff: Deputy Inder.

3965 **Deputy Inder:** Indeed, I will accept that. Deputy Leadbeater, admittedly from memory, said something along the lines of 'will try', which again, does not really help. Deputy Oswald, in his speech and plus from presentation, informed Members that his budget is rising at around £5 million a year.

3970 The signal from the President of Policy & Resources does concern me. On paper, does not oppose the amendment, but by speech I am not entirely sure that she is behind it. That was my interpretation. Again, another concern now, the last amendment potentially added up to £10 million to the cost of Government. That is what this Assembly voted for, more services, because it is easy to add in more services. Potentially the net gain of £36 million through a tax policy letter could now be diminished by an upper end factor of £10 million, so we are now down to £26 million.

3975 If you are unwilling to support 23, then I fear we are sending the wrong message. The problem with supporting, if it is anything like the 1% support from the previous debate. Those who support it do not believe it is possible.

Here is the real problem. You do not need 3% or the States do not need 3%, it probably needs 5% and 8%. That is my real difficulty with this policy letter. I took a hammering over the election,

for one – I do not know why, well I probably do know why; probably being rude, probably spoiling GST and probably just being me.

It is worth mentioning the top four or five are now sitting on Policy & Resources, who did not vote for any tax at all. Okay, someone is going to get up and say, 'Well I voted for 2%', but nothing that fundamentally moved the dial. So by a country mile, just because I voted for GST last term at 5% because I thought that did it, there is no guarantee that they have me here on the 3%.

I am now getting concerned, as we start piling in more cost, more cost, more cost, more cost, because it looks good, I am sure, as people will be out and about telling the world what they have just done for all the children in Guernsey. I am now really concerned about whether we will not be able to make any savings or if this States will not keep spending and spending and spending. I have real concern.

We do not need 3%, we need 5%. The truth is, what we should have done is gone for 10%, taken the hit, because the angle would not have been any different at all, and you would be in a far better place. I will support it, but I have concerns now about the overall policy letter, and we are not going to get out of this by half past five, or get out of any of this alive at this rate. But I would ask Policy & Resources to reflect on what I have just said. Now they are going to come back in September; we now need a higher rate.

Facebook, they have all probably been texting Facebook right now, 'Inder said 5%'. You do not worry me, boys and girls; you do not worry me. But that is what is really required. To turn the dial, to get the investment, we need somewhere near 5%, we probably need 8%, we probably should have gone for 10%.

The Deputy Bailiff: Deputy Montague.

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

I have some very technical questions about this before I speak more broadly. Can I say how much I enjoy sitting listening to Deputy Inder regale us with his philosophies. I would like Deputy Helyar to respond to the following, and maybe I am being a bit slow, but when the amendment says growth in total States' expenditure but this is being directed at each Committee, how are we going to work the difference between the Committee expenditure and the total States? Is there going to be some horse trading there?

Where it says, 'Where the States expressly resolve', is it then the case that if one Committee feels there is an exceptional circumstance, they have to bring it back to the States? We have got through maybe 10 amendments in two-plus days, and I do not want to talk about filibustering now, except for this opportunity to remind you that the word 'filibuster' comes from the Spanish. *(Laughter)* There is an important point here. The word 'filibuster' comes from the Spanish, it means a freebooter. Originally they got it from the Dutch, and it refers to the Americans. In the 19th century he went down into Central America and started ravaging and pillaging and being pirates. The most famous one was a man called William Mason, but he came up against someone from this Island, William Le Lacheur. William Le Lacheur used his ships to support the Costa Ricans against the filibusters. Now would it not be nice to have a wonderful maritime museum with a gallery where we could celebrate our great culture. Not just that, but the amazing Anson voyages. So much wondrous culture for us to share with our tourists as an economic enabler. It would be so good if we had some capital expenditure available for that.

But if I can move on, I would also like some clarity from the explanatory note from Deputy Helyar about what we mean by 'over the medium term'. Is that the three years as indicated in the amendment itself? So I am a little bit unclear about this. I want to say very clearly that this, like some of the amendments we have seen today, its heart is absolutely in the right place. Who could argue that we must be far more disciplined with our expenditure? But this is going to require a little bit more honesty with the community, and I do not think we have been very honest in the run up to this because I have had to respond to a load of people who send me emails and been very clear why I have said in my manifesto, 'We will have to look at GST', plus it needs to be better

communicated to the public. I did make that clear in a number of statements before the election last year.

But we need to be honest. This is one occasion where I am in a better position than my colleague Deputy Oswald over there, because in fact when demand increases we have to go back to the community and say, 'Are you happy with this? Are you happy with these services?' There are going to be some really difficult conversations about it that we have to have. Because we cannot just keep hiding behind, 'Oh well, maybe there will be a magic money tree at the back of Frossard House somewhere that we can find'. We have to be honest with the community because Deputy Inder is absolutely right, if we want to fund these services, we need the revenue. It is not the States' money; it is taxpayers' money. It belongs to them. It is given to the States to use for services. So unless we have that honest conversation about what services do the community want, we will not get anywhere.

I am not able to support this, however, because technically I do not think it is worded in the appropriate way and it will work. We have heard some very good arguments from Deputy Bury and Deputy Oswald. I understand what Deputy Inder was saying a moment ago about people shying away from the challenge. But if we are going to be serious about this, we need to approach it in a different way. Deputy Inder and myself had conversations about headcount. We really need to look very carefully at the number of people we employ. But that is not a quick fix. It is going to take, as Deputy Laine said the other day, a really strong leadership team in the Civil Service. It is going to take a lot of political resolve from us. But fundamentally we have to be honest with the community. Because, whatever happens, we are going to have to cut services. Whatever happens. So we need that honesty.

Sadly, I do not think this amendment in front of us will do it. Its heart is in the right place. I am looking forward to hearing the technical explanations from Deputy Helyar. But sadly, even though I absolutely do support an honest conversation with the community about how we are going to cut services in order to match our revenue, I am afraid this one is just a little bit performative, and I do not think it will do the job.

Thank you, madam.

The Deputy Bailiff: Deputy Camp.

Deputy Camp: Thank you.

As Deputy Sloan knows, this is an amendment that, in a similar form, I intended to bring myself, but he won that particular race. Which is why he then asked me to second it, because he knew that I am very in support of it and would have been supporting it today.

During the recent Scrutiny hearing, we took the opportunity to look at the 1% savings. This is an existing resolution explicitly relied upon by P&R within its tax reform plan to bolster its headline numbers by a third. But its credibility is challenging. After all, the States have a spending problem. So what better way to put your money where your mouth is than to establish a cap on future spending and work to it, rather than rely on a token gesture savings initiative. If we are serious about getting our house in order, let this be one vessel through which we achieve it.

The other thing, we need to move on from the word 'savings'. We need to move on from the 'Project Fear' of service cuts and we are going to strip things out here and strip things out there. This is really unhelpful language. Expenditure forces us to consider what we spend, not what we save. That is what we ought to be doing. It makes spending subject to greater scrutiny and makes us collectively responsible for these extraordinary decisions.

During this debate, as we typically do whenever we talk about money, we focus on two Committee budgets. But this is a whole States' resolution. What of the large central services budget that we never focus on? There is quite a lot of money there that we never consider because we always look at preserving HSC and ESS. We do not look at where there could be real change and real moving forward.

I understand, on the face of it the way this is worded, it is not much more than a promise unless we commit to it. It is only too easy to imagine cases for exceptional spending. After all, what does exceptional spending mean? They will be considered in the light where the tyres can be kicked in a way we cannot in the Budget process and we cannot when Committees go about their business as usual.

If you cannot support this, do consider the appropriations committee concept again as a vehicle through which we can look at reform. We can look at necessity and we can make out the case as to whether it is one or the other or a blend of both.

