



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 7th November 2018

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

Volume 6, No. 27

ISSN 2049-8284

Present:

Sir Richard J. Collas, Kt, Bailiff and Presiding Officer

Law Officers

R. M. Titterington, Q.C. (H.M. Comptroller)

People's Deputies

St Peter Port South

Deputies P. T. R. Ferbrache, J. Kuttelwascher, D. A. Tindall,
B. L. Brehaut, R. H. Tooley

St Peter Port North

Deputies, J. A. B. Gollop, C. N. K. Parkinson, L. C. Queripel
M. K. Le Clerc, M. P. Leadbeater, J. I. Mooney

St Sampson

Deputies L. S. Trott, J. S. Merrett, G. A. St Pier,
T. J. Stephens, C. P. Meerveld

The Vale

Deputies M. J. Fallaize, N. R. Inder, M. M. Lowe, L. B. Queripel,
J. C. S. F. Smithies, S. T. Hansmann Rouxel

The Castel

Deputies R. Graham L.V.O, M. B. E, C. J. Green, B. J. E. Paint,
M. H. Dorey, J. P. Le Tocq

The West

Deputies A. H. Brouard, A. C. Dudley-Owen, E. A. Yerby,
D. de G. De Lisle, S. L. Langlois

The South-East

Deputies H. J. R. Soulsby, H. L. de Sausmarez, P. J. Roffey,
R. G. Prow, V. S. Oliver

Representatives of the Island of Alderney

Alderney Representatives L. E. Jean and S. D. G. McKinley, O. B. E.

The Clerk to the States of Deliberation

S. M. D. Ross, Esq. (H.M. Senior Deputy Greffier)

Absent at the Evocation

Miss M. M. E. Pullum, Q.C., (H.M. Procureur); Deputy P. R. Le Pelley (*indisposé*)

Business transacted

Evocation	2079
Billet d'État XXIV	2079
I. The States of Guernsey Annual Budget for 2019 – Debate continued	2079
<i>The Assembly adjourned at 12.31 p.m. and resumed at 2.30 p.m.</i>	<i>2116</i>
The States of Guernsey Annual Budget for 2019 – Debate continued	2116
<i>The Assembly adjourned at 3.02 p.m. and resumed at 3.13 p.m.</i>	<i>2122</i>
<i>The Assembly adjourned at 5.31 p.m.</i>	<i>2153</i>

PAGE LEFT DELIBERATELY BLANK

States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The Senior Deputy Greffier

EVOCATION

Billet d'État XXIV

POLICY & RESOURCES COMMITTEE

I. The States of Guernsey Annual Budget for 2019 – Debate continued

Article I.

*[See full text of original Propositions including Schedules at:
<https://www.gov.gg/CHttpHandler.ashx?id=115715&p=0>]*

The Senior Deputy Greffier: Billet d'État XXIV, the States of Guernsey Annual Budget for 2019.
The continuation of the debate.

Amendment 3

In proposition 29 –

a) immediately after ""The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2018"" insert ", subject to the amendment indicated below", and

*b) immediately after the proposition, insert the following amendment to the Ordinance –
"Amendment*

In the Schedule to the Ordinance –

for TABLE (A) "GUERNSEY REAL PROPERTY" (pages 103 to 105), that part of TABLE (B) "ALDERNEY REAL PROPERTY" relating to "ALDERNEY BUILDINGS" (page 106) and that part of Table (C) "HERM REAL PROPERTY" relating to "HERM BUILDINGS" (page 108), substitute the following:

TABLE A
GUERNSEY REAL PROPERTY
GUERNSEY BUILDINGS

1 Property Reference	2 Property Description/Usage	3 Tariff
B1.1	Domestic (whole unit) Local Market	£1.56
B1.2	Domestic (flat) Local Market	£1.56
B1.3	Domestic (glasshouse) Local Market	5p
B1.4	Domestic (outbuildings) Local Market	78p
B1.5	Domestic (garaging and parking) (non-owner-occupied) Local Market	£1.56
B2.1	Domestic (whole unit) Open Market	£1.56
B2.2	Domestic (flat) Open Market	£1.56
B2.3	Domestic (glasshouse) Open Market	5p
B2.4	Domestic (outbuildings) Open Market	78p
B2.5	Domestic (garaging and parking) (non-owner-occupied) Open Market	£1.56
B3.1	Domestic (whole unit) Social Housing	Zero
B3.2	Domestic (flat) Social Housing	Zero
B3.3	Domestic (glasshouse) Social Housing	Zero
B3.4	Domestic (outbuildings) Social Housing	Zero
B3.5	Domestic (garaging and parking) (non-owner-occupied) Social Housing	Zero
B4.1	Hostelry and food outlets	£6.10
B4.2	Self-catering accommodation	£3.80
B4.3	Motor and marine trade	£5.15
B4.4	Retail	£10.50
B4.5	Warehousing	£5.55
B4.6	Industrial and workshop	£4.45
B4.7	Recreational and sporting premises	£2.55
B4.8	Garaging and parking (non-domestic)	£5.55
B5.1	Utilities providers	£43.50
B6.1	Office and ancillary accommodation (regulated finance industries)	£40.60
B6.2	Office and ancillary accommodation (other than regulated finance industries, legal services, accountancy services and NRFSB)	£12.55
B6.3	Office and ancillary accommodation (legal services)	£40.60
B6.4	Office and ancillary accommodation (accountancy services)	£40.60
B6.5	Office and ancillary accommodation (NRFSB)	£40.60
B7.1	Horticulture (building other than a glasshouse)	5p
B8.1	Horticulture (glasshouse)	5p
B9.1	Agriculture	5p
B10.1	Publicly owned non-domestic	Zero
B11.1	Exempt (Buildings)	Zero
B12.1	Buildings – Penal Rate	Zero
B13.1	Development buildings (domestic)	78p
B13.2	Development buildings (non-domestic)	£5.80

GUERNSEY LAND

1 Property Reference	2 Property Description/Usage	3 Tariff
L1.1	Communal (flat) Local Market	21p
L1.2	Communal (flat) Open Market	21p
L1.3	Hostelry and food outlets	41p
L1.4	Self-catering accommodation	41p
L1.5	Motor and marine trade	41p
L1.6	Retail	41p
L1.7	Warehousing	41p
L1.8	Industrial	41p
L1.9	Recreational and sporting premises	41p
L1.10	Office and ancillary accommodation (regulated finance industries)	£1.35
L1.11	Office and ancillary accommodation (other than regulated finance industries, legal services, accountancy services and	45p
L1.11.2	Office and ancillary accommodation (legal services)	£1.35
L1.11.3	Office and ancillary accommodation (accountancy services)	£1.35
L1.11.4	Office and ancillary accommodation (NRFBSB)	£1.35
L1.12	Utilities providers	41p
L2.1	Approved development site	£1.35
L3.1	Domestic Local Market	21p
L3.2	Domestic Open Market	21p
L3.3	Horticulture	21p
L3.4	Agriculture	21p
L3.5	Domestic Social Housing	Zero
L3.6	Publicly owned non-domestic	Zero
L4.1	Exempt (Land)	Zero
L5.1	Land – Penal Rate	Zero
L6.1	Garaging and parking (non-domestic)	41p

TABLE (B)
ALDERNEY REAL PROPERTY
ALDERNEY BUILDINGS

1 Property Reference	2 Property Description/Usage	3 Tariff
B1.1A	Domestic (whole unit)	£1.56
B1.2A	Domestic (flat)	£1.56
B1.3A	Domestic (glasshouse)	5p
B1.4A	Domestic (outbuildings)	78p
B1.5A	Domestic (garaging and parking) (non-owner-occupied)	£1.56
B3.1A	Domestic (whole unit) Social Housing	Zero
B3.2A	Domestic (flat) Social Housing	Zero
B3.3A	Domestic (glasshouse) Social Housing	Zero
B3.4A	Domestic (outbuildings) Social Housing	Zero
B3.5A	Domestic (garaging and parking) (non-owner-occupied) Social	Zero
B4.1A	Hostelry and food outlets	£6.10
B4.2A	Self-catering accommodation	£3.80
B4.3A	Motor and marine trade	£5.15
B4.4A	Retail	£10.50
B4.5A	Warehousing	£5.55
B4.6A	Industrial and workshop	£4.45
B4.7A	Recreational and sporting premises	£2.55
B4.8A	Garaging and parking (non-domestic)	£5.55
B5.1A	Utilities providers	£43.50
B6.1A	Office and ancillary accommodation (regulated finance industries)	£40.60
B6.2A	Office and ancillary accommodation (other than regulated finance industries, legal services, accountancy services and	£13.55
B6.3A	Office and ancillary accommodation (legal services)	£40.60
B6.4A	Office and ancillary accommodation (accountancy services)	£40.60
B6.5A	Office and ancillary accommodation (NRFSB)	£40.60
B7.1A	Horticulture (building other than a glasshouse)	5p
B8.1A	Horticulture (glasshouse)	5p
B9.1A	Agriculture	5p
B10.1A	Publicly owned non-domestic	Zero
B11.1A	Exempt (Buildings)	Zero
B12.1A	Buildings – Penal Rate	Zero
B13.1A	Development building (domestic)	78p
B13.2A	Development building (non-domestic)	£5.80

TABLE (C)
HERM REAL PROPERTY
HERM BUILDINGS

1 Property Reference	2 Property Description/Usage	3 Tariff
B1.1H	Domestic (whole unit)	Zero
B1.2H	Domestic (flat)	Zero
B1.3H	Domestic (glasshouse)	Zero
B1.4H	Domestic (outbuildings)	Zero
B1.5H	Domestic (garaging and parking) (non-owner-occupied)	Zero
B3.1H	Domestic (whole unit) Social Housing	Zero
B3.2H	Domestic (flat) Social Housing	Zero
B3.3H	Domestic (glasshouse) Social Housing	Zero
B3.4H	Domestic (outbuildings) Social Housing	Zero
B3.5H	Domestic (garaging and parking) (non-owner-occupied) Social	Zero
B4.1H	Hostelry and food outlets	Zero
B4.2H	Self-catering accommodation	Zero
B4.3H	Motor and marine trade	Zero
B4.4H	Retail	Zero
B4.5H	Warehousing	Zero
B4.6H	Industrial and workshop	Zero
B4.7H	Recreational and sporting premises	Zero
B4.8H	Garaging and parking (non-domestic)	Zero
B5.1H	Utilities providers	Zero
B6.1H	Office and ancillary accommodation (regulated finance	Zero
B6.2H	Office and ancillary accommodation (other than regulated finance industries, legal services, accountancy services and	Zero
B6.3H	Office and ancillary accommodation (legal services)	Zero
B6.4H	Office and ancillary accommodation (accountancy services)	Zero
B6.5H	Office and ancillary accommodation (NRF SB)	Zero
B7.1H	Horticulture (building other than a glasshouse)	Zero
B8.1H	Horticulture (glasshouse)	Zero
B9.1H	Agriculture	Zero
B10.1H	Publicly owned non-domestic	Zero
B11.1H	Exempt (Buildings)	Zero
B12.1H	Buildings – Penal Rate	Zero
B13.1H	Development buildings (domestic)	Zero
B13.2H	Development buildings (non-domestic)	Zero"

The Bailiff: What we are debating, Members, I remind you, is amendment 3, proposed by Deputy de Lisle and seconded by Deputy Paint.

During the course of the debate yesterday afternoon, Deputy Le Clerc asked for confirmation as to whether this impacted on Proposition 29 or 30 or both. I wonder, Deputy St Pier, I think it might be helpful if you can provide that clarification at this point? Deputy St Pier.

Deputy St Pier: Sir, the amendment does impact upon Proposition 29. Proposition 29 includes or cross references to the draft Ordinance, which includes the schedule of TRP rates, including the uplift for properties with TRP units of 500 or above. So this amendment would go to the heart of that issue. Proposition 30 is a separate Proposition in relation to dealing with the matter of those properties between 200 and 499 units. Hopefully that provides the clarification that Deputy Le Clerc was looking for and indeed for other Members, if it was unclear.

The Bailiff: We continue. Deputy Yerby.

Deputy Yerby: Thank you, sir.

I was surprised yesterday. I had assumed that the Assembly was going to give this amendment short shrift. It is not an amendment that I find myself able to support. I need to begin by addressing the question of pensioners, in particular, but people in general, who are asset-rich and cash poor. We all know or have met somebody in that situation and it is without doubt a difficult existence and it is one that it is difficult not to respect that stubborn dignity and insistence on persisting without help against all the odds.

But I think that we allow our decisions to be excessively influenced without a real understanding of the scale of the problem in our community. Over 90% of pensioners on Income Support are renters and if there are issues we need to address then that incredible insecurity in retirement is certainly one of them.

It is perhaps right to ask whether the poor but proud owner-occupier is simply not seeking help. I accept that might absolutely be the case. Even so I would suggest the evidence that we have – I am not giving way – of it being a widespread problem is limited and perhaps dates more from another time than it does from today. In fact, to turn yesterday's logic back on those who used it, there are no doubt more focussed ways of addressing this problem.

Shelter is a basic right and I completely agree that we should not make it unaffordable. I do agree with Deputy Roffey that, together with the impact analysis that P&R will be bringing on the next stage of TRP uplifts, they also need to be looking at what he calls the TRP escalator and giving us clearer direction of where they see that going over the next few years and where they see it ending. I think it is time for us as an Assembly to reconsider that.

But this amendment is not really about that. It is much more about the additional TRP on properties with a TRP of above 500. I have to ask at what point does sentiment trump fiscal prudence? What price are memories and being able to stay within an environment that we love? Deputy Roffey would say priceless and in my heart I agree with him. But none of us, either in our personal lives or in our politics, can consistently live by that. Sometimes we have to face difficult realities.

One of those realities is that people who live in properties with a TRP of 500 cannot by any reasonable yardstick be said to be helpless. They have wealth. It may be wealth that is tied up in bricks and mortar, but it is wealth that they can use if they need to. They own premium properties and it is not unreasonable to expect them to pay a small premium on TRP. To stop our hand for fear of pensioner poverty in those circumstances is absurd.

Nor, for that matter, is it unreasonable to expect owners of Open Market properties to pay a premium on TRP. The principle that properties are more expensive was established when they are bought and it could be continued through TRP. Although an amendment on that subject was not laid this time around, I do hope that is a principle that P&R will revisit. Knowing their position on

55 high net worth individuals, I suspect they will not, but I will put a stake in the sand now to suggest that I think it would be worthwhile.

In closing yesterday we twice refused to make changes that would benefit our whole community, but the poorest disproportionately, both when we considered personal allowances and when we considered fuel duty. If today, the point at which we crack, the one change we are
60 willing to make to the Budget, is one that benefits our whole community but disproportionately the wealthier Members, whether that is owner-occupiers in general or large property owners in particular, it certainly says a thing or two about where our priorities lie. It is the wrong choice and it sounds to me like it is being made for the wrong reasons and I think we would be wise to reject it.

65

The Bailiff: Deputy Graham.

Deputy Graham: Thank you, Mr Bailiff.

Members of the States, I am well aware that this Assembly is probably a bit tired of my fairly
70 periodic homilies on visions, objectives and plans, but every now and again I need to repeat it, if only really to remind myself of why I am voting this way or that and to give me a little bit of courage to vote sometimes against the heart.

My view has always been I do not really care too much for visions but I care quite a lot about setting clear objectives and you then set plans in order to get to those objectives. Can I just set
75 aside for a moment the social side of what we are doing here and also the side that we spend on either growing the economy or diversifying it. We are talking really about fiscal arrangements, now. The tax and spend bit.

As far as I am concerned, when this Assembly first gathered back in May 2016, the fiscal objectives were pretty clear. Against a fairly gloomy backdrop, our objectives were simply by the
80 end of our term we would be back in the black, we would be saving more than we were spending, we were putting stuff back into our reserves that not only have we not been replenishing but we have been pillaging over the years. We were very critical of Assemblies before our time who, during the good times, had not sufficiently built up those reserves for a rainy day.

In fact we even did away with the rainy day fund. I rather regret that because I think it actually
85 told you what it was there for. It was there for a rainy day. These days we talk about general reserve this and general reserve that. To me they almost become slightly characterless and purposeless and they are very easy either to pillage or not to replenish.

Anyway going back to the objectives, the objectives were very clear for me. But then we came up with some plans to get to those objectives and in my view those plans should never be an end
90 in themselves. They should always be a means to the end. In my view objectives only change in pretty seismic circumstances, whereas plans should be responsive to events as they unfurl.

We have seen that in our own, so far, nearly three years of existence here. We started off on the savings and spending. We came up with the 3/5/5 formula and it was not long, a year or 18 months, before we realised that actually that was unnecessarily rigid as a plan and it did not really
95 make any sense against a background that was changing itself, the fiscal background.

What was troubling us was that the fairly suddenly improved situation fiscally was not altogether structural in its nature. We were not quite sure in its nature and we were not quite sure where the structural bit was and where the one-off bits were. The one-off bits, for example, were the unusually high returns from investment, from this fund and that fund.

100 The sensible thing to do was to say to ourselves, 'Things are a little bit better than we thought, do we need to stick rigidly to the 3/5/5?' Led by P&R we decided that we would not, there was a more rational way to approach things. With that in mind, I want to go back to April 2015, the States before us, where the situation was radically different to what it is now. The fiscal situation, the Government's finances, were seemingly in a bad way. They may not have been in quite the
105 bad way that subsequently, with hindsight, they proved to be. But they were thought to be in a bad way.

So various plans would come up. Some of them pretty formula-led. The annual increase in TRP of 7.5% over RPI, or RPIX, I always forget which, was one of those formulae. Another one was, for example, that over a period of three or four years we would get rid of the age-related allowances in the tax field.

In my view those were plans and they should not in themselves become ends. They are means to the end. In my view the objectives remain the same and this is why we have annual Budgets, it gives us the chance to change the plans. In my view, I think three-and-a-half years on from the April 2015 debate and the Resolutions that emanated from it, including the year-on-year increases in TRP, are ripe for examination.

As far as this specific amendment is concerned, I find myself in a rather similar position to that of Deputy Trott the other day when we were talking about increases in the duty on fuel. I do not actually like raising the TRP by 10% virtually every year. I do not like the 60% element for the TRP element that is over 500. I really do not like it.

But the trouble with the amendment, and this is rather synonymous with the situation we had on fuel, I do not like the solution or the lack of the solution as to how it is going to be paid for. The amendment itself speaks of the fact that, 'Never mind, this is merely going to plunge us from Budget surplus into a small Budget deficit'.

I do not think that is really, on the one hand, saying we are going to not raise that amount of money and we are going to compensate for it elsewhere. I come back to this business of really how we are going to pay for these measures. I shall speak about it later on when we come to the age-related pensions and I could be saying the same words, but I will not, about any of the many amendments that are going to come that involve either expenditure or not drawing on money that really the people who are putting them and supporting them need to come up with where the funding is going to come from.

Speaking informally in the margins to one or two colleagues, the easy answer seems to be we will either take it from the reserves or we will not bung it into the reserves. I really feel that is ducking the issue and that puts me in a very difficult position on this particular amendment. I have to tell you, frankly, Members of the States, as I sit down, I am not quite sure where I am going to vote at the end.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

As Deputy Graham has said the States approved a policy, directed the Policy & Resources Committee, to adopt a policy, which would guide future changes in annual Budgets to TRP rates. What is not clear in this amendment is whether this is a one-off suspension of the policy already agreed by the States or whether in future years it is going to be reasonable to return to the 7.5% policy or whether this is a change in policy which is now going to have to apply every year.

The amendment is silent on that but what is clear is it is asking the States to deviate for at least one year from the policy agreed by this Assembly previously, by, I think, a reasonably large margin. Nonetheless, I think there is some possibility this amendment may succeed, which is why I am speaking on it and speaking against it and asking the States not to vote for it.

The problem here is that it would be possible for any Member, or the States collectively, to rail against any of the proposals to increase the revenue of the States. We could pick up on the extension of the Company Tax rate, the increase in duties on alcohol and tobacco, the increase in TRP. Taken in isolation you could make a case against all of them, essentially because they are all unpopular. Somebody is going to find them unpopular. That is in the nature of taxation.

But the issue is, and I know I am repeating a point I have made in previous debates, what is it the Assembly wants to tax? We have to tax something. We are a Government. We cannot get away with not taxing anything unless we are going to go to a night-watchman state and see, accept, a serious diminishing of the services which are provided.

We know that we are heavily dependent on Income Tax but we are not seeing any increase in the rate of Income Tax applied to anybody. In fact all we are seeing is an increase in personal allowances every year. In effect we are on a journey of taking in less in terms of Income Tax. We are obviously reliant on economic growth and growth in the jobs market and hoping that we can capture more Income Tax that way but in terms of the rate the thing is flat and allowances are being increased for everybody.

There is a little bit of head room in terms of tax on company profits but that is slowly diminishing and, whereas 15 years ago, the rate of tax on company profits was 20% now the general rate is 0%. Anybody who has sat on the Committee, which Deputy Le Clerc now leads, knows how difficult it is to get an increase in social insurance contributions through the States. I think the last attempt took three or four efforts and I am quite sure that, although it is necessary because there is a looming deficit on at least two of the three funds under the management of the Committee for Employment and Social Security, if a fiscally prudent view was taken as custodians of the funds, we would now be proposing an increase in the contribution rate.

The Committee does not because it knows it would not get it through the States. The previous States and the present States have shown known no enthusiasm for taxing capital gains. We do not want to tax inheritance. The previous States did not want to tax consumption. We got a tiny amount of consumption tax, which are really duties, on a few commodities like fuel and tobacco and alcohol, but there is no appetite for a general consumption tax although everywhere in the rest of the world has a consumption tax.

Normally when we consider whether we might be unique, because most of the world is doing things that we are, we can normally at least point to Jersey and the Isle of Man and say, 'They are Crown Dependencies and they are a bit like us.' But in the case of consumption tax we cannot even do that. You might find somewhere else in the world without one, but I think you would have to go a long way. We are almost unique, I should think, in not having a consumption tax, which is fine. Maybe the majority view of this Assembly is still against a consumption tax and I think there are quite good arguments to try to do everything we can to avoid a general consumption tax. Nevertheless, it puts us in an unusual position.

So if we do not want to tax company profits like the rest of the world does and we do not want to put up Income Tax rates, but we want to carry on putting up allowances, and we do not want an increase in social insurance contributions and we do not want to tax capital gains, we do not want to tax inheritance and we do not want to tax consumption, what *are* we going to tax?

At least this States, like previous States, have said, 'We are prepared to recognise that historically property taxes in Guernsey have been exceptionally low and therefore we are prepared to see a significant increase in property taxes.' That is the course the States have put themselves on, by agreeing to this underlying policy, which is a direction to the Policy & Resources Committee, to increase TRP by 7.5%.

We run it for a couple of years and now we are faced with an amendment that says, no, actually we do not really want to tackle that much anymore, either, we are prepared to see it increase just so that it keeps pace with inflation but we are not prepared to see any material increase in property taxes.

That is what is being proposed in this amendment. I think that is highly fiscally irresponsible. It might be popular. I am not going to use the term populist, because that will create all sorts of counter-accusations from anyone who is intending to support the amendment. I am sure the amendment will be popular with some people but it is fiscally irresponsible, because it does not recognise that there does need to be an increase in the base rate of some form of taxation.

I am not particularly struck with doing it on property. Deputy de Lisle would rather do it on something else – the other list of things I have just run through. Fine, maybe there would be a case for doing that. But what Deputy de Lisle has not done is set out what is the strong case now for deviating from the underlying policy of the States in relation to property taxes.

So I do not think the general proposal in the amendment should be supported. The TRP of 500 business, I think there is even less case for. I think I am right in saying that this is a premium rate,

210 which would apply to fewer than 1,000 properties. I do not know how many properties there are in Guernsey, it is in the 20,000s, I think, and we are talking about fewer than 5%, something like that, of properties which would be affected.

215 The way I see this proposal for banding of TRP so that we can apply a premium rate to properties at the highest end of TRP is like this: because the States do not want to tax all these other things which the rest of the world taxes, but is apparently, up until now, up until today, is at least prepared to see some material increase in property taxes.

220 There is a general principle that we are prepared to take in more from property taxes but we do not want to apply the largest possible increase on all properties, therefore we will ban TRP and we will accept that we can take in a bit more from those at the top end than we will from everybody else. That is the way I see this premium banding. Deputy de Lisle does not like the premium banding, he wants to get rid of it. But I think if the underlying approach of the States is that they are prepared to collect more tax from property but they are not prepared to introduce some sort of banding system, then everybody is going to end up paying more TRP.

225 It may not be this year if Deputy de Lisle can get his amendment through, but it will be in future years. So the way I look at it, I do not think that one should be increasing any taxes with any great enthusiasm, whether it is property taxes or any other, but property is the one form of tax which the States have demonstrated some preparedness to raise materially. I do not think we should take away that lever in the way that Deputy de Lisle wants to.

230 I do not think there is a case for deviating from the underlying policy which this Assembly has already agreed, the increase of 7.5% and if we also take away the possibility of TRP banding, the premium banding, then all that is going to happen is that there will be increases in everybody's TRP to a greater extent than is necessary. I think this amendment is totally unnecessary and ought to be rejected by the States, but I fear it might be successful because, in isolation, it looks quite attractive. But it most definitely ought not to be supported and I urge the States to throw it out.

235 **The Bailiff:** Deputy Soulsby and then Deputy Dorey.

240 **Deputy Soulsby:** Sir, I felt I had to rise to my feet as I thought I had to respond to Deputy Paint's comments regarding King Arthur and whether he existed. Well, with apologies to my Welsh colleagues in this room, as any Cornish man or woman would tell him, of course he existed. Camelot was Tintagel, where he was born, and at Dozmary Pool he claimed Excalibur from the Lady of the Lake.

245 Now of course many Arthurian legends feature the quest for the Holy Grail and that came to my mind when thinking of taxes and charges. We have Deputy St Pier and P&R – Sir Lancelot perhaps? – seeking the elusive perfect balance of taxes and charges. Of course they will never find it. But any increase is bad.

250 I do have sympathy for home-owners. I am one, after all. But just to pick up Deputy Oliver's point on the increases for those with the largest houses. Well for those people they are the home-owners who will gain the most from the new waste management system, by quite a few thousand pounds in some cases, I believe.

255 Whilst I do have sympathy, generally, for the home-owners, being charged more for nothing more, as they see it, I have to look at this from a Health & Social Care perspective and see the impact of the population profile and not just ageing, actually. The pressures that are hitting us now and the increased funding we know we will need, even excluding any possible changes in drugs policy, or primary care funding.

The money has got to come from somewhere and unless and until we revisit our tax and benefit structure, the choices are limited. The States have resolved that one of those choices is a property based tax and if Deputies de Lisle and Paint do not like those increases this amendment is not the way to do it. I therefore cannot support it.

260 **The Bailiff:** Deputy Dorey, then Deputy Laurie Queripel.

Deputy Dorey: Thank you, Mr Bailiff.

I just reiterate the message: we have to have a balance of taxation between consumption, taxing assets and income taxes. That was part of the 2015 debate. What did we want? We decided
265 the balance that we wanted, which did not involve a GST. I fully accept that part of that was that we would have to increase taxes on assets and assets being immovable assets, which is property.

This goes back to Zero-10. When we had independent consultants look at our situation, employed by the States and employed by a private organisation, which did a report to us. They
270 both concluded that our property taxes were very low compared to everyone else and in balancing society you needed to tax property more. I will be not supporting this amendment.

Deputy Soulsby mentioned about the higher value properties. I took a calculation, looking at the Castel refuse rate. If you had a house which had 500 TRP units, this year, including the refuse charge, you would be paying £1,111. With the proposal in the amendment and the reduction in the refuse rate for those people, because they are paying fixed charges and per bag – I have
275 based it on one bag a fortnight – they would be paying £1,015. That is an 8.6% reduction for houses which are above 500 TRP. Obviously houses greater than that have an even greater reduction.