Just to conclude, there are a couple of points I am quite unhappy with. It really flows from Deputy de Sausmarez's speech, because I cannot see how pensions can be considered as part of States' expenditure. They are funded through a different mechanism. They do not come from general revenue. This is looking at the States' more discretionary type of expenditure.

Deputy de Sausmarez: Point of correction.

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

Deputy de Sausmarez: The point of correction is that it specifically includes revenue and social security spending. It specifically includes it.

The Deputy Bailiff: Deputy Camp.

Deputy Camp: Yes, and I do not take that as a point of correction, because this is –

The Deputy Bailiff: Deputy Camp, it is not for you to decide. No, Deputy Camp. It is not for you to decide if it is a point of correction.

Deputy Camp: I appreciate.

But to continue, sorry, I will continue to explain, I appreciate the point but I will explain. Perhaps this is a weakness of the wording because revenue and social security spending does allow for the over-interpretation of words to be used here where it does not really need to and where we are quite lenient in other interpretation of common English words in this Assembly.

Realistically, the intention of this Proposition is not to attack people's pensions. After all, they pay for those and the fund does meet those obligations at present. So I do not think there is any suggestion that anybody is attacking those.

As well, having looked at this, that again formula-led spending does not sound to me like States' expenditure perhaps in the normal sense of the word. I do think there probably is an exclusion that ought to be considered there or at least allowed to be explored. Because what do we have control over as a Government? We have control over discretionary spending in the main. We get stuck with everything else. These are the kind of things we can really do through the Budget process, and other things we have to wash because they are formula-led.

So I would recommend that this is carving out those particular spending and is really focusing on a more discretionary spending area within the States, which would allow us, like I said before, to start looking on a whole States' basis rather than the consistent, 'We cannot do this, we cannot do that because we are the biggest spending Committee, we are the second biggest spending Committee, we are the third biggest spending Committee'. After all, I know Deputy Inder said that Committee Presidents are responsible for their budgets, which obviously is wrong because Committees are five people, not one. We do not have executive presidents.

But there is a further error to that because this Assembly sets budgets. We receive recommendations, ultimately each Committee recommends what it wants to spend. P&R takes that, forms a holistic recommendation and that comes to us. We are responsible for budgets. We should be responsible for spending.

4135 If we want to do that seriously and meet all of the cries I have heard over the last few days and
in the 38 manifestos, many of them that I read, and in lots of the emails I have read, and get our
house in order, that really starts here with us. Yes, this can be a problematic amendment on the face
of it, but it really depends on how much we want this and how much we want to do it. I would
recommend that we adopt this with the spirit of the resolution, which is after all what happens quite
a lot. It happened to zero-based budgeting and it happened to the fiscal policy framework after all.

4140 So I recommend that we do take that pragmatic approach together rather than consistently
leaving this to Committees to do, because when we do that we really do not move forward and we
ignore some of the bigger targets that we really need to be looking at. I will obviously be supporting
this and I would recommend that others do, because it will send a very clear signal that we are
serious about what we spend and how we spend it.

4145 **The Deputy Bailiff:** Deputy Rochester.

Deputy Rochester: I will not take long to say what I am going to say, but I have learned
something in the 12 months that I have been performing this role. While I supported the 1%
4150 reduction in efficiency amendment, and I am committed on both of my Committees to doing all
I can to deliver it, it has been a very useful exercise in understanding our budget in great detail, the
challenges that those budgets on Environment & Infrastructure and HSC face, and the ability we
have to find those efficiencies and savings.

4155 Pragmatism again is the theme of my speech, because in reality I know from my professional
experience that change costs. If we are going to find efficiencies we do not simply reduce our
budget or keep our budget in a demand-led world at the same level. We have to do the work to
explore where we can find those savings. As Deputy Strachan said, do the work to invest in making
those savings in the future.

4160 I will not be supporting this amendment. I support its intention and I will work hard to deliver
those efficiencies and savings, but I am clear eyed that that needs investment in many cases and
this amendment would prevent that investment from being delivered.

The Deputy Bailiff: Deputy Burford.

4165 **Deputy Burford:** Thank you, ma'am; very briefly.

I support the thrust of the amendment absolutely, but I am troubled by the wording of it
regarding the social security. That is not just a minor point, it is in there with great clarity and what
I would suggest to the proposer and seconder, given that we are not going to finish this debate
and we will be returning in September, that they give consideration to relaying, if social security was
4170 not meant to be included in there, and that is slightly difficult to – I will give way to Deputy Bury.

The Deputy Bailiff: Deputy Bury.

4175 **Deputy Bury:** I am grateful to Deputy Burford for giving way. I was quite encouraged by
Deputy Camp's speech that perhaps Social Security can just ignore it. Deputy Camp gave us
permission, great. But the point I wanted to make is that Deputy Sloan, who was originally bringing
this amendment, brought a similar one previously; it was to the budget to make savings. In that, he
explicitly excluded Social Security spending so I do not think it is an accident or open to
interpretation that this time it is explicitly included.

4180 Thank you.

The Deputy Bailiff: Deputy Burford.

Deputy Burford: Thank you, madam.

4185 I come back to the rule for information; no formal consultation has been undertaken as this amendment relates to Propositions contained within the policy letter. I am not convinced that if Propositions are in a policy letter that excludes the wisdom of formal consultation, in this case in particular with the Committee for Employment & Social Security, where perhaps if this is an error in the drafting it could have been ironed out at that stage.

4190 So I would wholeheartedly encourage the proposer and seconder, particularly as the original proposer is not here and we are going to be here in September, to consider withdrawing this and re-laying it in September.

Thank you.

4195 **The Deputy Bailiff:** Deputy Collins.

Deputy Collins: Thank you, madam.

4200 I will be very brief. I just wanted to touch upon the pension thing that got raised by the President of P&R. I welcome her numbers. I totally agree with them. One number that she did not mention to the Members, and she has mentioned this before about the number of pensioners that live off Island, which at the end of last year was 5,919 people. This is relevant. The fact that if the GST package goes through pensions are due to increase. This is a point I have made before; 5,919 as of last year are going to get significant increases in additional benefit and not pay a penny into the Guernsey Exchequer because they do not live here no more. So that is relevant. The numbers that we are talking about are very large.

4205 While we want to increase pensions to make sure pensioners are not affected, just to remember again, the Members in this Chamber, the emails that we have received, 40% of pensioners that claim a pension only receive 40% – I will happily give way.

4210 **The Deputy Bailiff:** Deputy Kazantseva-Miller.

4215 **Deputy Kazantseva-Miller:** I am really grateful to Deputy Collins. This is a very insightful piece of information that Deputy Collins, as a former member of the Committee, has. Would he not be minded to bring some kind of amendment to the tax package to potentially exempt pensioners who live abroad from receiving upratings? Because this is the information that on Committee's work is useful and essential in making those savings and efficiencies that we all look for. So instead of just talking about it, I would really encourage Deputy Collins to take those insights and bring something forward as part of these tax reform proposals and amendments.

4220 **The Deputy Bailiff:** Deputy Collins.

Deputy Collins: Thank you, ma'am.

4225 In fact, I laid a motion to the Committee not so long ago and I asked for some additional work to be done and, with respect, that work was blocked and I was told I was not allowed to continue with that, and that is why I made the decision I was better being outside the Committee and not in.

Deputy Bury: Point of correction.

4230 **The Deputy Bailiff:** Deputy Bury, what is your point of correction?

Deputy Bury: The point of correction, ma'am, is that it was not blocked. We said we needed more time. We would not be able to do it for this time's uprating.

4235 **The Deputy Bailiff:** Deputy Collins.

Deputy Collins: Thank you, ma'am.