If we just took the 10% increase, they would still be having a reduction and with the proposals as they are they have a 29% increase. So actually the increase for houses with a TRP of 500 is far
280 less than it looks like on paper, because they have a reduction in their refuse rate, because it was previously based on TRP and it is now a fixed charge.

I think there are very good reasons to bring these proposals in at this time. We have to accept that those who have higher value assets have to contribute more. I personally live in a Guernsey farmhouse, which is inherited, but it is nothing like 500 TRP. In fact we have extended it twice and
285 also made use of the attic space and we are still considerably below. So we are talking about substantial properties.

The one point that I have had made to me by a particular parishioner, and I suppose I do have a little sympathy with it, especially considering the fact that we are increasing the TRP rates for the higher value properties by the degree we are, this particular person has an attached barn to the house. If you have a detached barn it is not included in the residential, but if you have an attached
290 barn – this person particularly says he uses it for the storing of charity goods – it takes him over the 500.

It does say they are going to have to do some surveying, but I understand that is where they have multiple units, which will take them over 500 but, obviously, they need to be assessed
295 because we have different rates on the individual units. If we are going to have the type of TRP rates we are, we do have to at some point, I am not saying at this point in time, look at those with accommodation which is not used for residential purposes, particularly at the high end, if we are going to increase it to the level we are, in order to be fair. If you are taxing at that rate for non-residential use, it is not entirely fair. I urge you not to support this amendment. We have to stick
300 with our balance of taxation, as previous speakers have said.

The Bailiff: Deputy Laurie Queripel and then Deputy de Sausmarez.

Deputy Laurie Queripel: Thank you, sir.

Despite the speeches made by Deputy Yerby and Deputy Graham, Deputy Soulsby, Deputy Fallaize, Deputy Dorey – as usual they articulated their arguments very well – I am going to vote for this amendment. In reply to something that Deputy Yerby said, I think the reason why owner-occupier pensioners do not apply for health is that they simply do not qualify for it. That is my
305 understanding. That covers that point, to some extent.

I have resisted, just about, other amendments to freeze other duties because I was concerned about the cumulative effect of reducing revenues to the States. I was sort of saving myself for this one really. The difference here is that people have to have somewhere to live. They do not have to
310

drink, they do not have to smoke. Perhaps if fuel duties go up they can perhaps reduce their journeys to some extent, although that would not apply to commercial vehicles, I appreciate that.

315 There is some way or other, in some cases, to perhaps mitigate the effect of rising duties on other things but there is not really in regard to TRP. People have to have somewhere to live. They have no choice. Now some are asset-rich but cash-poor; some are home-owners but are on modest or fixed income pensions. So TRP really does not bear any resemblance to ability to pay. It does not come into this.

320 I take Deputy Dorey's point he made about people in properties of the 500-plus range but households in the near future are going to be hit by increased waste charges, most of them are, anyway; increased waste water charges and so on. I am going to sound a bit like Deputy Gollop now, sir, I think, but I want to be fiscally responsible but I also want to be as fair as possible to Island households – and this is where the Deputy Gollop bit comes in, I suppose – yes I want
325 balanced budgets, I want surpluses, I want to replenish reserves. But not at any cost, not if it is going to keep or push some Islanders into hardship.

Now TRP increases on their own might not do that but, as I said, if you add them together with all the other increases in direct charges and taxes, that will hit some households and it will hit some of them particularly hard. The other problem for a single householder pensioner, as far as I
330 understand it, who is on a fixed income, just a pension, for example, they will not benefit from the increased personal tax allowance to offset all these various increase in charges and indirect taxes, of which TRP will be one. Of course we know it is an above inflation hike. I understand why that is the case, because the States in the last term agreed to that measure, but I was one of the ones that did not vote for it.

335 I think perhaps Deputy de Lisle over-egged the pudding somewhat when he said this increase will drive people out of their homes, but it could increase hardship for some and we need to arrest that effect somewhere. But this other idea, I do not know how many Members in the Assembly believe this, if elderly folk, if pensioners who are still in larger properties on their own, if they want to avoid higher TRP charges they just need to downsize, I think that bears some examination.

340 I think it bears some examination not just because of the points that Deputy Lester Queripel made and Deputy Roffey, about these are family homes, they have been in them for a long time, their memories reside there; it goes beyond that. If you are 70 or 80 years of age, or perhaps older than that, and you might perhaps have health problems or you might have limited mobility, the prospect of moving, I would imagine, is daunting. The practicalities and logistics; it is not a case of
345 just being in one property one day and another property the next day and you are all settled and it is finished.

We know it is a much more protracted process than that. Even when you are younger and fitter, the idea of moving is very stressful and it is a protracted process. I think we need to bear that in mind. It would not be just a case of these people downsizing and moving and that is it.
350 Elderly people, people with health problems, people with limited mobility, it would be a very daunting and very difficult challenge to have to meet. I think it is rather blasé of some Members to say, 'They can just move, they can just downsize.' That is theory land; I am talking about reality. So for all those reasons, and more, I will be supporting this amendment.

Thank you, sir.

355 **The Bailiff:** I said I would call Deputy de Sausmarez next.

Deputy de Sausmarez: Thank you, sir.

360 I found this amendment pretty difficult. As Deputy Fallaize says, it is superficially an incredibly attractive proposition. In my heart I want to support it and Deputy Roffey said yesterday that you can sit down and make some academic analysis of it and reach one conclusion and then your heart can reach another. I find myself very much in that territory.

Deputy Yerby asked at the start of today at what point does sentiment trump fiscal prudence? I think sentimentality is a huge part of this particular debate. I am a parent, I get the desire to make

365 sure that your children are looked after, after you are no longer there and handing things down. But something that made me look at this in a slightly different light was when we are talking about housing and first-time buyers getting onto the housing ladder we all, well the vast majority of us, are very empathetic about those people who do not have recourse to the bank of mum and dad. People who do not have that option.

370 We recognise the inequity in that situation and yet here we are, again it is a very sentimental thing, having huge amounts of sympathy for people who do inherit a valuable asset. I just think it is a slightly incongruous, slightly uncomfortable dissonance, then. As Deputy Yerby pointed out, these are valuable assets.

I completely appreciate what Deputy Laurie Queripel has just said and we cannot be blasé and just assume that downsizing is simple, it can be done in the snap of a finger and that anyone can do it. There are so many things that make that situation harder, like the availability of the most appropriate type of housing stocks.

I think this is one of the big problems, that in terms of assuming people are going to be able to downsize, are there the appropriate homes for them to downsize into? Not just in terms of size but in terms of how that home is adapted for their needs, especially as they grow older. With Health & Social Care, quite rightly, having a focus on keeping people in their homes as long as possible and caring for people in their community and in their homes, which I think is a very good thing, we do have to make sure that we have got housing stock that actually meets those people's needs.

385 I do appreciate that it is not as simple as just saying, 'If you live in a big house and you cannot afford to live in it, you are going to need to downsize.' But it is a terrible decision that we have to make. I hear the arguments for fiscal prudence. Because the escalator was agreed in 2015, it has been clearly signposted, although every year at Budget time it still seems to come as a surprise to many parts of our community. That at least has been clearly signposted. I am less comfortable with the banding purely on account of the fact that I do not think it has been signposted as well. I understand the rationale behind it but I do not think it has been signposted or necessarily worked up to quite the degree I would have liked to have seen.

Deputy Roffey did not mention in his speech yesterday but I think it is actually an idea that is worth meeting. We have talked about targeting. Deputy de Lisle stood up and Deputy Paint and we have talked about the older people in particular and how this will impact them. I know that is in a lot of people's minds during this debate and quite rightly so because there is a chance – again I agree with Deputy Laurie Queripel, I think it has been possibly slightly over-egged – some older Islanders, in particular, will be impacted by this. That is a very hard thing to be clear about and yet still support the measures that P&R want to bring in.

400 But Deputy Yerby said if those are the people we want to help then perhaps we should be looking at a more targeted measure and I do think the idea that TRP or some portion of it for over-70s could be postponed and that is reclaimed from their estate is a particularly good one because that would obviously mitigate the impact on those people, precisely the ones who find it harder to downsize, and yet it would still mean that at the end of the day the people inheriting a valuable asset would be able to contribute. I think that is something that is worth looking into.

405 In terms of the higher TRP the argument about reduced waste charges is a very valid one. It is a slightly swings and roundabouts situation. Yes, their costs will go up but, I agree with Deputy Dorey, not to the degree that it looks like on paper. So I think in the swings and roundabouts situation that is possibly not quite as extreme as it looks. I am still slightly torn on this. I think I will probably vote against the amendment although much of me really wants to support it. But I do not think I can quite justify supporting it.

The Bailiff: Alderney Representative Jean.

415 **Alderney Representative Jean:** Thank you, sir.

I am going to start straight out by saying that I am going to support this amendment. I believe it is an important amendment for Guernsey, never mind what increases well above inflation to TRP rates in Alderney would do. I certainly cannot accept that situation. I declare my interest as a property owner and I will continue and vote on this.

I think there are two ways of looking at this and one is, if you own property or if you run a business, these kinds of increases are hard to accept. If you do not own a business and you work for somebody and you do not own a property then it is much easier to accept because it does not affect you.

As it is not just about me, but about many other people, we have heard in Guernsey increases of this nature and changes to the banding are a further burden on struggling business. What kind of an effect do we think that these increases would have in Alderney? Supporting this amendment is essential from an Alderney point of view. If this amendment fails then it will be a bitter blow for Alderney, whose businesses struggle to pay the present rates of TRP, let alone those proposed increases.

Alderney does pay TRP at the same rate as Guernsey and this was never right in the first place, when the two economies function so differently. The economy in Guernsey shows signs of recovery, which needs careful nurturing to encourage the recovery to continue. In Alderney we are behind Guernsey; there is no doubt about that. I will give this amendment my full support.

I was delighted to hear Deputy Paint refer to King Arthur and his knights. I enjoyed it, it was a little light relief. We also heard another lesson about another famous highwayman, Robin Hood. But I also want to draw your attention to the incoming tide of TRP over these years and say to you that my sympathy truly goes out to King Canute. He just will never simply be able to keep the tide back and somehow we have to think of him as well. Poor old King Canute.

Thank you so much, I will be voting for this amendment and I urge others to do the same and I remind you all, if you have property, if you run and own business, then this is the right amendment for you and others who do not own property and do not run a business should be thinking about those that do.

Thank you.

The Bailiff: Deputy Le Tocq and then I will call Deputy Dudley-Owen.

Deputy Le Tocq: Thank you, sir.

I want to pick up particularly on comments that have been made by Deputy Roffey and others about elderly residents, for whom I have a lot of sympathy because my parents were once in that category and I understand, particularly, the difficulties in our society of people seemingly feeling that they are forced out of their potentially ancestral, but certainly long-term home.

Years ago, when families tended to live more closely to one another, that sort of thing could be managed more easily. Today it is harder to do so. Some may welcome the opportunity to downsize, to move out, but for others it would be very tricky to do so. So I have some sympathy with them but I think we need to realise that they are very much a very small part of this overall plan that we have agreed to in terms of property taxation.

I do not think we should throw the whole thing out on the basis of a few people. We need to target, as some have said, those in a particular way. I will refer back to my parents as well in a slightly tangential way, but it is something that we could look at and should look at in the future. That is my parents, when we moved back to Guernsey, were entering into their 80's and were increasingly finding it difficult to live in the home. We were not able to help them financially, particularly, but they were in that category of being property rich and income poor, as some have said.

At that time the States ran something called the Homes for Workers Loans Scheme. We were able, through that scheme, to help them to stay in that property for another decade before they needed, eventually, to move in with us, at which time our kids were of such an age that we could accommodate my parents more easily. We would not have been able to do so before. Because of

that, their property was adapted, a bond was taken out and obviously when we sold that property it was repaid at that time. No one lost out from it and the States enabled them to stay in their property for a bit longer.

I do think it is incumbent upon us to find measures such as that to help the few that will be affected by this and I certainly give my commitment to work in P&R to find those sorts of means so that we, as a community, as a whole, can recognise there is a problem with this policy but we are going to approach it in this way, not throw the whole thing out because of it.

In terms of the banding issue, I do think there is a misunderstanding. Deputy Dorey did allude to this before. In terms of the higher rate that is being proposed of TRP of 500, there are 750 properties that affects on our Island. Roughly half of them are on the Open Market, so I think we can understand what type of property they are. They are substantial properties. There may well be within that some local single pensioners, but very few in that category.

I will give way, sir.

Deputy Roffey: Thank you, sir.

I totally agree with Deputy Le Tocq that the old Homes for Workers Loan Scheme worked extremely well – things like insulation were provided and the money was only reclaimed later on from the estate, these are fine words. He is on the only Committee that can now bring an amendment. I hesitate to ask for another – it would make a huge difference if I knew by this time next year that there would be a scheme in.

I do not think it is the few, I think there are a large number of elderly people who are in this situation. If I thought that could be addressed then I would be far more relaxed about putting up TRP. I know we cannot do it now, but if there was an amendment promising that it would be addressed by this time next year, it would make a difference to the way I vote.

Deputy Le Tocq: I can certainly give a commitment to work on that, but I would leave it to the President to decide whether we would want to lay an amendment at this stage. Certainly I will give a commitment to do so. I know that commitments have been made to Deputy Roffey with regard to the 2020 Budget and having some sort of impact assessment on that, but I do think we could do something before then, particularly on the elderly in our community.

I am not suggesting that this is the only measure that should be put forward but I do think, because some are less financial in character but enabling people to see that they have other options, particularly if they are owner-occupiers of properties. I cannot support this amendment, certainly not as it stands, because we will look at it in isolation and that is the trouble.

We can be sympathetic towards this in isolation but there is no other means, when we come to look at our overall income, for making up the difference to a financial plan for the future that we have agreed to. As Deputy Fallaize alluded to very eloquently, the Assembly has thrown out any other form of taxation available to us and so we are very limited in it.

I accept the arguments that most people perhaps in Guernsey have not lived elsewhere, so saying property taxation elsewhere in the western world is much higher than Guernsey, perhaps is cold comfort to some. It is true to say that compared to the past our property taxation is much lower, because the value of properties has increased significantly in the post-war years in Guernsey.

I cannot support this amendment and I stand by what I have said.

The Bailiff: Deputy Dudley-Owen and then Deputy Meerveld has been waiting a long time.

Deputy Dudley-Owen: Thank you, sir.

I felt compelled to stand up because I found myself shaking my head vigorously at a comment that Deputy de Sausmarez made and I felt that I really should explain myself, lest she think I was nodding head at something else she said. The reference to a deferred taxation on the property to be passed down to the estate did concern me because then it would be walking back into the

debate that we had on capital taxes last year and it smells a little bit like an inheritance tax to me. I think that is something that we want to stay away from if we want to continue with our competitive edge as an offshore finance jurisdiction.

However, I am a bit disturbed by some of the comments made today. There is a general feeling of sympathy in the Chamber towards the older people in our community. The people in our community on whose shoulders we stand. We would not be here today in such an affluent and successful position that we are without the hard work of those individuals. **(Several Members: Hear, hear.)**

Many of those local families, local names, who stayed throughout the Occupation, who built Guernsey back from nothing after the Germans came and occupied, I feel very strongly that we should be supporting those individuals no matter what proportion they are of the population, no matter whether they are only half of the amount of the properties within that banded rate of TRP. We must make strenuous efforts to be able to carve those out as a target area for assistance.

I am going to support the amendment. I realise that the fiscal restraint and all of the other balancing act needs to be achieved but, if only as a protest vote, to say that the amendment that was brought by Deputies St Pier and Trott in relation to this particular amendment by Deputies de Lisle and Paint should not have been about the *quid pro quo* of if you take money from this pot you are going to have to take it from those people. It should have been about we will look at progressive measures to help that particular part of our community.

I would reiterate what Deputy Roffey said, please can you maybe take an adjournment and start thinking about an amendment that would assuage some people in the Assembly, so they can vote towards the Proposition that was originally laid by P&R but still a nod to the fact that Deputies de Lisle and Paint have brought up a very valid amendment and P&R will be doing something towards this within the next year.

Thank you very much.

The Bailiff: Deputy Meerveld.

Deputy Meerveld: Thank you, sir.

I will be supporting this amendment, but not for the reasons that have been raised by a lot of the speakers so far. We have been speaking as an Assembly for the last 30 years about diversifying and growing our economy, ever since the decline of the fishing and growing industries and the rise of the dominance of our financial industry.

Yet, again, in this debate we keep on talking about how we are going to raise taxes from one group or another of our citizens, but I have seen very little movement in this States' Assembly in this term or in the previous term to actually bring in the initiatives required to grow the overall economy, which would increase the tax base and therefore not necessitate this nickelling and diming all the time of groups of our electorate or our citizens,

I am also concerned we are running the States, the Island, like accountants who are trying to balance books, rather than entrepreneurs who are trying to create wealth. I am also concerned about the message this is sending out to the people we are trying to get to relocate to Guernsey – the high net worth individuals, the entrepreneurs we want to move to Guernsey. What are we doing when we are saying we are going to start increasing these taxes, which will directly increase their cost of living on this Island?

I also see this as yet another hit on the open market sector, where a lot of these larger houses would fall. A sector that has already been massively disadvantaged by previous actions of previous Assemblies and that is still hurting and looking for encouragement and support in their property values from actions in the States, not more detrimental hits. Therefore I will be supporting this amendment.

Thank you, sir.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

I am not going to speak very much on this amendment.

I think Deputy Fallaize, for me, did a tremendous job in going through the tax position that we find ourselves in. There are many strands that he put forward of where we would be, we have tried to look at where we cannot go and some of the ones where we can go.

There is just one thread I want to pick up on. We do raise taxes for a reason. This is one of the threads that Deputy Fallaize had. Of course, it would be nice to lower them or not increase them, but just reflect what we do with those taxes. They go to the Committees and they fund the Island's services for all.

Just as Deputy Dudley-Owen said, on the backs of those hard-working people of the Island since the war, those people are now needing health care. Those are the people we need to support. It is their grandchildren now who are in education. We need to support education. It is to help those who need Income Support; who are living in rented accommodation, who need support. Or it is to provide transport links to Alderney. All those things are used by this taxation. I am not going to say anything more on that but it is just to reflect back on what our actual taxes are actually used for and it is to help the very soul of the Island.

Just to clarify glass houses are not subject to the 500-plus TRP. I think some Members of the community have contacted States' Members about their glass houses. The application of the 500 TRP threshold will only apply to domestic buildings, glass houses and land and will not count towards the threshold and will continue to be taxed at a lower rate. Currently 5p for glasshouses; no changes proposed for 2019, and 20p for domestic land and it is proposed to be 22p for 2019.

I just want to pick up on one point from –

I will give way to Deputy Paint.

The Bailiff: Deputy Paint.

Deputy Paint: Sir, just as a point of correction, if you have a glass house that is attached to your shed or a house, you are charged TRP on that. If it is a glass house, independent, Deputy Brouard is correct but if it is a big glass house you will pay TRP on your property.

Deputy Brouard: I wish I had not given way, because the next point was Deputy Dorey made an excellent point about attached barns. Also Deputy de Lisle and myself have got form on this. We have been trying to get the issue of glass houses and vine houses attached to dwellings to be separated for TRP. We have lost every time we have been out on this particular course, but I think the opportunity now is, if the 500 is brought in, and I hope it will be, that we will look at that, as P&R, to ensure we can actually once and for all divide off that vine house or that store room or that barn, which is unused. I will certainly give my commitment that I will be trying to force my colleagues into that position. I see a few nods of the head from them. So thank you for that.

The Bailiff: Deputy Inder.

Deputy Inder: Thank you, sir.

I wrote some of this yesterday, actually, and I probably could have dropped this part of my speech into any one of the amendments. It is Deputy Fallaize that caused me to rise because what I was writing down yesterday is what he mentioned. As you look through the conversations, this might be general debate, but I am quite happy to not talk in general debate later.

If you read what has effectively been said over the last day and a few hours, we do not appear to be able to raise the headline rate of 20%. We cannot raise the Social Security cap. We are not allowed to do anything that stops wealth coming into the Island. We now do not want TRP to rise. On top of that, we have got to save the poor, save the middle-earners, save the rich. We do not want population growth either. We do not want to extend a runway. I have been in rooms where some Deputies question whether we need any growth at all. On top of that, and it is tempting, I

think at some point in the past few years, Deputy Lyndon Trott has said, 'GST over my dead body.'
625 I can see a requête coming tomorrow! (*Laughter*)

We are running out of wriggle room. It is really what Deputy Fallaize said. He said, in effect, where is the money coming from? What I have not heard in any of this debate is our biggest problem appears to be the wage bill that we have for the public sector. I sent to Members a spreadsheet that was put together by a Mr Andrew Bisson.

630 Over the last eight years the private sector wage growth has been 20%, whereas the public sector has been 34%. If I think back the last few weeks, we have got another £100,000 wage bill for managing our property portfolio. We have got another six-figure sum for either Harbour Area Action or maybe it is the Seafront Enhanced Area.

This is where I genuinely think part of our problem is. We are not looking at the real problem, 635 which is the expansion of the wage growth of the Civil Service. On top of that, I could touch on what Deputy Paint says, but this is probably for another and more detailed day – the seeming reliance on consultants. I think the people making the most money out of this seem to be the KPMGs, the PwCs and all the Haskonings of the world. If you could reduce those in some way, you could have everything that you wanted. We have got to find some way to reduce the size of the 640 States, our reliance on consultants, actually have some belief and trust.

Consultancy in the main, to be perfectly honest, is actually fairly cynical. I will almost guarantee, and I do not actually know, that what will pour out of the air and sea infrastructure review will be maybe five or six options. There will be not one single decision for the Airport and there will be a single decision, they are options. Those will come to us to discuss. What will pour out of that is a 645 number of actions for investigation and what we will see again: more consultants, more fees.

I would love to know – and it is a question I might ask via Rule 14 actually, through you, sir – the extent of the actual consultancy figures that bleed out of this Island day in, day out, and we sit here worrying about the pensioners. Your problem is not within these amendments, it is within the largesse and the size of this Government.

650 Thank you, sir.

The Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir.

655 I will speak strictly to this amendment and bring it back to this moment before us now. I have a couple of questions for Deputy de Lisle when he sums up. I would just like to know what he believes the average value for a property that has got a TRP of over 500, is just so we can give a reality check?

Then the other question I have is this: a lot of the debate seems to be around about these are 660 family homes with a single, older person, potentially, living in them and therefore they are finding it difficult to afford it. If these are family homes and they are saving it for their families, where are their families right now?

If we are harking back to the days where we lived in extended families, which actually I think was pretty marvellous and that would be my personal choice, if I was able to have it, but I do not. 665 But if we would have been in extended families in one of those bigger family homes, people that are now single, older, in these homes, would have other family members going out to work to help with upkeep and maintenance of that family home. That is the bit I am a bit confused about, because if we are saying these elderly people are staying in these homes for their families, where are their families and do their families want them to retain these homes and are they willing to 670 help support with the retention of that home now?

My concern is we potentially have people rattling around these big homes that cannot afford them, saving them for future generations, but where are these future generations at the moment? I am a bit concerned about that. I have every empathy for people that live in homes that they have memories for.

675 The reality of my generation, potentially, is that I have a family home. I struggled to find one. It took over a year to find one. Difficult to find a family home in Guernsey of a reasonable value, (a) that I could afford and (b) with a garden. I do not want a postage stamp garden, I actually want a garden for family. I wanted off-road parking, purely because of the density of the area which I live in and the lack of parking in the area. I struggled for about a year to find a family home.

680 I am a total realist on this. When my child grows up and leaves home, I will not be able to afford my family home. I will not. That is the reality of it. I want her family home for her now. I want her to go out – I have given her life and I want her to go and live it – and I want her to have her own family. I will not be holding onto the family home just in case she wants to come and live and look after me. I doubt so much she would, it is unbelievable! She is a very independent young lady so I doubt she would ever look after me.

685 That is the reality of some of my generation. We have a reality that we are now in nuclear families. We are in lower family units. Rightly or wrongly, I am not judging on it, it is just reality. What are we trying to preserve here? I have empathy for the argument of – I think Members may have said – the single older person rattling around in his home. That is my juxtaposition. Where are we going with this? We have to have a reality check with actually nuclear families, we know we are building smaller homes, more units. It breaks my heart, it really does, when families break down, when marriages break down. It is a sad sign of our society and our community but this is the reality of life, this is what happens.

690 We have smaller family units but we are trying to preserve large family homes for single, older people to live in. I do not know if I am just making that over-simplified. I am absolutely sure I am, actually, but that is the bit I do not understand. If we are trying to preserve these family homes, where are the families? Are they going to be coming back? Are they able to help their older relatives? If not should these homes be for other families?

700 Deputy Dudley-Owen talked about these historical Guernsey families. They are brilliant. We are creating families today. New Guernsey families. Maybe in 200 years' time the name Merrett might suddenly be 200 years old and I can go back to when I did have an inside toilet and when I did manage to find a family home in the year 2008. That would be an amazing achievement.

705 That is the two things. What is the value, through your sir, please Deputy de Lisle, of the average home for TRP 500 and, if we are preserving it for this older single person, have we actually reflected on and considered the change of the size of our family unit from extended family to a nuclear family and the changes that has on properties and the composition of properties in Guernsey?

Thank you, sir.

710 **The Bailiff:** Deputy Stephens, then Deputy Leadbeater.

Deputy Stephens: Thank you, sir.

715 When Members are discussing elderly people I must admit to having insider knowledge. (*Laughter*) Members are discussing the folks I know and the folks I socialise with and, through work as a Deputy, of course I do know of people who live in one room in the winter to save money. Also because of the work I do I am fully committed to the concept of ageing well. Everybody ageing well, regardless of assets or income.

720 So, to Deputy Roffey, I will say that I really support further investigation of all the suggestions that have been made in this debate today. Ways to assist older people to support their life at home or actually to support them moving to something that might be more appropriate to the way they want to live in their final years. I cannot support the amendment but I will commit to participate in this task as a Member of PRC.

Thank you, sir.

725 **The Bailiff:** Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

I was not going to speak but I rose just to continue what Deputy Merrett was saying, kind of intimating that we were creating big houses for single old people. These houses have been created over the years by generations previous to them. It is the legacy of their family that has been handed through generations and generations. If they want to continue that they should have every right to continue that.

There is one elderly person that I know who has got lifetime enjoyment of their house. A big house. It gets handed down through a trust. She has got to pay the upkeep of this house. How is she going to be affected by this? She cannot sell this property, she cannot downsize. She is put in this situation. This situation is in perpetuity. I really do not think that Deputy Merrett has fully understood the consequences of not supporting this amendment, I really do not. I will talk to her after about it.

Thank you.

The Bailiff: No one else is rising. Deputy St Pier and then Deputy de Lisle to reply.

Deputy St Pier: Sir, Deputy Lowe, I do not think did speak in this debate but she often tells us that we should not focus on percentages, we need to focus on pounds. I thought I would perhaps do that to start, in responding to this very full debate. The average number of units of TRP for a property in Guernsey is 150.

So the Budget proposal would increase the rate of TRP for that property by £22.50 a year; 43p a week, which is considerably less than the cost now even of the *Guernsey Evening Press*. The amendment would reduce that increase, instead of being £22.50 a year, would be £5.50 a year. Just again giving some context. When we use the strong language, the hyperbole that TRP is a mortgage on a property and we are forcing people to sell their homes, I think we have to remember that I think that it is extremely unlikely, even in the most extreme cases, that £22.50 will act like a mortgage and force people out of their homes.

In relation to Deputy Leadbeater, who has spoken last: absolutely there will be, inevitably, circumstances around the Island which are peculiar, but we cannot design an entire tax system around the peculiarities. To be very clear, the above 500 TRP rate – and remember that is 500 units, not £500 of TRP – would apply to a maximum of 750 properties and nearly half of them are on the Open Market.