So the method in which that was blocked was the fact I asked for some work from the data analysis team to put into my alternative paper, and the Committee Secretary advised me that that had been paused while the original paper was relayed again within a matter of a week, and we suddenly found ourselves in a specific meeting to talk about our Committee Work Plan, spending an hour of that redebating a debate we had the previous week about pensions. So, forgive me, ma'am, if I use that term, but the fact is I felt that it was best on my list of reasons that I perhaps, for policy officer reasons, step away because I did not want to invite.

I have made that point. I am happy to give way to my good friend, Deputy Leadbeater.

The Deputy Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, madam; and I thank Deputy Collins for giving way.

It was just on the point that he made before about the 5,000-odd pensioners receiving their pension that no longer live on Island.

Would he also agree with me that those 5,000-odd people do not draw on public services and our healthcare as well, which could probably cancel out or even more the amount they are being paid in their pension?

The Deputy Bailiff: Deputy Collins.

Deputy Collins: Thank you, and as a relevant point, as we found that a lot of Members who would disappear off the Island will return to the Island in later years when they are in need of that long-term care. With the fact that we have the reciprocal agreement now in place, in theory we have some people on the Island maybe we pay healthcare for. It is a relevant point, and it was a point I was about to get on to with some more fascinating numbers, which, if that is all right, ma'am, I will continue with that.

Interestingly, the Committee *for* ESS did a basket of good exercise last term, and interestingly the work showed that a couple of pensioners live in fact 47% cheaper in the UK than they do in the Island. So that really started the conversations about again pensioners living off Island, receive the Guernsey RPIX increase, and as I shared with Members earlier, whenever it was this week, about the effect rental income is having on RPIX, what cost that is having on our pensioners.

I asked the Members in my alternative that I suggested to the Committee about doing some work in the fact of reducing that pension amount, because it is absolutely spot-on right that the rate that goes forward is RPIX plus one-third, and unfortunately we do not have the data again about that. I will not mention what the Committee is proposing, but like I said, we are linked to RPIX. I have used this phrase before, it is the enemy of Social Security, RPIX. So that is why I was dead against, and continue to be against, a package which will push up inflation, because the huge cost of that, which again, if more Islanders leave the Island, we may not get that.

I fully appreciate there are arguments perhaps in the other way. That is why I am really keen about we should be doing all this work, all these data tables, and understand all the numbers before I agree a package. That is the reason I have taken the stance I have.

For me, that is really interesting that the President of P&R has mentioned pensions, because for me it was really interesting, and just to echo the point that we currently have just under £800 million in reserve to fund that. This is for me where we are clearly going to be paying out more in pensions, because people are getting old and retiring. It comes back to the way I would fix this is build houses and get more youngsters on the Island, increase our working population to deal with that, and that is one of my alternative packages that I would like to continue to work on in years to come, maybe, about looking at a different way of doing it.

As regards this, I was on the Committee when this was brought and I agree, it is really difficult to approve this because even as a member of the Housing Committee we like to spend lots of money doing a lot of good work, and this would probably put handcuffs on us. I am probably not

going to support it, but I thought I would just get up and just go over those numbers about pensions, because I thought it was relevant to the debate, as that had been raised.

4290 Thank you, ma'am.

The Deputy Bailiff: Thank you.
Deputy Ozanne.

4295 **Deputy Ozanne:** Thank you, ma'am.

I find the juxtaposition of this amendment with the previous amendment quite intriguing. I do not know if that was done on purpose, but they both resonate with ourselves and with the public and they meet the needs of many people. That is the principle behind both of them, but they both have pragmatic impacts.

4300 We have just heard a little bit about, dare I say, some of the internal conversations within Deputy Collins's old Committee, my current Committee, and we have committed to a savings group that is looking for at least 30 savings, of which pensions continues to play a considerable part. We have looked at Deputy Collins's suggestions, as you will have heard from our current President, there is a time reality, a pragmatism about the fact we cannot get that through for this year.

4305 I would just add for the amendment that we have just passed, the pragmatic reality is that you can give families a tax allowance, but there is no guarantee that they too will stay on the Island. Those children may well leave. We may be funding allowances that will have no impact whatsoever on the Island. So these issues are all complex and it is quite difficult to get into all the detail while we are here in this Chamber.

4310 I hear what Deputy Kazantseva-Miller has said about us bringing requests and more information, that these are really quite complex areas, which we need to trust our Committees to look at. Our ESS Savings Committee is still committed to turning over every stone, looking at where we can find money. But the hard reality is, which is what Deputy Rochester has just picked up on, that often we need to invest to save.

4315 One of our key priorities is to try to get people off benefits, into work, to support those who have perhaps had significant illness or mental health issues back into the workplace. We have been looking at programmes about how we can do that, both with charities that support people into work and with programmes that we can pilot. Those cost money. But they have a long-term benefit in the longer term, and it is that quid pro quo that we spend a lot of time poring over. That is why
4320 you have seen some commitments to increasing certain parts of our funds, but we know, because we have seen the impact statements, that will deliver long-term savings.

The reality is that it is complex and in straightjacketing us, as this amendment seeks to do, will not allow us to invest to save in the way that people want to see the savings. I too, like you, have read all the emails that say we want to see that you can get your house in order, that you can deliver
4325 savings. As I mentioned on Wednesday, the harsh reality is a combination of what Deputy Laine talked about, which is major structural reform, and what I talked about, which is owning up to the fact that as an Island of 60,000 people I do not believe we can deliver the level of services within Health, Education and ESS with the population that we do. We may need to look at a far more revolutionary answer, and that too will take time and resource to look at.

4330 My final thing I want to say is our contexts are changing. One of the challenges we have in ESS is that we are finding ourselves working with a workforce that is sadly getting more ill in some ways. The mental health stress figures are very notable. That is why we are looking at work and wellbeing strategies, which again require investment. But we are working across Committee with HSC and ED to look at how we can encourage people to prevent the illnesses that take them out of the
4335 workforce.

We are seeing a younger generation who have far more significant needs and difficulties getting into work. That is only going to get worse, not better. So we are going to have to respond to that. That requires us to be, I believe, not straitjacketed in the way that this amendment looks to do.

What is missing perhaps from all of this is the trust that we are committed to the savings. I heard what Deputy Inder challenged. Do we really have the heart to deliver this? I can say that I voted for that 1%, as did some other colleagues on ESS. I am committed to finding those savings, but I want to do so in a way that will have long-term benefit, not short-term reward. That is why I do urge you to reject this amendment, because it straitjackets us at the one time we need to find creative ways of finding those long-term savings.

Thank you.

The Deputy Bailiff: Deputy St Pier.

Deputy St Pier: Thank you, madam.

I want to build on some of the points that have already been made, but it is important to emphasise them. Clearly, the inclusion of the reference to Social Security spending, as Deputy Bury has said, is quite intentional. That is on the face of the amendment.

At a high level, this is a very simple, short amendment. Summarise it, expenditure should not increase more than inflation for the next three years. That, in essence, is what we think we are being told.

However, I am not entirely sure that is really what the amendment says. It suffers from its oversimplicity for the fact that it has been created, in essence, on the hoof for this debate, from the fact, as others have said, that it has not benefited from consultation. That, of course, is precisely the purpose of Rule 4, to allow or to really encourage or require Members to try to iron out some of these issues.

For example, we say:

To agree that as a matter of fiscal policy'...

So this is a policy issue:

... growth in total States' expenditure ...

Presumably, we mean budgeted expenditure the budgeted expenditure rather than actual, because I am not entirely sure, 'should not exceed' – that is not a must not or a shall not exceed – 'inflation'.

Others have already said, is it RPI or RPIX, but more importantly, is it forecast inflation, because that is how the budget is built. The budget is built on the assumptions for next year of inflation around the middle of this year. If we get those forecasts wrong, does that have a knock-on effect for 2028 and 2029? In other words, P&R will be working on their budget now, they pick a number, they assume inflation next year is going to be 3%. If it turns out that inflation is only 2%, does that mean they are going to have to shave off another 1% in the subsequent years? I am not entirely sure that is clear or not.

We then may have a provision, 'Where the States expressly resolve'. Deputy Niles said in conversations with Deputy Bury and Deputy Oswald he sought to give them some reassurance that P&R would be sympathetic to their needs. Well, of course, it is not P&R, it is the States. So P&R cannot really offer up anything. Deputy Niles, and I am sure all Members can take it from me, that whatever conversations Deputy Niles has had with Deputy Oswald, or indeed any others of course, nobody can be sure that he will still be on P&R at any future date. Things change quite rapidly. Take that from me. I will give way.

The Deputy Bailiff: Deputy Niles.

Deputy Niles: I just wanted to elaborate very briefly. As I said in my opening, talking to this, that it was a very brief conversation to both of them because it was the implication for both of them rather than P&R that I wanted to point to.

Deputy St Pier: It will really be incumbent on the Committees to, in some way come to the States because if P&R say, 'Well, we have got this resolution that says we should not be increasing by more than 1%; tough, that is what it is', then I can see mayhem breaking out as Committees seek to come directly to the States, either through amendment or, indeed, with separate policy letters, which I do not think should necessarily be encouraged.

Deputy Helyar, and I do appreciate that he is needing to address this amendment without significant preparation because of the circumstances, but he said this is not a direction to P&R, it is to the Committees, which is of course quite right. But, as others have said, the most significant part of the Committee expenditure is the pay budget, and that lies with P&R, not with the Committees. So I think there is an inherent flaw there.

There are exceptional circumstances to justify. I can see a whole industry developing here among Committees and officers, taking them away from all the other work that they are supposed to be doing. This seems to be a bit of an objective, a bit of an aspiration. I am not sure we could really classify it as a rule as such. But there are all sorts of consequences, which Deputy Ozanne referred to, the unintended consequences of this, because it has not, I do not think, been properly thought through.

I want to finally refer, before I sit down, madam, to a further Social Security question. The Social Security Funds are there for a specific purpose, and they are there to be managed for the long term. That is what the contributions go into those funds for. So if we are now suddenly going to sweep them up in this short-term initiative, and it is a short-term initiative for 2027, 2028 and 2029, we are very much tinkering with a very long-term policy that has led to the development and the management of those funds. That should be of concern, particularly in relation to the Long-Term Care Fund, which has not received much attention.

Only last year this States went through considerable debate with a very long policy letter, and resolved to increase long-term care benefits by RPIX plus 1%. The reason for that was to provide stability to the long-term care sector. So does this resolution trump that policy? On the face of it, it probably does, because as we know resolutions are not law but the intent could well be interpreted as trumping that policy. But that has quite significant consequences, which have not featured at all, and would again have benefited from some consultation.

So, for all of those reasons – somebody has used the term 'performative'. This does, in the context of this debate, feel performative. I would finally say that, in relation to the Social Security Fund, there is a very legitimate debate to be had about the role of Social Security. That is the subject of a further amendment, which I do hope I will have the opportunity to lay at some point before I am eligible to claim from the fund. *(Laughter)*

The Deputy Bailiff: Deputy Curgenvén.

Deputy Curgenvén: Thank you, ma'am.

We have been talking quite a bit about trust, about consent, and especially about money, and about how the States of Guernsey is losing all three. I argue that this amendment helps us win back a little bit of all three. **(Several Members:** Hear, hear.) But first I would like to talk about the number two; two sentences. The first sentence is, in substance, what Proposition 1 of this policy letter asks of every household in this Island, that from 2028, a consumption tax of 3% shall be charged on almost everything they buy.

The second sentence is what this amendment would add beside it. That, as a matter of fiscal policy, growth in total States' expenditure, revenue and Social Security spending combined, should not exceed inflation over the financial years 2027, 2028, 2029, save where the States expressly

resolved that exceptional circumstances justify departure. Read together, ma'am, it read like a contract. The second is the Government's undertaking.

4440 Here is the difficulty with the policy letter as it stands. Only one of those sentences is in it. This amendment fixes a serious shortcoming. It gives the contract its missing half. We have told Islanders, and I use P&R's own framing here, that this package exists to repair a structural gap in public finances. We are told that GST is expected to raise £55 million a year, roughly £39 million of the estimated £55 million remains after the packages of mitigations are accounted for.

4445 I will briefly mention here, ma'am, that when all direct costs, including inflationary costs, are included in, GST nets in around a meagre £8.5 million a year. But I will save a more detailed analysis for another debate.

Deputy de Sausmarez: Point of correction.

4450

The Deputy Bailiff: Deputy de Sausmarez, what is your point of correction?

Deputy de Sausmarez: That is not correct. The net amount is £39.5 million and we have explained why Deputy Curgenvén's assumptions are incorrect.

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The Deputy Bailiff: Deputy Curgenvén.

Deputy Curgenvén: I do not take that. As you have seen my workings, it is from an accounting perspective. It was agreed by the Chief Economist, so you might want to go back to the person that crunches the numbers.

4460

The Deputy Bailiff: Deputy Curgenvén, remember, through me.

Deputy Curgenvén: Sorry, ma'am. I apologise.

4465

I will therefore go back to using P&R's own figure of £39 million. Where in the policy letter guarantees that the £39 million goes to the deficit and not to the year-on-year expansion of everything Government already does, not to its ever-increasing staff count and cost, but to the deficit?

4470 Ma'am, I ask again, where in the policy letter guarantees that the £39 million goes to the deficit? Search the Propositions and the honest answer is nothing in the operative text at all. Just good intentions in the explanatory memorandum.

These are targets spoken of elsewhere, but the Propositions themselves, the words this Assembly resolves, bind the taxpayer and leave the Treasury free. I do not believe P&R disagrees with this principle. Its own explanatory memorandum states that:

4475

Sustainability cannot be secured solely through increases in taxation and depends equally upon maintaining expenditure discipline.

Equally, the Committee's words; not mine. On P&R's own figures, the package's claimed improvement, some of the £59 million a year, already assumes a minimum of £20 million of expenditure reductions. If Members believe the memorandum, they have already accepted the amendment's premise. The only question left is whether they are willing to say on the record what they have already accepted in prose.

4480

I anticipate the reply. It will be said that the bargain is already two-sided because the savings target exists, that the amendment therefore adds nothing. Ma'am, with respect, there is a difference in kind – not species, in kind – between an aspiration and an undertaking. An aspiration lives in a press line but can die in a budget round. We have it from P&R's own President as recently as this month, I believe, that less than half of the savings required for 2027 have so far been identified.

4485

The Guernsey Hospitality Association, which speaks on its own account for some four-fifths of its industry, has said publicly that before consumption tax, there is, and I quote, 'A need to restore confidence through genuine public sector reform, demonstrate efficiency savings and have some accountability'. (**Several Members:** Hear, hear.)

That is not the language of ideological objection. That is the language of a customer asking to see the invoice. The explanatory memorandum to this amendment answers in kind, framing its aim as avoiding, and I quote, 'increasing the overall size of Government in real terms'.

Then comes the subject of safe stewardship. The question of what we are doing between generations when we pass this package. Because the moral case P&R has made for urgency rests on the reserves. We have been told that, without reform, the general revenue reserve is projected to be exhausted by 2031. That projection traces to political commentary on the Fiscal Policy Panel's work rather than to an independent finding. This is conditional. It assumes that States' spending in real terms above inflation goes up year after year. But this is not a prophecy. No. It is a warning with an 'if' in it.

I invite the Assembly to notice what that 'if' is. The very forecast being used to justify this tax is a forecast about unrestrained expenditure growth; the precise behaviour this amendment exists to restrain. The urgency case and the amendment are not strangers. In fact, the urgency case is an argument for this amendment. If the danger to the reserves is spending rising above inflation, then the remedy is not only new revenue, it is a resolution that spending shall not rise above inflation.