Deputy Merrett's question was not directed at me but I am going to answer it anyway, if I may. I have taken the trouble to find out what properties we are talking about. There is an Open Market property at the moment on the market with a TRP of 513. It has five bedrooms, four bathrooms, with a swimming pool and it is on the Open Market currently for £2.75 million.

There is a Local Market property with a TRP of 565 for £1.4 million, offering approximately 6,000 square feet of accommodation. It is fair to say that this is one of the larger houses currently available for sale on the Local Market, with six bedrooms over three floors. I will not give the name of the property.

It has five reception rooms with the majority of accommodation on offer enjoying panoramic views across the east coast and offshore islands. There is parking for 20-plus cars (*Laughter*) to the front, further parking at the rear; a quadruple garage – it may even be a quadrangle garage! – generous gardens, which are fully enclosed; with a self-contained bedsit to one side and hidden 'surprise' in the form of a guest suite/garden annex at the top of the gardens. This is an exceptionally substantial property.

If anyone wants details, let me know! (*Laughter*) I think that just gives us some context of what we are talking about; that actually, in respect of the Local Market, we are generally talking, for the vast majority, of an increase of £22.50 and we are talking at that level in respect of the graduated scheme.

There does appear to be a misunderstanding about the application of the threshold. It does only apply to domestic buildings, in response to Alderney Representative Jean, for those running

businesses. It does not apply to commercial buildings. It does not apply to glass houses and land. Glass houses are charged at 5p a unit and no change is proposed for 2019; and 20p for domestic land – 22p is proposed for 2019. If it is attached, that is an issue and I will return to that in a moment.

When Deputy de Lisle opened debate, he personalised it. He said, 'Deputy St Pier has consistently pursued the increase in TRP.' Of course, this has merely been following the States' direction. In particular the joint work of the departments for Treasury & Resources and Social Security in the last term, of which of course Deputy Gollop was a Member.

Outside the expectation set in the Personal Tax, Pensions and Benefits Review, domestic TRP rates would double. The Resolution was to increase the rates of domestic tax on real property by no more than 7.5% in real terms between 2016 and 2025. I am going to return to that again in responding to Deputy Graham's comments.

This amendment puts £1.025 million of income at risk; £525,000 from the general increase – remember the £22.50 on the average of £150 and I have already spoken about that – and it would also put at risk the £500,000 from introducing higher rates of properties on the family home; the sort of family home that Deputy Merrett is looking to buy that I described.

We are merely following a States' direction on that. That recommendation in respect of the graduated scheme is to focus on raising revenues from those considered most able to bear or pay the additional burden. I absolutely accept that property is a proxy for wealth. It is not perfect and Deputy Leadbeater has given a very good example where it is not the case. But in most cases, the vast majority of cases, it will be a reasonable proxy for their ability to be able to bear that additional burden.

In response to Deputy de Lisle's comments, there is absolutely no evidence to support the suggestion that the unamended Propositions will force people out of their homes. There is no evidence of that whatsoever. We are nowhere near on a par with the Council Tax and so on, that is referred to, in the UK. I think that is a false comparison.

Unless we do replace this income from another income-raising measure, we would fall well short of the position and the direction set by this States in the Medium Term Financial Plan to raise £3.5 million from income-raising measures. It would eliminate the 2019 Budget surplus and I remind you again, from what I said opening the debate, that the additional funding allocated to Committees within the 2019 cash limits, if we are to comply again with our own fiscal framework policy, is only possible because of that budgeted surplus.

Should the Budget be amended then, obviously, that results in the elimination of the surplus and a budgetary deficit position. That does need to be corrected if we are going to comply with the fiscal policy framework. I think it would also presumably give a clear steer not to introduce the graduated system and that obviously puts additional revenue at risk for future years. As I said, the 2020 Budget report will include and impact analysis and I am going to refer to the 2020 Budget report again when I respond to the individual comments, which have been made.

Beginning with Deputy de Lisle, who questioned, quite reasonably, why there is a 60% increase on some properties, when the undertaking was only to double over the 10 years. In other words, 7.5% real terms. That of course is because of the Medium Term Financial Plan saying we need to raise additional revenue and we need to find it from those best able to pay. We are working to two different sets of commitments and directions from the States: the Personal Tax, Pensions and Benefits Review and the Medium Term Financial Plan. So those commitments are being kept. If Deputy de Lisle's amendment is accepted, then we are breaching those commitments.

Deputy Gollop questioned why these increases were above the commercial rates. Of course I will remind him, he will not have forgotten. I know his memory is not poor, the commercial sector has experienced substantial increases over the years; particularly in the years immediately after the introduction of Zero-10 in 2008. He compared this to a wealth tax. Of course a wealth tax is typically based on a percentage of wealth, while this is very clearly in the category of a fixed property tax, which exists in every jurisdiction in the world.

830 Deputy Oliver, I have checked the numbers and I cannot understand where the numbers came from. I would refer her, sir, and others to paragraph 6.83 of the Budget Report. For those properties that are sitting at 500 TRP units, their TRP will increase to £1,335 –
I will give way

835 **Deputy Oliver:** I did say above. I did not say 500; I said above.

Deputy St Pier: Okay. In which case, we are talking about a very few number of properties indeed. But at 500, it would increase to £1,335 next year. If the escalator were to continue that would result in £2,200 by 2025.

840 In response to Deputy Ferbrache I would like to say that Deputy Ferbrache was atypically inconsistent, but yesterday he said he could only support the reduction in fuel on petrol because it would only put a £600,000 hole in the Budget and he could not support a reduction in diesel because it would put a £900,000 reduction in the Budget and that was 'reckless'. But he is apparently willing to put a £1 million reduction in the Budget and that somehow is not reckless.

845 Deputy Yerby said that was clearly an issue with the elderly; many having assets but not having much income. That is an issue, which I think does require further thought and consideration. Fifty-five per cent of over-65s who are living independently, in other words not living in residential care or living with their families, hold assets of greater than £350,000, which is the value of a two-bedroom house.

850 Many in that category have assets but do not necessarily have income and we will return to that in the context of the age allowance, in terms of the impact of the age allowances, because that is relevant in that context as well. Deputy Graham, I thought, made a very good point about following and pursuing plans. In particular, he also noted that actually the suggestion had been placed that the way to plug this gap would be to either take from or not put into the reserves. He
855 challenged that as being an irresponsible thing to do and I agree.

I remind Members that, for a number of years, in order to keep us roughly on the straight and narrow, we agreed not to put the full allocation into the Capital Reserve; for which we were widely criticised both in and outside this Assembly as being irresponsible. The capital programme, as we know, is slow but we know there are significant commitments due, not only in respect of schools
860 coming the tracks, the modernisation of the Hospital and many other multi-million-pound projects. The £200 million-plus, which is expected and allocated in the reserve, is not there just to sit there for no purpose. It is there to ensure that we have the infrastructure we need. It is irresponsible not to ensure that that is not fully funded.

In relation to plans, and this is really the point, arguably I think we are only three years into a
865 10-year plan and therefore to revisit it in those first three years would perhaps be questionable. But I think the point is well made and I think Deputy Yerby raised that as well. I am going to return to that in my very final closing.

Deputy Fallaize, I think, really nailed what this amendment is all about and the dilemma that we face. What is it that people out there really want? The reality is that what most people want,
870 and it is human nature and we are all the same, we really want lots and lots of services, preferably free, if at all possible, and preferably paid for by someone else. If that can be delivered then actually you lot in here are doing a really good job.

But of course we cannot do that. We all know we cannot do that. It is fiscally irresponsible, as Deputy Fallaize said, to look at this in isolation. We have to look at it in the context of the whole.
875 In isolation it looks quite, or even very, attractive. I think he perfectly described the role of the premium banding, as well. It is to discharge that responsibility to ensure that the broadest shoulders, broadly speaking, are the ones taking the burden of additional revenues.

The money does indeed, as Deputy Soulsby said, have to come from somewhere until we revisit in a review of our tax and benefit structure. Of course we have done that again, only three
880 years ago, in 2015. That does not mean that we should not embark on another one, but again it is not something that you would have expected to have been undertaken during this term. I thought

both she and indeed Deputy Dorey made the point about the reduction in waste charges benefiting, particularly, properties above 500 TRP units, but of course it will benefit many properties under that, many larger properties under that level as well.

885 I think Deputy Dorey's point, and it was raised also by Deputy Brouard, about accommodation which is not being used for residential use, is a challenge for us. It is becoming more of a challenge, of course, as TRP goes up. When TRP was quite literally only a few pennies per unit, really nobody focussed on it sufficiently. I think we do now need to give that some attention. In relation to Deputy Meerveld's point, entrepreneurs who move here with *LocateGuernsey* generally
890 would be absolutely staggered about how low their property taxes are for the properties they acquire.

Again, P&R have to listen and respond to a debate such as this and I think in response to Deputy Dudley-Owen, who posed the challenge of laying an amendment, clearly it is something that we did consider overnight, as to whether that would be appropriate or not. But I think there
895 are four issues, which P&R wish to respond to following this debate, raised largely by Deputies de Sausmarez, Graham, Roffey and Yerby.

We do, as Deputy Le Tocq said, need to look at this question of the elderly, particularly probably the over-75's, which is where the challenge is. I think there are some very real challenges about that and Deputy Dudley-Owen raised one herself about effectively that wealth tax-type
900 mortgage of creating a debt, which is repaid after the death of an individual. That is one issue. The administrative complexity and cost of such a scheme I think also needs to be considered. But I think it is, in light of the fact of that statistic that I gave you earlier of those who are indeed asset-rich, but cash-poor, we do need to be aware of that.

The second question is in relation to the escalator and, in responding to Deputy Graham's
905 challenge, I think it is incumbent on P&R in the Budget Report next year, if it chooses to recommend that the escalator is adhered to next year, that it provides a very clear rationale for that, so that the States can make a decision on that basis or not. I think clearly, in the first three years of this programme, we have simply referred to that previous Resolution and said, 'There you go, let us get on and do it.'

910 Clearly, as the compound effect of those real terms increases has a more significant effect in cash terms, to go to Deputy Lowe's point where I started, then I think we do need to respond to that. I will give the undertaking that we will address that in the Budget report for 2020, as well.

I think we will also address and give consideration to this question of accommodation which is not fit for domestic use. There are challenges about it being not occupied for domestic use. What
915 does that mean, if somebody is only living in one room and so on? But there are clearly barns which are unfit for human habitation which just happen to be attached, there can be little logic for applying the domestic rate and that needs to be given some thought. Given that we are devoting resources, if the States approves these Resolutions, to looking at TRP anyway, in the context of the graduated system, now is an ideal opportunity to be doing that at the same time.

920 The final point is to reiterate the undertaking I gave when I opened debate yesterday that we will provide that impact analysis on the graduated scheme. So I hope for those Members who were unsure on this amendment that those undertakings in relation to what we would address in the 2020 Budget Report, do give them reassurance that we do take the questions that have been raised today very seriously. We will respond appropriately to this debate, to those issues, in the
925 Budget Report next year. In the meantime, we do ask all Members to act fiscally responsibly by supporting the Budget's Propositions and opposing this amendment, sir.

The Bailiff: Deputy de Lisle.

930 **Deputy de Lisle:** Thank you, sir.

I thank Members for a very interesting debate and the many points that have been brought forward during the debate. Yesterday we had a number of offerings and I would just like to very briefly go through in my summary of what was brought forward. I thank Deputy Paint for his

935 support in seconding this amendment. He concluded with: the burden is not fair. He, like me, has seen pensioners in large houses but with limited income, widows living alone on minimum pensions, as well.

That got me to actually investigate a little further a couple of days ago, with Malcolm Nutley over at Social Security, because I wanted to have some indication of the degree of which old age pensioners actually received the full old aged pension. He came back with currently only 27% of old age pensions paid by Guernsey locally and abroad are paid at the full rate; 37% of pensions paid to men are at the full rate but only 18% of the pensions paid to women are at the full rate.

940 This does mean, as I went around the west, door-to-door, pensioners were complaining that they only received about £80. They were not receiving the total amount. He says also that a factor behind the lower figure for women will be that until 2004 married women were allowed to pay reduced rate contributions, which did not count towards their pension entitlement, and were entitled to receive a partial pension equal to approximately 60% of their husband's pension.

945 Since 2004 there is no option to pay reduced rate contributions. All contributions paid by employed and self-employed people are paid at the full percentage rate. This has already and will increasingly over time improve the levels of old age pensioners and what they receive. I think that is quite instructive, actually, that we do have a problem with pensioners struggling in larger houses and widows living, really, with a very minimum pension.

I thank Deputy Gollop for his comments. The double whammy he saw is a game-changer for Guernsey. Discriminatory, he described these measures introduced by P&R. The size of property will change the tax offering and feed into changes in many walks of life. It will affect everyone. It needs much more thinking about, he said. It will not raise a lot of tax to the Exchequer, either. The problem is that it targets those property rich, cash-poor. The tax policy is generally given credence in Guernsey to retaining family oriented property and society. This is a form of wealth tax, which could undermine families.

960 Deputy Le Clerc questioned Propositions 29 and 30 and how the amendment affected both and I think Deputy St Pier has answered that particular question. Deputy Queripel called for an element of compassion. There would be pressure on the older to move and downsize. They may stay and struggle.

965 Deputy Oliver spoke about the fact that she had received quite a lot of representation on this TRP escalation, on par with the amendment to increase TRP on Open Market property, which was withdrawn, although we understand as a result of the debate and the comments of Deputy St Pier that the Open Market will be affected and in fact half of the properties in this first tranche of 750 are in the Open Market area. So she said the increase in TRP would go further than Council Tax in Oxford. TRP kept hitting the same group of people and, as a Government, we are taking and not giving.

970 Deputy Roffey outlined the two elements of the TRP tax hike, the 10% uplift and the premium tariff, effectively doubling the rate. He spoke of a poor correlation between larger properties and income levels of households, but he agreed that the elderly on fixed incomes would be dealt hard by the Budget TRP proposals. They will pay and be deprived, he said. We are at risk of piling up too much by doubling rates, creating a poverty trap for many people. He ended by saying he would like to see much more analysis of the effects of these measures.