Here, the maths becomes simple. Simple enough for me to understand and simple enough no Committee letter can complicate. Reserves are refilling by one thing and one thing only, the gap between what Government takes in and what it spends. Revenue alone protects nothing. If we raise £39 million and spend £39 million more, the reserves are exactly as exposed as they were before, except the only difference now is that Islanders are paying a new tax for the privilege.

Ask the young family at the Co-op to pay 3% more so the reserves endure and then allow the proceeds to leak quietly, budget line by budget line, into a permanently larger present-day States and workforce, and we have done something this Assembly should be ashamed of. We will have taxed the young in the name of the future and spent the proceeds on ourselves.

This amendment is the clause that makes this Assembly's stewardship claim honest. It is what stops the money leaking straight back. This new Assembly is being asked, in its first great fiscal decision, to tax the young to save the reserves. Very well. Then let it also resolve that the reserves, and not the baseline, are where the sacrifice goes. Sign both halves of that promise, or neither.

Deputy Niles: Point of correction, ma'am.

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

Deputy Niles: I was just mulling that Deputy Curgenvén was using the analogy of a 3% rise in costs equalling a 3% revenue raise from GST, asking from one and exchanging it for the other. But of course they are two completely different numbers.

The Deputy Bailiff: Carry on, Deputy Curgenvén. I do not think that is a true point of correction.

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

A rebuttal may be summed up in one word, 'austerity'. It may be said that a cap on spending means cuts, that Members who vote for this amendment are voting to take things away from Islanders. I ask the Assembly to re-read the amendment. It says that expenditure growth should not exceed inflation. That is the entire restraint. Every budget in every Committee may rise in cash every single year to cover rising prices in full. Not £1 of cash reduction is required of anyone by this amendment. Not from Health, not from Education, not from Home Affairs.

The only thing that is restrained is the real-terms expansion of Government; the States growing faster than the prices around it. Call that austerity and the word has lost its meaning. Consider the

standard P&R itself has set. Its President has said that savings sought should be genuine efficiencies, not expenditure reductions which are going to impact frontline services.

I agree. I agree completely. It is precisely the standard this amendment writes down. No cash cut, no raid on the frontline, a check on real growth and nothing more. If that is P&R's own test, this amendment passes P&R's own test. To ask Islanders to tighten while Government widens is not fiscal policy, it is a double standard.

I concede that there are pressures that can push particular costs above inflation for reasons no Committee controls, yet this amendment does not pretend otherwise and it does not bar the door. Let me end where I began with two sentences. One takes 3% on nearly everything from every household from 2028. One restrains Government to hold its real size for three years while the new tax beds in, if successful. The policy letter contains the first. I will be supporting this amendment, ma'am, and I urge Members to do the same.

The Deputy Bailiff: Thank you.

Deputy Matthews.

Deputy Matthews: Thank you, madam.

I am tempted by this amendment because in a lot of ways I feel that we have not really had constraints imposed on expenditure across the States in a way that we should have done over the last few years. To some extent that is understandable, certainly when I was elected in 2020, that we were in the midst of COVID and the intention was to try to get through the results of that and some increases in spending was thought really more acceptable in order to try to get over that difficult period and to try to recover from it.

We have not really quite got back into the discipline of constraining expenditure since then. But I sit on two of the Committees which spend the most. So although this amendment refers to expenditure, which has been discussed, it includes Social Security as well in terms of spending. Two Committees that spend the most are Health and Education. In many ways, they are in very different positions. On Education, as we have discussed, the numbers are going down. That does not necessarily mean that you can immediately realise savings because you have less children on the school rolls because those costs are sticky. You do not necessarily get to realise those less numbers immediately, but it is the case that the numbers are going down.

But in Health we know that the numbers are going up. There are two reasons, and we need to separate this out more clearly. But one of them is clearly just the change in the age structure of the Island where people who are older generally have higher healthcare needs. Also the range of treatments that can be done is increasing. So in that respect, demand increases.

I argued against this or a similar amendment in a previous debate because it is a bit of a blunt instrument like that. We know that Health numbers are going up and my thoughts on healthcare revenue are that really trying to fund, as we do – we have a hybrid system in Guernsey. Our primary care is paid for. You pay when you go and see your doctor. But our secondary care, we generally fund through general revenue. That, as we know, is a shrinking pool or it is certainly not growing by any great extent over the very long term.

The best solution in the long term is really to decouple that so that we move more towards a European-style system where we have healthcare costs, secondary healthcare costs, largely met through insurance schemes, as they do in much of the continent. Trying to emulate the NHS system, or part of the NHS system, over the very long term is just going to be very difficult. We just have to fund it all through general revenue.

But that type of change would not take place during the years 2027, 2028, and 2029; although it could deliver more in terms of expenditure gains, but not during those years. This is a weakness sometimes of some of these amendments, and it is the same with the 1% baseline cost, is that it tends to focus on what can we do in this one year. On Health, I am sure that we would be looking at all sorts of mechanisms to try to recoup some money. We would look at prescription charges and all these sorts of things, which are not really long-term strategic reductions in expenditure or

increases in revenue, the way that we should be looking. So that is a problem and it is a weakness of these types of very blunt instruments.

That is because the 1% savings reduction, when it was introduced – we did not really discuss or we did not really understand – is that 1% per Committee, some Committees might have larger reductions than others. We seem to have ended up doing it per Committee, which does not really make very much sense. Certainly, in this amendment, it does not specify whether you would evenly spread it among Committees, and including Social Security in that, because you could make a very substantial saving by making a very substantial reduction in Social Security, for example. But this does not specify any of that; it just has a cap overall.

One of the aspects of that that would be most difficult, and Deputy St Pier mentioned about this, really the biggest cost, certainly for Health and Education, is pay. That is not controlled within the Committees. The hardest task with this amendment would sit with P&R, because that is where the great majority of the increases would sit. It is with pay for public employees.

Although many Members have spoken and said this is to do with the Committees, and it is quite often a refrain you hear, the Committees have to come back with savings and they have to do this and they have to do that. This highlights that there is a very limited amount that you can do from a Committee like Health or Education to try to make those types of savings or to keep within those sorts of constraints. The place that you would need to be looking at that is within P&R and within pay.

With that in mind, it is difficult to support something that is such a blunt instrument. Although I do really feel that there should be some better constraint and better discipline over spending across the States, which does not exist at the moment. I do see that, and when summing up, if Deputy Helyar could perhaps explain the mechanism by which this would be enforced. I do appreciate that it is not Deputy Helyar's amendment, it is Deputy Sloan's, but I would appreciate it if he could maybe have a bash anyway at explaining how he thought his interpretation of it would work in terms of would this just be a principle that you would report on or some other constraint that P&R would be responsible for enforcing.

I certainly think that, as a general principle, the States really ought to be looking at constraining expenditure. But exactly how that would work is a question that this amendment leaves open.

Thank you, ma'am.

The Deputy Bailiff: Deputy McKenna.

Deputy McKenna: Thank you, ma'am.

Unfortunately, I will not deliver this speech with the eloquence of Alderney Representative Hill. I admire his vocabulary greatly and could listen to him all day. My good friend, Deputy Sloan, it is tragic circumstances with his mother, and I do not want to talk about that.

So, yes, the amendment has been laid by Deputy Helyar, whose son today at Bisley got third at 300-yard shot, which to the rest of us means that Deputy Helyar's son is ranked number three in the world. So congratulations to you and your family today. That is absolutely phenomenal. The shooting coach told me what a wonderful achievement it was. The shooting coach is my son, Rory McKenna; so there you go.