975 I thank Deputy Ferbrache for his support – that was yesterday – and today we started with Deputy Yerby and her comments. She said that shelter is a basic right and agrees that we should not make it unaffordable. Empathy, there. But she also said that 90% on Income Support are renters. This is a fundamental problem, because landlords with these escalations and increases, will pass on to those renters in the private sector the increasing costs of TRP.

980 Deputy Graham was not sure how he would vote, but he does not like the 10% increase each year and he does not like the 60% premium. How to pay for these measures is a problem that he feels needs to be dealt with. From my point of view, it is not a matter of taking from people, it is a matter of taking from some of the reserves that have been accumulated through this Budget; the £54 million into the Capital Reserve and so on.

985

Deputy Fallaize, it is asking the States to deviate by a large margin from the policy that has been established in 2015. Absolutely right, it is. What is it that we want to tax, he said. There is no appetite for general consumption tax or other taxes that other jurisdictions charge. But the fact is we do not have to bring in these new taxes this year, because we have the ability to utilise what we have actually got and placed in reserve this year, from the tax stake.

Deputy Soulsby: taxes and charges are elusive. You are right there. She has got sympathy with home-owners, but money has to come from somewhere. She is not supportive of the amendment. Deputy Dorey: we need to stick with the balance of tax that we have and he mentioned the fact that a parishioner had an attached barn, which takes him over the 500 and he was lobbied, actually, by that person and probably others to support the amendment.

Deputy Laurie Queripel, thank you for your support. People have to have somewhere to live. That is a fundamental. He made the point that there are ways of mitigation in other areas, but not in terms of a place to live. So he wants to be fair with home-owners and he believes that these policies of T&R would push Islanders into hardship and, added together with other charges and indirect taxes, could increase hardship for some. Pensioners may have to downsize and downsizing is a daunting challenge; for older people particularly. Anybody that has experienced that knows all about it.

Deputy de Sausmarez, in her heart, she is supportive. She talks about sentimentality; a huge part of this debate. She is right. She calls upon where are they going to go? Are there suitable homes to downsize into? We need a housing stock to provide that. So why get us into that? Why not just say enough is enough and drop this particular policy thrust?

Alderney Representative Jean, he is supportive and of course the changes to banding would have major impact on Alderney, he is absolutely right. He speaks of the economy starting to turn around here in Guernsey – certainly not on the high street, if you take a look at the number of shops that are vacant. Changes to banding would have a major impact in Alderney. A bitter this particular policy goes through. He says particularly for Alderney because, while we might be recovering, by hearsay, certainly it is not the case in Alderney.

Deputy Le Tocq has a lot of sympathy for the elderly. Well this is your chance to actually show it! *(Laughter)* Do not have them all downsize. Their property is their property, not that of the States of Guernsey. He has got a lot of experience with his parents, as well, so I hope he will support this amendment. He made the point, though, that many of the 750 that are being affected by this hike, this doubling of TRP tax this coming year, are on the Open Market.

Deputy Dudley-Owen spoke of a very valued amendment and her concern with respect to the hard work that older people have provided for this Island's wealth and its economic success in the past and we should be supportive of those individuals and not actually turning and saying, 'Now it is time to move.'

Deputy Meerveld made strong support but he said it is a matter of growing the economy so we do not have to nickel and dime the economy. High net worth individuals and others will certainly be hit and those on the Open Market too will be hit by these measures. Deputy Brouard reminded everybody that taxes fund services. A lot of people in Guernsey just feel that the Government is too large for a small Island like this and it is taxing far too much.

Deputy Trott: Sir, on a point of correction, the Bailiwick of Guernsey has one of the lowest percentage tax-takes of any GDP globally. Nothing could be further from the truth.

Deputy de Lisle: You tell that to the people!

A Member: He might just do that! *(Laughter)*

Deputy de Lisle: They certainly will not agree with you and they will not agree with your Zero-10 tax, either.

The Bailiff: Through the chair.

1040 **Several Members:** Ahh!

Deputy Trott: On another point of correction –

Deputy de Lisle: That is what a lot of this is about.

1045 **The Bailiff:** No, no. Deputy Trott.

Deputy Trott: Of course, sir. I am waiting patiently. It was not my Zero-10 tax policy, it was this Assembly's Zero-10 tax policy and it performed stratospherically well.

1050 **Deputy de Lisle:** That is highly questionable, because that is why we are having to put in all these new measures and that is where we have got. You are constantly defending that policy.

The Bailiff: Through the chair, Deputy de Lisle.

1055 **Deputy de Lisle:** Through the chair, sir. *(Laughter)* Deputy Inder made the point that we are running out of wriggle room. The real problem is the expansion of wage growth of civil servants and the reliance on consultants. The size of Government, he says, needs to be trimmed. Deputy Merrett asked me about the average value of property over 500 units and I think Deputy St Pier has certainly addressed that issue, although he quoted some of the higher value properties. There is one on at the moment of 825, which is over 500, that requires an enormous amount of renovation.

1060 This is the problem. A lot of these properties in the higher band have been let go. It was the same with the old people. They used to say the next generation will do all the upgrading. We have inherited a lot of places ... One of the ways was to bring in the Open Market to deal with this situation because people would come in and they would have the money to improve the houses. These places need a lot of renovation and an enormous amount of spending on them to bring them up to current family needs. Then she spoke about the nuclear family, what are we doing about trying to preserve and why we are preserving properties. Well it is because it is all part of our cultural heritage.

1065 Deputy Stephens supports older people and she is very committed to the older ageing well, but still cannot support the amendment. Again, this is your chance. Deputy Leadbeater, he makes the point that homes are created by families. It is a legacy that we have and people have every right to stay in their places.

1070 Deputy St Pier concluded on questions and spoke about the escalator that the Budget next year will provide the rationale and the impact to address this escalator of 60% or 45% escalation. The fact is this is the place, this is the time to deal with that, so they do not have to worry with all that research and we can actually save all that time and energy of civil servants by actually supporting this amendment.

1080 I think that this is the last straw, to be quite honest, this doubling hike for 2019 in TRP. The promises to the people of Guernsey have been broken by P&R. People who have had enough of the spiralling TRP 10% hike every year suddenly now find themselves with a new doubling this year through the new TRP tax on larger properties, to near double TRP this Budget. The family ancestral home is to be lost through this if it is approved and the amendment tries to warn people of what is to come. It is a mortgage around people's necks until death; to Government, forever, whereas your mortgage with the banks and that sort of thing, you can get rid of. This one you cannot.

1085 This is not the Guernsey way. It might be the English way but it is certainly not the Guernsey way and I ask Members to please support the amendment.

1090 **The Bailiff:** Deputy St Pier.

Deputy St Pier: Sir, on a point of correction, in Deputy de Lisle's summing up he said that the Propositions were a breach of a promise to the people of Guernsey. That absolutely, categorically cannot stand. The Propositions are the delivery of the commitments which have been made through the strategies which have been approved by this and previous Assemblies. It is not a breach of that promise.

The Bailiff: Deputy de Lisle.

1100 **Deputy de Lisle:** Point of correction sir. That is not the case. The additional amount that has been placed on TRP was not something that we had heard of before this particular Budget and that is what we are concerned about. We did not know about it. It is suddenly sprung on us and Deputy St Pier is saying that he will go back before the next Budget and look at the impact. Well the impact should be now, we should know that before actually being asked to pass this. So I ask you to support the amendment.

The Bailiff: Deputy Lester Queripel is rising, I suspect, to ask for a recorded vote. Is that right?

Deputy Lester Queripel: A recorded vote, please sir, yes.

1110 **The Bailiff:** We will have a recorded vote on amendment 3, proposed by Deputy de Lisle, seconded by Deputy Paint.

There was a recorded vote.

Not carried – Pour 18, Contre 20, Ne vote pas 0, Absent 2

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Gollop	Deputy Le Clerc	None	Deputy Parkinson
Deputy Lester Queripel	Deputy Trott		Deputy Le Pelley
Deputy Leadbeater	Deputy Merrett		
Deputy Mooney	Deputy St Pier		
Deputy Meerveld	Deputy Stephens		
Deputy Lowe	Deputy Fallaize		
Deputy Laurie Queripel	Deputy Inder		
Deputy Smithies	Deputy Hansmann		
Deputy Green	Rouxel		
Deputy Paint	Deputy Graham		
Deputy Dudley-Owen	Deputy Dorey		
Deputy de Lisle	Deputy Le Tocq		
Deputy Prow	Deputy Brouard		
Deputy Oliver	Deputy Yerby		
Alderney Rep. Jean	Deputy Langlois		
Alderney Rep. McKinley	Deputy Soulsby		
Deputy Ferbrache	Deputy de Sausmarez		
Deputy Kuttelwascher	Deputy Roffey		
	Deputy Tindall		
	Deputy Brehaut		
	Deputy Tooley		

1115 **The Bailiff:** Members, the voting on amendment 3 was 18 in favour, with 20 against. I declare it lost.

I see that, as a result of that, amendment 28 will not be laid. Is that correct?

We move on, therefore, to amendment 12, to be proposed by Deputy de Lisle and seconded by Deputy Paint.

[Amendment 12](#)

To replace '£450' as the age-related allowance in Section 2 of the table in the First Schedule to Proposition 26 with '£950'.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

Amendment 12 is to replace the £450 as the age-related allowance with £950. The effect of this amendment would be to retain the age-related allowance of £950. The Budget is increasing personal allowances by £500 only for the under-65's. At the same time the Budget is taking away £500 from the age allowance to the over-65's by reducing the age allowance from £950 to £450.

It is unfair and unreasonable; discrimination against the over-65's who have worked all their lives, contributing to the Island. One of the points made in the Budget is that the under-65's are the workers and they need that additional support. But the fact is the over-65's have also done their working life and have contributed and do not deserve to be slighted in this particular way. They have worked all their lives, contributing to the Island, so why the discrimination against them?

Deputy Paint and I are placing this amendment in order to retain the age allowance to the 65's and over at £950, as at present. Most over-65's are pensioners and the Government appears to be taking a do not care attitude towards them. Everyone should be treated fairly and equally. There should not be blatant discrimination against the aged.

The Budget includes progressive measures to increase the personal allowance from £10,500 to £11,000, to maintain Guernsey's personal tax competitiveness with other jurisdictions, such as Jersey, the Isle of Man and the UK. States' revenues are reduced as a result by £1.7 million, to be offset by a real-terms reduction in the cost of providing an age-related allowance for people over 65.

This reduces the net real-terms cost of the increase in personal allowances to £1.3 million per annum, but punishes unfairly pensioners, the over-65's, who themselves have worked all their lives. The more wealthy of this group are already subjected to the withdrawal of personal allowance for higher earners. Of the 18,199 people in receipt of a pension from Guernsey, currently only 27% are paid at the full rate. Less than one in three receives the full pension.

The average pension is £135 a week, the full pension being £217 for 2019. Much is made of the £212 insured persons' pension and the £326 for man and wife, but few get it. I think it is wrong of Deputy St Pier and his Committee to be robbing pensioners of their personal Income Tax allowance. The personal allowance is going up £500 to all under 65. Those over 65 have their age-related allowance reduced from £950 to £450; reduced by £500.

I believe these measures would leave pensioners very vulnerable by cutting by half the age allowance to the over-65's. Please, Members, support this amendment to retain the age allowance that pensioners receive now. To do otherwise would be unfair and discriminatory.

Please support this amendment.

Thank you, sir.

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

Deputy Paint: I do, sir.

The Bailiff: Deputy St Pier, I assume you do not want to speak at this stage. Deputy Roffey.

Deputy Roffey: Thank you, sir.

There has been a lot of talk about whether this huge plethora of amendments is a manifestation of populism. I do not know. Some people have said, 'What if it is? Doing what is

popular is what we are here for; we have been elected by the people.' Other people have said, quite rightly, that, 'Go too far down populism then you have to have superb public services with virtually no taxation whatsoever.'

1170 Whether the last amendment and this one relates to increased reading of populism I do not know. What I do know is I came into this Assembly in May 2016 deeply concerned about two things that were impacting on older people in our Island. The first one was the TRP escalator approved by the previous Assembly and the second one was the policy decision taken by the previous Assembly to phase out the additional personal allowances under Income Tax.

1175 Right from day one I have tried to do something about both of those. Right from day one I have brought amendments to Budgets to try and do something. It did not get much resonance. Suddenly now, in 2018, coming into 2019, it is getting far more resonance. I am glad we have got an undertaking that the question of pensioners' impact from TRP is going to be specifically addressed next time. It is really necessary. And I am glad there seems to be far more interest in this policy of facing out age-related allowances.

1180 I only have one or two explanations. Either my persuasive oratory over the last few years has slowly turned the super tanker, or else we are getting closer to a general election. I have no idea which one of those it might be, but I do not think I am actually that persuasive! *(Laughter)* Having said that I have been consistent over this. I do not support the policy taken by the last Assembly to phase out age-related allowances.

1185 I could understand, to be honest, changing the base from 65 to older, because I think the reasons that the age-related allowance was first brought in probably no longer kick in at 65 in the way that they once did; maybe 70 or even older could be there. I will go back to those reasons in a minute but I do not think it is fair just to move them forward together.

1190 I am in a dilemma today, I am as keen as anybody to have superb public services. I am even bringing a requête in a few weeks that will add to the cost of Government in Guernsey, so I have to be fiscally responsible. One of my problems is P&R's approach. Their amendments that they have prepared, they are only going to bring if we vote in favour of the slightly more irresponsible amendments that will affect the situation. I would much prefer to vote for amendment 29 than amendment 12, but I have got to vote for 12 in order to bring 29 into play; even though I regard 12 as rather quite irresponsible.

1195 I brought an amendment last time to save the age-related allowance, which at that point was considerably more than the £950 that it is now, but what I did at that time was propose a smaller increase in the general personal allowance so we spent the same amount in total. If we could afford so much in extra tax allowances, I wanted it spread out in what I regarded as a fairer way. That is what Proposition 29 does today, therefore I prefer 29 to 12, but I have to vote for 12, even though I think it is irresponsible, in order to bring 29 into play. I really do not understand why P&R could not have laid it alongside so that we could have debated both in the same way that perhaps we did with fuel taxes earlier. I sit down.

1205

The Bailiff: Are you sitting down or giving way?

Deputy Roffey: Sorry, I am giving way, sir. I have not sat down permanently yet.

1210 **Deputy St Pier:** I am grateful for Deputy Roffey giving way. I agree but that was not a decision really in the hands of those that proposed this amendment. We would have been very happy for it to have been debated together.

Deputy Roffey: Sorry, I did not quite catch that. What was the final line?

1215

Deputy St Pier: We would have been very happy for it to be debated together, it was a decision of those Members.

Deputy Roffey: Is it too late and will I have lost my right to speak if that happens? I do not know, sir, are you mindful to allow the two to be debated alongside?

The Bailiff: We are into the debate, that is the problem.

Deputy Roffey: Then I think I have to vote for the irresponsible amendment in order to bring a responsible amendment into play to try and vote for that. I will go further than that. I know there is a real risk that if this amendment is passed and the amendment from Deputy St Pier and P&R to reduce personal allowances elsewhere could then be lost and therefore we will not be having the amount of income that is forecast I will then, to try and be *uber* responsible, vote against Proposition 5. That will actually leave us £200,000 a year better off because the cost of this is £800,000 and we would be saving £1 million by doing that. But that could be lost as well.

I am in the position of having to be slightly irresponsible to try and be responsible, but not knowing whether the rest of the Assembly will come with me if I am to be responsible and therefore risking losing revenue. That is the dilemma P&R have put me in by only agreeing to place this.

Coming back to the fundamental issue, people over 65 in Guernsey have had no increase in their personal allowance for it must be about six years because all of the personal allowances were frozen for three or four years and once we started to increase them again they were only increased for those people under 65; general allowance was increased for everybody but there was a compensatory reduction in the age-related allowance.

In real terms, the point at which they pay tax has come down significantly. We have hammered them on that side of the equation just at the same time that we have been piling things on that I think quite uniquely tend to affect those over 65. The way we chose for the rubbish disposal charges to be levied, I am not saying the cost could have been less overall, but we ended up with a charge that was uniquely hard on the people who tended to be pensioners, particularly single household pensioners. And the TRP, I really hope we can find a way of being able to defer them for the elderly – maybe not over-65s but the elderly; but at the moment they are on a TRP escalator.

I think you would be really beleaguered if you were on modest income, a person say age 70, living alone, having to pay extra charges coming out of your ears and on the other side of the equation you have had the real value of your Income Tax allowance frozen year after year. The reason was that the last States said this is irrational, why should a hard-pressed family get lower allowances than a pensioner? There was a logic and I know I have said this in the Assembly before but I will say it again.

Way back when it was recognised that when you get older there are extra costs in your life: your heating costs tend to go up; your health care costs tend to go up, unless you happen to have them paid for you and many of them do not; your cost of looking after your house tends to go up, you have to bring in people for jobs that you would have done yourself because you are just no longer capable of doing that.

So for those people on modest incomes, say £15,000-£20,000, they have got a state pension, they are lucky enough to get a full States' pension and they have a small amount on top of that, their Income Tax allowance has been going down and down in real terms at a time when we have been piling things on them to pay.

I cannot support that. I have problems with this amendment, because it does not replace the costs. I am happy to go with the P&R amendment if this one is passed. It is a strange gambit that I am going to have vote for something that loses money on the income side and not knowing whether it will be replaced if it is passed, because they do not know whether other people will come with me on reducing the overall tax allowance, because that is not populist at all, because people believe it has already been given. The headlines have been in the *Press*, £500 increase in personal allowance and if it only becomes £385, the under-65's will probably get miffed.

1270 But I think that is the responsible way. I am going to vote for this purely for one reason only, to be able to vote for amendment 29, which I feel is the right way to go. I would, though, plea that whatever happens that P&R – I do not know how many undertakings you can get out of P&R in one day – they look at this idea of making age-related allowances, instead of just phasing them out, more affordable by pitching it so it comes at an older age.

1275 To be honest, the average 66-year-old is not shivering in front of their coal fire. They are not going to the doctor every five minutes because of the compression of morbidity or whatever they call it. Most people are healthy for longer. Generally they can still do things around their house. Seventy is the new 65 and so I think we could have a win-win if we made this more affordable but more meaningful for people at the older edge of our population.

1280 **The Bailiff:** Deputy Lester Queripel had stood earlier so I call him.

Deputy Lester Queripel: Thank you.

1285 Seeing as I am a pensioner I will declare an interest because I will benefit from it, if this amendment succeeds. I applaud Deputy de Lisle and Deputy Paint for laying this amendment. I applaud them because the age-related allowance Proposition in the Budget is an injustice against our pensioners.

1290 The Proposition goes completely against the mantra that we delight in parading at every conceivable opportunity; that mantra being that we should always include everyone and never exclude or discriminate against anyone. I was extremely disappointed and rather saddened to see this Proposition in the Budget, bearing in mind that in this modern day and age we talk so much about supporting an inclusive society whilst, at the same time, rallying against all forms of injustice. Surely the time has come for us all to now walk the walk and not just talk the talk?

1295 Just like the words of a song, *Silence is Golden*, which was a huge international hit for The Tremeloes in 1967, 'Talking is cheap and people follow like sheep'. We can all talk and say the things that make us sound good but there comes a time when the words need to become actions and on this occasion that time has come.

1300 We have before us an opportunity to right a wrong and I urge my colleagues to take it. In laying this amendment, Deputy de Lisle and Deputy Paint are seeking to do just that. They are seeking to right a wrong. They are seeking to address an injustice and the decision my colleagues in the Assembly need to make when the time comes to vote is a simple one. If they want to support an injustice against our pensioners, they will vote against this amendment. If they want to dispense with that injustice, they will vote in favour of this amendment. It is as simple as that.

1305 Just to elaborate on the injustice. In support of this amendment, everyone in this Assembly knows that I am chairman of the Age Concern Fuel Fund Committee, which is a fund that provides financial assistance to pensioners who struggle to pay their fuel bills in the winter. The reality is that those pensioners do not only struggle financially in the winter, they struggle financially all year round.

1310 To them, every penny counts. I am not exaggerating. I have seen it and colleagues on the fuel fund have seen this. Some of our pensioners sit with coats and hats, gloves on, blankets around their legs, hot water bottles on their laps, endless cups of tea in front of a one-bar electric fire, trying to keep warm, many days of the long winter period. If colleagues do not believe that then just ask me and I will get permission from an applicant and they can come and see that for themselves. I have said in previous speeches, I do not tell lies.

1315 The applicants to our fund this coming winter, who fulfil all the criteria we have in place will receive £145 from our fund towards their heating costs. The irony is, if the Proposition in the Budget goes through, at the same time as we give those struggling pensioners £145, they will be losing out on £500 worth of tax allowance. So they will be given money in one hand by a charity and then their own Government takes even more money out of the other hand. How inconsiderate and insensitive and lacking in compassion is that?

1320

On that point of compassion, one of the applicants to our fuel fund asked me last week, what would I like this States to be remembered for. In response, I said I would like us to be remembered for being a States of compassion. The States who did their absolute utmost to live up to our number one objective, which as we all know is to improve the quality of life of Islanders. That is not just to improve the quality of life of some Islanders, to the detriment of others. It is to improve the quality of life of all Islanders.

To be able to improve the quality of life of all Islanders, we need to include all Islanders and not exclude anyone. I completely understand P&R are only doing the job we have asked them to do but why are they targeting pensioners? What is the rationale and the reasoning behind that approach?

I stand to be corrected but I cannot see that rationale or that reasoning explained anywhere in this Budget. So somebody from P&R needs to explain just what that rationale and reasoning actually is, at some stage during this debate. Why are P&R not proposing that we make all of the increases in tax allowance fair and equitable right across the board? I think we need to know that and several pensioners I have spoken to recently would also like to know that.

To utilise an oxymoron, I can see no justifiable reason whatsoever for any of us to be hard-lined balance sheet politicians harbouring the desire to be fiscally and financially prudent at all times if some of our fellow Islanders end up being treated unfairly as a result of it. That is not acceptable in my view.

All of our Islanders should be valued and treated as equal. No one should be made to feel unworthy or inferior. Some of our pensioners are telling me that is how they are starting to feel: unworthy and inferior, as though they are a burden on society. I really think we all need to be concerned about that.

Not only should we be concerned about it, but we need to do something about it and we can do something about it by voting in favour of this amendment, which seeks to amend a Proposition that is extremely unfair and incredibly mean in every respect. I am sure I do not need to remind my colleagues some of our pensioners lived through the Second World War. Some of them served in the Armed Forces in the Second World War. Should we not give them the consideration and respect that they have earned and thoroughly deserve?

In closing, we are told in paragraph 1.10 of the Budget that:

... in line with the intention of making the Income Tax system more progressive, the Committee will seek to balance this ambition to assist those on lower and modest incomes through increasing personal allowances where affordable ...

For pensioners on lower and modest incomes, this is not at all progressive. It is exactly the opposite because it is regressive. It certainly is not balanced because, yet again, it is exactly the opposite. It is extremely unbalanced.

Why is it considered to be affordable for everyone else on lower and modest incomes but not for pensioners who are on lower and modest incomes? Two more questions, my colleagues need to ask themselves are these: is what the Proposition is seeking to do fair and equitable; is what the amendment is seeking to do fair and equitable? I will leave those questions for my colleagues to ponder and I will finish by saying, once again, if they want to right a wrong and if they want to correct a gross injustice, then they will vote in favour of this amendment.

Thank you, sir.

The Bailiff: Deputy Fallaize and then Deputy Paint, the seconder.

Deputy Fallaize: Thank you, sir.

I hope this amendment is going to be rejected as well. I do agree with Deputy Roffey, the point he makes about the criteria for any age-related allowance, if that is the right term? I think that there is some merit in drawing a distinction between people who are in their 60's and people who are perhaps in their 70's or late 70's or 80's. I think the point he was making about that is valid.

Otherwise, I think he was wrong in the arguments he is putting in favour of this amendment. Like the last amendment, if the States are going to vote in favour of this one, they are going to have to breach the agreed policy relating to age-related allowances. Some people will say 'Good' but I think this is a slightly unfortunate way of doing it.

Rather than coming to the States and saying we want to change the direction under which P&R is operating, we want to substitute this type of policy in its place, which would be legitimate; I think just turning up at one Budget debate and saying, for this particular year, we should abandon the agreed policy without replacing it with any new underlying policy, I think is unfortunate. I realise that will not persuade anybody to vote against it who wants to support the motion itself.

Deputy Roffey also spoke about length of time for which the freeze in the age-related allowance has gone on. This is not, of itself, a reason to vote against this amendment but I think, to put the other side of the equation, it ought to be acknowledged that is happening at a time when this particular sector of society is consuming more public services and is consuming a greater share of public expenditure. If you look at expenditure on pensions, it is increasing significantly and will continue to.

If you look at the expenditure of the Health Service on those people who are above the kind of age that we are talking about, it is increasing, because as the demographics of the Island change, those people who are slightly older will continue to consume an increasing share of public services and an increasing share of public expenditure will be going towards the services that they consume. I do not think that is a bad thing, I think that is a good thing, that is why the public services exist, but I think it is worth making that point, since Deputy Roffey made the point about the length of time for which the age-related allowance freeze has gone on.

The most important point, I think, is Deputy Roffey talked about some of the items of expenditure which fall disproportionately on pensioners and said therefore there needs to be an additional age-related allowance. But what about the types of expenditure which fall disproportionately on people who are not pensioners? What about the costs of bringing up children? They fall disproportionately on people who are not pensioners, by definition. What about mortgage costs? They do not fall disproportionately on pensioners; in fact they fall disproportionately on people who are not pensioners.

So it is alright coming up with a list of things and saying these things in this basket of costs pensioners have to pay them disproportionately. That is true. But if you leave out the whole other basket of goods and services which fall disproportionately on people who are not pensioners, you have created an inaccurate picture of household expenditure.

In any event, I do not like this, we have heard it increasingly in debate this morning, this language of division. Dividing society between pensioners and those who are not pensioners. We have had Deputy Lester Queripel telling us that increasingly pensioners are feeling unworthy and inferior. We have had Deputy de Lisle talking about an injustice that is being done. But there is this constant attempt to come into the States with motions and use language which tries to divide. What this is about, you try and divide the images of society between those who deserve some more assistance and those who do not deserve any more assistance. That is the image.

Nobody can dispute the idea of the heroic pensioner who deserves more from us, but in order to get there Deputy de Lisle and others have to divide society between pensioners and everybody else. I do not think that sort of language is helpful. We have had talk about people who fought in the Second World War. What about people who fought in the Falklands War or the Gulf War? Are they any less deserving of assistance and sympathy?

That is where we end up getting to if we use this type of divisive language and we try and divide society between those who deserve assistance and those who do not deserve assistance. Maybe I am in a minority in saying that, but I do not like that sort of use of language; I think it is politically charged, that is why it is used. I just think it is unreasonable. We are all part of one society and I do not think that trying to divide society in the way that some speakers do is helpful.

1420 What about Income Support? Deputy de Lisle says we need to be supporting pensioners, we need to be supporting the people who need this assistance. But not when it comes to Income Support, because at least one third of the beneficiaries of all those additional millions of pounds which are being pumped into Income Support, which multiple times Deputy de Lisle has tried to persuade not to do, are pensioners. They are pensioners in the greatest financial need.

1425 So do not come in here and start lecturing the rest of us about getting support to pensioners who need additional assistance because this Assembly, far from acting in ways which are unjust, is pumping millions more pounds into that scheme: £2 million, £3 million, £4 million per year, every year. Probably £10 million in the life of this States. Probably £15 million in the life of the next States. And at least one third of it is going to pensioners who are in the greatest need.