To answer Deputy Ozanne, when she asked about declaring an interest; yes, I have four children, Rory and Connor at Elizabeth College, Orla at Blanchelande, and Erin at Ladies College. I have also got private medical insurance; so I contribute, I do not take.

This amendment the public will love. The public will love this because they want to see that we are responsible with their money, and that is what it is attempting to show. There may be little bits that have to be moved around and changed, but we are all reasonable people. We will understand when that comes, and we are.

I have heard today that two and two makes four, and that is true. That is exactly what an accountant would tell you. But if you ask a businessman like Deputy Vermeulen, he would say two and two is four and a quarter, maybe four and a half. That is where I went, okay, well, the reason

I said that – sorry, ma’am – is I always used to tell a story where a Guernseyman has a son and a daughter. He said to the son, ‘What is two plus two?’ He said, ‘Four, Dad’. He said, ‘Brilliant, go and be an accountant for the States of Guernsey’. He said to the daughter, ‘What is two plus two?’ She said, ‘Dad, are you buying or selling?’ ‘You come and work for me.’

That is what this amendment is all about. We are going to show that we have the will. It was wonderful, it was Deputy Strachan said about giving incentives about when children are looking to the future because they will be our future taxpayers. Alderney Representative Hill said that. Ma’am, it is brilliant, absolutely brilliant, that if we follow this amendment we are showing encouragement and maybe a new trust to the public that we are going to try to amend what they perceive as the MyGov, the millions that they see spent on that. They see the £130 million on the Agilisys contract – but Deputy Laine knows better than me – on the overspends on the electronic patient record system, and it goes on.

So this amendment will bring back a trust, a real trust amongst the community that we are doing our best for them with their money. Yes, I understand about ESS, I understand about HSC, but we are all reasonable people. I am sure we will, when it is put to us, all understand – and we can move the dial, as Deputy Inder was suggesting. The dial was moved at GST from 3%, 5%, 8%, 10%. I am glad he stopped at 10%. I am really delighted Deputy Inder stopped at 10% because, as the Father of the House has told us, we are in a cost-of-living crisis and a housing crisis, and yet we have Deputy Inder, who was the former President of Economic Development, saying, ‘Maybe we should have GST at 10%’.

That old saying about the last one out of Guernsey, turn off the lights. The community cannot take the pain anymore, and what a wonderful incentive we have had today in saying encourage families to have more children, give them incentives that way, because I tell you what – Deputy Parkinson knows it is true, we have said it both together – you cannot tax a generation that no longer lives here. So this amendment, would be great for support for the community, not necessarily for the different Committees, but for the community; they can get behind this and say, ‘They are moving forward’.

The Deputy Bailiff: Thank you, Deputy McKenna.
Deputy Goy.

Deputy Goy: Thank you, ma’am.

There is a saying that there is always two sides to a coin and two sides to a story, and nowhere is this more true than when it comes to savings. I am for savings, but above all I am first of all for waste reduction. There is a big difference between those two terms. (**Several Members:** Hear, hear.) I just wanted to share a caution, if caution is the right word to use here, and the caution is this: never tell the Government to save money without also telling it where the saving comes from, because the logic is very simple, and let me explain.

As we all know, for most Governments the biggest expenditure is salary. I have never met a senior manager – a six-figure salary senior manager – who, when they are told that their department has to save money, immediately looked at his own salary and thought, ‘Huh, you know what, I should take a haircut’. What normally happens is that there is a freeze in recruitment, and that usually happens at the frontline staff level. You have frontline staff that leave and then not get replaced.

I experienced this first-hand working for the States, I can tell you that. The other thing that is going to happen is when you have less frontline staff but the same amount of work, is that you have a degradation of public service. The other thing that would happen, other than a staff freeze, is that you have Government passing the cost to the people. For example, if the Government used to subsidise certain prescription medication, it decides that because we need to save money we need to cut costs, we will pass the cost to the people, we will stop subsidising. So you begin to see a rise in cost of living, and especially this is harsh for those who are dependent on prescription medicine, and this is something that is borne out in experience. I have seen it happen.

4695 This is the caution that I am trying to say. Before you tell a Government to save money, you need to tell it where the saving comes from. This is why when Deputy Humphreys came up with the 1% savings target, I voted against that. The reason is very simple. Again, I am for savings, but above all, I am for waste reduction first. If we talk about savings, I am for savings if we tell the Government where exactly to save. This is the due diligence that we need to come up with.

4700 I challenge Members here, if you want this Government to save money, first of all look at waste because these two are very different. You see the £42 million that was lost, that is waste, that is not savings. The £63 million that was spent for consultants from 2020 to 2024; I dare say a lot of it is waste rather than savings. The nearly half a million that is spent on a consultant, paid to a UK consultant to give us a finance strategy, that is a waste.

4705 I would again say this very carefully, I am for savings but above all I am for primarily waste reduction first. And if it is savings, please tell the Government where the savings should come from. Thank you.

The Deputy Bailiff: Thank you, Deputy Goy.

4710 Does anybody else wish to speak?

Yes, Deputy Gabriel.

Deputy Gabriel: Thank you, ma'am.

4715 I will be brief, because most Members have covered some of what I wanted to say, but I will do a little recap in how it affects E&I.

We have heard quite a lot about Social Security, and even one part of their budget is miles and miles away from the spend at E&I, and Health of course is our biggest expenditure.

4720 We, doing our jobs, representing the people, should all be saving money, looking for savings, looking to deliver services as efficiently as we can. All of the Members that I have come across have been seen to be doing that. At E&I, we have been a pilot of the priority-based budgeting, and the feedback I have had from officers who are right in it and spending significant hours in there assessing every line, and when they present to me and to the independent panels, the independent panels have been not necessarily amazed, but they are saying, 'You do that with that? Wow, that is pretty good'. But we are still trying to address finding some efficiencies without cuts, because that is the important thing as well.

4725 Last year's Budget, we are now reaping the benefits, I suppose, of that, and they are not really benefits because we have had serious complaints and numerous complaints about roadside weeds. We did not progress an extra request from our service provider to put in extra weed treatment along the road cuts, and that was that one item for doing that one extra bit was way more than 1% of our budget. So we did save more than 1% last year, and look where it has got us.

4730 We are also tasked with no increases on charges, and at E&I that is significantly hard. Earlier this term we wanted to understand exactly where we were spending, and we found out that we have over 60 service-level agreements with suppliers, and they are very well-negotiated by staff and also with assistance from the States' procurement team. They know what they want to deliver, and the suppliers do too, and there is a decent agreement in there, and the rate is a fair rate.

4740 But, and here is the but, some of it, ma'am, is from an internal provider, a trading body of the States of Guernsey. Pay forms a large part of their contract, delivering that contract. That pay is awarded through P&R, of which E&I has no control, as I said earlier, of our budget. Following on from that, they are tasked with delivering a profit back to the States from their customers, from their contracts, of which E&I is a significant one. We are talking about road cleansing, signs and lines, cliff path clearance, many different aspects all through our SLAs with that provider, and again, those contracts, they are sometimes formula-led. They sometimes have RPIX built in, so while I appreciate the focus of this, it is exceptionally loose, and I just really do not think it is deliverable.

4745 Deputy de Sausmarez looks like she wants me to give way. I will give way.

The Deputy Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: I thank Deputy Gabriel for giving way.

4750 I did not really want to interrupt the point that he was making, because it is a point that I recognise very well, having previously held his role, and E&I is a really good example. It has got a very small budget compared with most other Committees. It is the second smallest, or thereabouts, and it is very tight.

4755 I just wanted to make one point in relation to pay, and it is not directly relevant to the point that Deputy Gabriel made, because he was talking about pay in a contracted-in service, but a couple of people have mentioned the biggest cost pressure in any Committee is pay, and that is completely outside our control. That is within P&R's gift. But while P&R negotiates the rate of pay, it is within the Committees' gift to decide how many people receive that pay. So I just wanted to make that small distinction.

4760 But also back to the point that Deputy Gabriel has made, he has talked about priority-based budgeting, and that is a really appropriate tool to counteract some of the issues that Deputy St Pier talked about in terms of the in-year savings and the deliverability thereof. The priority-based budgeting process that Deputy Gabriel has mentioned does give Committees that opportunity to look at finding efficiencies and savings in a way that is less constrained than the in-year process that Deputy St Pier was right to highlight.

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The Deputy Bailiff: Deputy Gabriel.

Deputy Gabriel: Thank you.

4770 I was about to finish up anyway, but building on what Deputy Camp said around the ability to spend to save. It might not have been her, so I will withdraw it if it was not her, but certainly digitisation of providing services will enable us to deliver services in a more efficient manner, but that spend is going to outweigh and be above RPIX, RPI or inflation, or however we are measuring inflation in this specific aspect. So, again, that will be a challenge of keeping to this.

Thank you.

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The Deputy Bailiff: Thank you.
Deputy Vermeulen.

Deputy Vermeulen: Thank you, ma'am.

4780 I am brought to my feet by Deputy Gabriel saying he does not think there are, and it seems impossible. He did not think he could make savings. Sorry, ma'am; through you, ma'am.

The Deputy Bailiff: Yes.

4785 **Deputy Vermeulen:** That is why I am up here.

4790 Funnily enough, I was in business for a long, old time, and I have the benefit of running a business for many years, and when things were put before me, when we went through recessions and through tough times, dare I say it, road closures. The whole of Vazon Road was closed once, our customers could not get to us. We did the impossible. We had the busiest period of time. We did 14,000 covers in three months. If you would have asked me to have done that, I would have said exactly what you said. It is impossible. You cannot.

4795 I have heard far too much negativity in this Chamber about this amendment. Of course, if you do not try you never will. I know from experience that it is achievable. It might not seem achievable, savings might not seem achievable on the face of it, but when you give it time, when you start digging, when you start looking, you can find them.

I worked with different nationalities, and it was very refreshing. I had a good relationship with a manager who was from India, and he had a refreshing outlook. He said, 'Mr Simon' – that is what I was called, 'Mr Simon' – he said, 'We Indians have a phrase for this when we are going over the

budget. We have a phrase for it'. I thought, well, this is interesting. I said, 'Tell me, what is the phrase?' 'Kaam chalana.' I said, 'Well, what does it mean?' He said, 'It is more a way of life. We all do it, kaam chalana. It is make do. It is make do'.

So instead of perhaps running out and buying a new this or a new that, you just make do with the old truck and fix the old wheel. But it is a whole way of life out there. It is a whole different perspective and outlook.

Another thing which was different, I had a load of English and they would be scared of getting too busy. But this fellow, he said, 'Mr Simon, we love being busy'. I said, 'You what?' I said, 'Look, we have 463 people. I am going to ask you tonight to do the impossible. We have to cook hot food for them in the marquee and there is no kitchen'. 'It is not a problem. Not a problem. In my village I have been trained' –

The Deputy Bailiff: Deputy Vermeulen, I am conscious it is six o'clock. We have had a very long day, can you please talk about the amendment?

Deputy Vermeulen: It is.

The Deputy Bailiff: There is a general feeling that once this amendment is dealt with, we will not try to move on to another one. We will just deal with the schedule.

Deputy Vermeulen: Okay, well, the point –

The Deputy Bailiff: But I would be very grateful if you could speak to the amendment.

Deputy Vermeulen: The point is, they were used to doing far bigger banquets in the village for 4,000 people at the wedding. So if you want to make savings, you can. That is the bottom line. I have heard very few examples. I have heard lots of examples why you can, but there are some noticeable exceptions.

I have to give Deputy Goy 10 marks for mentioning waste management. That really is something which we in the States do not look at. I have to say, if you look at the Proposition, which you have rushed me to look at, if you look at it compared to what faced me through the recession, where we had to peg our budget without RPI, without anything, of course. We just had the budget that we spent last year and we had to contain our overheads, and by Jove we did it. We did it. So allowing for inflation in this is quite generous. I have had to do far worse.

I am going to support this and if anybody is really struggling, genuinely, come and talk to me and I will help you find some savings. I would be delighted to assist you.

So, there we are, ma'am. I am finished.

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

Deputy Leadbeater: 26(1), madam.

The Deputy Bailiff: Deputy Leadbeater is seeking the guillotine motion. Those who wish to still speak in debate, stand in your places. Do you wish me to still put it to the vote?

Deputy Leadbeater: I apologise to Deputy Blin, but I do, madam.

The Deputy Bailiff: Right, we will first start with an *aux voix* vote. Those who wish to guillotine the debate now and move to voting after Deputy Helyar has responded, please say *pour*; those against.

Some Members voted Pour, others voted Contre.

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The Deputy Bailiff: I am going to go to an SEV. States' Greffier, would you kindly open the voting on the guillotine motion?

There was a recorded vote.

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Carried – Pour 19, Contre 13, Ne vote pas 0, Did not vote 0, Absent 0

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

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The Deputy Bailiff: There voted in relation to the guillotine motion, 19 pour, contre 13, there were 2 abstentions and 5 Members had already left the Chamber at the time of the vote.

I will therefore move to Deputy Helyar to respond in relation to the amendment.

Deputy Helyar: Thank you, ma'am, and thank you, Members, for the manner in which you have debated this.

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This amendment has been the most interesting so far of the three days. We have moved on to playing chess rather than Punch and Judy, which is a bit of a relief. And the chess has been quite interesting.

I am not able to channel Deputy Sloan. I cannot tell you definitions that are not defined in this amendment, and I am not going to go through everybody individually. I am going to be thematic, because there is a big theme. The theme is we cannot save any money and we will not save any money. That is it.

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Anybody who is looking at this from the public and looking to us for leadership, this amendment does not deal with savings, it just asks us as guardians of the States, not of the galaxy, obviously, (*Laughter*) to try to prevent the Government growing faster than the economy. It is a very simple principle because for many years our Government has been growing much faster than the economy, and we have reached a point where a lot of people no longer wish to commit to that continuum. It is our job to stop it.

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I was talking earlier with Deputy Montague. One of the things about the vagueness of this amendment is that Deputy Sloan was looking for truly collaborative Government to find a solution to this, so there is no specific Committee target. Obviously, the biggest savings would come in Health. Deputy Oswald has very clearly said that will come with serious repercussions, and I do not doubt it.

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I wish to refer to Deputy Bury's speech as well because I felt she made some excellent personal examples of where money is not being wasted. There are Committees which have what we call colloquially formula-led spend. Nobody knows how many young children are going to fall off a

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trampoline next year and break their arms. We do not know whether there is going to be a contagious disease outbreak. Government is not like a business where you can set a budget and absolutely guarantee that it will continue.

The worrying thing, though, a lot of people say what is going to be the mechanism? How are we going to sort it out? That identifies a really important thing. We do not have a mechanism for sorting this out, and that is one of the reasons why we keep spending too much money. Because there is not anybody that can say, 'No, you cannot do that. You are not allowed to do this service. You are not allowed these people. Stop'. We just have no control over this system, and it is one of the things I spoke about earlier, and that is a really important point.

The 19th century Navy is a fantastic example. We have some excellent portraits around that period in time. The Navy never had any radios or telephones in the middle of the Caribbean to ask what he should do. They left Portsmouth with a vellum or a piece of parchment saying, 'Go out there and sink anything with a French flag on it', and they were expected to go out there and improvise and get their orders done. They were in trouble if they did not do it.

That is what we should be doing. We should be iterating, improvising, where there is not a process, find a way of collaborating to do it. Yes, if there is horse-trading between Committees, we need a bit of this and you are going to have to cut that, then we have to do it.

The most important speech that was made today was by Deputy Inder, who is unfortunately not here, because he said P&R should go away and reconsider the rate of GST that they have in their policy letter. Because fundamentally this debate has demonstrated that nobody in any Committee has any commitment to saving money. That is what was said today in super summary. We need to be honest, as Deputy Montague said, with the public about what this is going to do. Because my fear, if we cannot even keep the Government to RPI, then it is not going to be 2030 before we need the rate to go up; it is going to be almost immediately. If we are going to do it, then we need to do it at a proper rate where it can bed in.

I thank Members, if they support the motion. I am sure Deputy Sloan would be much appreciative. He may now decide to define it and bring it back again in September, who knows. It does certainly need some refinement, as has been pointed out, even just defining what RPI means. I suspect it would be RPIX because that is the latest iteration of the four or five that we have had.

Thank you, Members, for the debate and I look forward to seeing what the outcome is.
Thank you.

The Deputy Bailiff: Members, on the SEV now is Amendment 23 and I will ask the States' Greffier to open the voting.

There was a recorded vote.

Carried – Pour 15, Contre 12, Ne vote pas 7, Did not vote 5, Absent 1

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

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The Deputy Bailiff: There voted in relation to Amendment 23, pour 15, 12 contre, there were 7 abstentions and 5 Members had left the Chamber by the time of the vote. I therefore declare that Amendment 23 has been passed.

4930

As I indicated, there has been a suggestion that we revisit our original desire to work until 6.30 and not start the next amendment. We do need to still deal with the schedule.

So those who support the motion that, but for the schedule, we finish the meeting now, please say pour; those against.

Members voted Pour.

4935

The Deputy Bailiff: Motion carried.

POLICY & RESOURCES COMMITTEE

12. Schedule for future States' Business – Proposition Carried

Article 12.

The States are asked to decide;

Whether, after consideration of the attached Schedule for Future States' Business, which sets out items for consideration at the Ordinary States Meeting on 30th September 2026, they are of the opinion to approve the Schedule.

The Deputy Bailiff: Deputy de Sausmarez, in relation to the schedule, do you have anything you wish to say?

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Deputy de Sausmarez: To be honest, madam, my schedule for future business has got lost somewhere in the pile of paperwork, but from memory luckily there was not an awful lot on it because there will be quite a lot rolled over from this meeting. So I cannot speak to any of the specifics, but I am sure Members will have previously looked at it and just ask that it is approved.

4945

Thank you.

The Deputy Bailiff: Does anybody wish to speak in debate on the schedule?
Deputy Gollop.

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Deputy Gollop: I would like to. With the schedule, will there be an argument, bearing in mind we are not meeting until the end of September, that we should consider a meeting on the Tuesday beforehand? I know that is not strictly related to the schedule but it effectively might add some help to us.

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The Deputy Bailiff: Deputy Gollop, unfortunately it is difficult to do that on the hoof, if you like, and it is not really about the schedule. I cannot say right now whether or not it is possible in terms of either the States' Greffier team or indeed the only Presiding Officer there will be then, which is me. Although of course there will be acting Presiding Officers, so it may be your opportunity, Deputy Gollop and Deputy Parkinson, to step up to the seat. I am afraid I cannot give you anything further.

4960

Deputy Gabriel.

Deputy Gabriel: It is relating to future business, ma'am, not necessarily all of the future business, but the remaining business of this meeting, where would that slot into the future business, including the statements and questions we have under Rule 11?

The Deputy Bailiff: Deputy de Sausmarez, do you want to answer that? Because really this is your debate, not mine.

Deputy de Sausmarez: My understanding is that the work left over from this meeting would be taken first and, I do not know exactly off the top of my head, looking towards the President of SACC about the protocols, but if we would need to re-order statements, etc., in the way that we did for this meeting, I imagine that would be a motion that would be put to the Assembly in order to do that.

The Deputy Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Sorry ma'am, to test your patience.
Hypothetically, could there be more amendments on this subject submitted? If so, should we allow a little bit more time than we allowed this sitting?

The Deputy Bailiff: If the matter goes into the next meeting, then I am afraid the amendment deadlines re-open and the amendment deadlines will be in accordance with the structure. If there is a completely separate, or this meeting is effectively extended, then different Rules apply. So it depends how it is dealt with.

But, at the moment, it is going into the meeting of 30th September, in which case – this is something we have discussed so I am not saying this off the top of my head – effectively the amendment deadlines re-open. Yes, it is different if this meeting has effectively gone on to a fourth day or a fifth day. That is a different scenario.

Deputy de Sausmarez: So, if we choose to have a standalone meeting, extending this one.

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

Deputy de Sausmarez: No. It is obvious not all Members are here. We do not know about Members' availability. We do not know about staffing availability. Sadly, we have gone through many more than 22 amendments in a single sitting before and it is a shame that this one has taken as long as it has.

It is a shame that we are going to have to wait until the end of September to pick it up again, but we really have no choice. That is where it is. There are not any alternatives within the Rules as they currently are to do anything different, and so really all I can do is ask Members to approve the schedule.

Deputy Goy: Ma'am, I have a question. Sorry, can I ask a question ma'am?

The Deputy Bailiff: Who are you asking, Deputy Goy?

Deputy Goy: You, ma'am.

The Deputy Bailiff: Well, if you can stand up, you may ask me a question.

Deputy Goy: Okay, thank you. Sorry. Ma'am, can you tell us what is the deadline for submission?

5015 **The Deputy Bailiff:** I am afraid that is not at the tip of my fingers. That is not the information that I deal with. The States' Greffier team will be very happy to help you afterwards.

Deputy Goy: Okay, thank you.

5020 **The Deputy Bailiff:** We need to close this meeting once we have had this vote. Deputy Greffier, would you kindly open the voting please?

Deputy Ozanne: Point of order, ma'am. Can I ask a question, while we are waiting, about amendments?

5025 **The Deputy Bailiff:** Can we just deal with – Deputy Humphreys, have you been able to vote?

Deputy Humphreys: I cannot vote.

There was a recorded vote.

5030

Carried – Pour 32, Contre 0, Ne vote pas 0, Did not vote 7, Absent 1

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

5035 **The Deputy Bailiff:** There voted in relation to the schedule of business, pour 32 and 7 Members were either not in the Chamber or unable to vote, but nevertheless we have a clearly unanimous decision on that. so the schedule is therefore passed.

Deputy Ozanne, what is your question?

Deputy Ozanne: Thank you, ma'am.

5040 Can I just ask about amendments for September? Are they requiring us to suspend the Rules?

The Deputy Bailiff: I would be really grateful, Deputy Ozanne, if you could speak to the States' Greffier. They will explain; effectively it is restarted again. So some of those that have at the moment motions to suspend the Rules, I will leave it to –

5045

Deputy Ozanne: We can withdraw.

The Deputy Bailiff: You have a lot of time now.

Yes, Deputy Gollop.

5050

Deputy Gollop: We have all been rather hot and bothered. I was getting a bit sleepy myself the last hour or so. I must thank you, apart from congratulating as Deputy Bailiff and Presiding Officer, because I do not think we have a Deputy Presiding Officer, for chairing this debate very fairly and very well in difficult circumstances, and we look forward to the resumption.

5055

I also wish you and your family and all the parliamentary team and workers a very happy August break and all of my colleagues and the same to our other Presiding Officer, the retiring Bailiff, Sir Richard.

The Deputy Bailiff: Thank you very much, Deputy Gollop. It is very kind of you to say so. *(Applause)* Thank you very much.

5060

I wish all the Members a very enjoyable and relaxing summer in some slightly cooler environments. States' Greffier, would you kindly close the meeting.

The Assembly adjourned at 6.24 p.m.