1430 This States, after what was very unfortunately done in the last States in relation to pension increases, is not only increasing pension rates in line with inflation but above inflation. That is another thing the States are doing. This States has not pursued the idea of charging medical prescriptions for pensioners, which was approved in principle by the previous States. Shortly, the Committee for Employment & Social Security will come forward with proposals to assist people with off-Island medical insurance, which is an issue which has been going on for a long time since the demise of the reciprocal health agreement, which also would disproportionately benefit pensioners.

1440 The language is used to try and create the impression that there are just some Members of the States who are very interested in trying to assist pensioners. I will give way in a moment. But any Member of the States who votes against this sort of amendment is really only interested in being very harsh on pensioners and unjust on pensioners. It is divisive language. If it is not populist it divides our society unnecessarily.

I will now give way, if Deputy Inder wants to ...

1445 **Deputy Inder:** I just want to talk about the use of language and it is just because Deputy Fallaize brought it up. This whole report is peppered with words like 'progressive'; it automatically assumes that everyone else is regressive. So there is a division within this itself. We have heard today, the sort of Twitter nonsense that has now been brought into this Assembly, about everyone being populist. That in itself is a word used by Members in this Assembly to suggest that they are in some way better, more enlightened than everyone else. We are all guilty of that, through you, sir.

1455 **Deputy Fallaize:** Yes, but what I am saying is that kind of language, which is divisive, ought not to be used. I have no problem with this amendment being laid. Deputy de Lisle can make the case for this amendment without trying to beat up every other Member of the States and suggest only he is on the side of pensioners and that anybody else who votes against this amendment is somehow dismissive of the interests of pensioners. That sort of language is unnecessary. I am not prepared to just lap it up.

1460 Now Deputy de Lisle also said people should be treated equally. Well the proposal in the Budget, which Deputy de Lisle is now trying to defeat, is to take us to a position where everybody is being treated equally, so that, with the exception of those for whom the personal allowance is clawed back because of their level of income, other than that the personal allowance would be applied equally.

1465 What we know is that age is a highly inaccurate indicator of wealth. So why should we pick age and say everybody will have a flat allowance, but simply on the basis of age alone, some people will have a higher allowance. That cannot possibly be justified. It would be much more sensible to say we will have a higher allowance for people who have a lower level of income. Not just related to their age, related to their income circumstances, irrespective of age. You might as well base it on the car that someone drives and say that if you drive a particular car under a certain value we will give you a higher personal allowance, because I suspect the link between wealth and ability to pay is as inaccurate for car ownership as it is for age.

I cannot see any reason why there needs to be a different personal allowance for Deputy Graham as there does for Deputy Oliver. I just do not understand, simply on the basis of their age, why there should be a different personal allowance. That is why the States have approved, as a matter of policy, moving to a position where personal allowances are equal.

I am in favour of higher personal allowances for those people who are on lower incomes and that would benefit some of the people who Deputy de Lisle says he wants to benefit, Deputy Roffey says he wants to benefit and I think, when Deputy Green's report comes forward, about in-work poverty, they will probably propose that sort of measure among others.

Those things are worthy of investigation and probably worthy of being introduced but higher allowances that are based on nothing more than a person's age are not equal. If everybody is going to be treated equally in the way that Deputy de Lisle suggests, this amendment should be thrown out and we should retain the underlying policy of moving to the same personal allowance irrespective of age.

The Bailiff: Next, Deputy Paint as the seconder of the amendment.

Deputy Paint: Sir, I will not repeat what I said yesterday on the TRP debate but I believe that the rules remain the same. Everybody should be dealt with fairly and I cannot see that with what had been proposed in the TRP debate or this one. Deputy Roffey actually said populism. Well, what a word, 'populism'. It is a load of nonsense. There are two different versions of it. Because Deputy Queripel stands up for the aged, he is trying to make himself popular. Because I am standing up for everything, I am making myself popular. Why should I do that? I am not standing next time.

It is a genuine attempt to look after people. That is what it is. All this nonsense about populism has got nothing to do with anything, only it is trying to be used for somebody else's own purposes. There are different systems of populism you are talking about. If I want something from Deputy Lester Queripel, I will try and make myself popular with him so I get my own way. Just think about that.

What I am really worried about, because there is so much difference in opinion in this Assembly, the Assembly is being damaged in itself – its credibility and image is being lost to the general public. Every day I hear moans about it. We are not working together, because we are so far apart politically, and something has got to happen about that.

Only one Deputy out of 40 Deputies and Alderney Reps has said anything sensible. Everybody else has been talking about raising money to keep us up. What about saving money? The biggest loss of money to the taxpayer was when two previous Assemblies agreed that we should have an incinerator. A year later they disagreed. That was £15 million wasted. You think what that £15 million could have done for the poor, but it was wasted.

There are many other things that we should be doing. Just one Deputy has mentioned one of them today and he most probably got it from me, we are employing expensive consultants and advisers to do everything we want. Why? We have got enough people in this Island to cover just about everything, if they were asked. But they are not, you have got to spend £1 million for an adviser for something. They will only tell you what you want to hear, anyway. I am sorry it is very true from what I can see.

There is a massive saving of perhaps £4 million or £5 million a year just by asking people that live here who have expertise in something or other. That is what we should be doing, then we would not have this problem. So I am supporting Deputy de Lisle to the hilt on this matter. You have got to stop hitting the local people when there are other ways to raise money if you need it.

Thank you, sir.

The Bailiff: Deputy Ferbrache and then Alderney Representative Jean, he has stood a few times.

Deputy Ferbrache: Sir, I was not going to speak but I have been encouraged to speak by the speech made by Deputy Fallaize which, as usual, is elegant, as usual is articulate, but sometimes also is lacking in any substance or any credibility. This was one of those speeches, with respect. We do differentiate between people in society because when we are born we are nurtured by our parents, if we are fortunate. We are then looked after, we go to school. Some people leave school at 15, 16, other people go on to further education. We then, when we leave school, or leave further education, spend the next 40 years or so of our lives earning a living and making our way in the world. When we get to 65, or whatever the retirement age will be, going forward, we then retire.

Now Deputy Roffey said people of 66 are not dribbling around, going to the doctor every five minutes. But Deputy Roffey probably has not worked on roofs for 40 years. He probably has not dug trenches for 40 years. He probably has not been a nurse who has had to tip over people, lift people for 40 years. He probably has not had to do anything other than write in the *Guernsey Press* or be a States' politician or whatever; or be like me, an advocate, or be like Deputy St Pier, an accountant, where we have had an easy life because all we do is speak and exercise our brain. It is very difficult to say at 65, it is not an age where people need to retire. You tell that to somebody who has been working physically hard for 40 years.

Deputy Fallaize said, why should Deputy Graham get an allowance that Deputy Oliver does not get? Hang on, we give people pensions at 65. Shouldn't people get pensions? That is age-related. So we do differentiate in society for ages, because we realise that generally, with people of 65, or 70, whatever age it may be, when they are that age, they will take up more resources, they have not got the physical energy they used to have, they are more prone to sickness.

And generally a generalisation of course, there are loads of ways that buck the trend, their incomes are significantly less. They may not have the mortgages, they will not have to bring up their children, unless they have developed themselves late in life. They will not have to do anything like that, but they will still have to live and we want them to live, as Deputy Lester Queripel said, comfortably and with dignity.

So taking away the mental image of Deputy Graham and Deputy Oliver getting different allowances, I would like to put it into the general terms. People should get different allowances if they have different needs. After all, we give £41 million a year in relation to income benefits etc, whatever today's terminology is. It will be changed tomorrow or the year after. But that is the terminology we use at the moment. We do that.

When we look at the figures and Deputy Paint touched upon this, at page six of the Budget Report, where we have income of £450 million to £460 million when you add it all together. We have got a surplus of over £50 million, which we put mainly into reserves. We have got a general surplus. We have got that surplus, that does not mean that you fritter it away and Deputy Trott and Deputy de Lisle were both right and both wrong in relation to a previous exchange that happened.

It tips over into this debate as well, when they talk about Zero-10. A heated exchanged. I saw Deputy Trott go red and Deputy de Lisle point a finger at him. It was very interesting. Zero-10 was forced upon us by international pressures. We did not want to do it, why on earth would we want to do it? We had surpluses of £40 million-£50 million per year. Who on earth would want to throw that away? You would have to be bonkers. But we had to do it, because of international pressures. Has it been a success? It has been a necessity. It has not been a stellar success. I supported it fully. I still support it. It was absolutely the right decision at the time.

I just wish we had left it another couple of years rather than be as we had to in that era, we seemed to want to run every race as fast as Usain Bolt, when we could have left it another couple of years and had another £80 million and paid for one of the schools that Deputy Fallaize is going to build or add to in years to come. Leave another one completely fallow, a building completely wasted, but that is a separate issue.

When I hear the words, 'We cannot be irresponsible,' people may have greater gifts and greater knowledge of words than I do but when I hear it is irresponsible to take money away

because you are going to de-balance the Budget, if it is not logical it is not responsible. I smiled inwardly when Deputy St Pier very respectfully said Deputy Ferbrache will say take away £600,000 yet he is going to vote for this amendment, which is going to cost over £1 million.

1580 Hang on, he was the chap, with his colleague, who was bringing forward an amendment when he realised that the guns were aimed upon them, quickly had an 11.30 a.m. meeting with his colleagues at Policy & Resources and came up with something that saved the day in relation to motor tax. So I take what Deputy St Pier says in that regard with the same sincerity that he put it forward.

1585 In connection with that we have to look forward to the fact that people who are 65, 70, whatever age, need these extra allowances and they have been frozen for, I think Deputy Roffey guessed, it was 60 years. Whatever the period was; a lengthy period of time. If we cannot as a society realise that we have to benefit and assist those who need greater assistance because of their needs, because of their age, then it may be populist to say it, if it is so what – I do not mind being popular – then that is what we should be doing.

1590 Also we have to look at the point that is being made that we are talking about something that we as a society should be promoting, which is an increase in society. We are not all equal. We never will be equal. We have all got different abilities. We have all got different needs. But you take those needs into account and, I mean this very respectfully, the normally sensible Deputy Graham disappointed me markedly when he made a speech earlier in this meeting when he said.

1595 'I cannot do this, I would really like to do that, but I have got to be responsible.'

To do something that is wrong is, in my most respectful view, not being responsible. You do what is right and what is right here is approving this amendment. If we do not, we are saying to an ever-growing part of our society, not that we are being divisive by using different terminologies, but we do not value them.

1600 Deputy Fallaize said Deputy de Lisle was talking about people who fought in the war, what about those in the Falklands War, what about those who fought in the Gulf War? In due course those people will be pensioners and when they are pensioners they will need the support that Deputy de Lisle and Deputy Paint are talking about today. So I know it is £800,000, I think that is the figure, out of a Budget surplus, really, of over £50 million. It is not a lot and I urge everybody

1605 to support this amendment.

The Bailiff: I said I would call next Alderney Representative Jean.

Alderney Representative Jean: Thank you very much, sir.

1610 Well done, Deputy de Lisle and Deputy Paint. This is a good amendment. There are two amendments together, one after the other. An old age pensioner in Alderney pays more for everything: coal, oil, petrol, electricity and food. All dearer in Alderney. We hear of many widows managing with only a part pension. I tell you now I do not know how older residents in Alderney manage, with little rise in what they receive, yet costs have escalated in recent years.

1615 There have been raises in taxes on fuel, oil, petrol, diesel, electricity costs have risen, owing to the loss of the subsidy which was £200,000 per year, paid by ACA to AEL, which has now ceased. Lately, our pensioners have said little. But I know how proud most of them are in Alderney. Whether you are 65 or 70, in Alderney it makes no difference, you are without doubt up against it if you are a pensioner in Alderney. I try constantly to encourage the interest of our States in

1620 Alderney in the domestic agenda. The shopping basket, the cost of coal, the cost of fuel, the cost of all these things.

Whether they are worse off, I know that I do not agree with Deputy Fallaize in what he says. The use of compassionate and caring language is what is needed and the words of Deputy Ferbrache and Deputy Paint echo my view. They tell you 'populist politics'. Fine, let us be populist politicians if we want to be. Those of us that do. It is not a case of right or wrong; it is a case of what is necessary and Deputy Paint pointed that out very well when he said he had nothing to gain from it because he is not standing in the next election.

1625

I can tell you there is no doubt it is not a motive. It is true to say this amendment, in Alderney, is needed by all old age pensioners, and important because they have suffered the same thing as Guernsey: little or no raise in recent years and little to fall back on. If anybody wants to say that there is a lot drawn on Social Security in Alderney by old age pensioners then why is that?

Is that the right way? Is it the proud way for those people? Should they have their allowances and not have to draw as much on Social Security? There we are in a nutshell and again I say, well done Deputy de Lisle, well done Deputy Paint and a marvellous speech by Deputy Ferbrache. I thank you.

Thank you, sir.

The Bailiff: We will rise now and resume at 2.30 p.m.

*The Assembly adjourned at 12.31 p.m.
and resumed at 2.30 p.m.*

*In the presence of His Excellency Vice-Admiral Sir Ian Corder, K.B.E., C.B.
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey*

**The States of Guernsey Annual Budget for 2019 –
Debate continued**

The Bailiff: Members, we continue the debate on amendment 12, if anybody wishes to speak? Deputy Graham, then Deputy Langlois.

Deputy Graham: Thank you very much, Mr Bailiff.

I think even more so than in the case of Deputy Stephens, I am self-evidently comfortable with dealing with the subject of this amendment. To the extent that I may be conflicted, I declare it. Whilst on that, it is a pity in a way that I did not get to speak before Deputy Fallaize, who is not in the Chamber, because he addressed the issue of the language and the rhetoric and I was intending to address that.

It may be that coming from me it might have been better handled in the sense that I have certainly been there, probably know what it feels like to be within range of getting old and I would also say, not so you would think the better of me, but in my spare time I am privileged to do a certain amount of voluntary work which takes me into the homes of some of the people we are talking about. First hand, I am there with it.

The sadness is in trying to address the rhetoric – which I would have addressed and I am certainly going to sign up to some of the stuff that has been said – and certainly, let us be clear, we are not in this debate, I am certainly not, talking about those who are the very least well off, our pensioners, because they are not paying Income Tax in any case.

I am really talking about, I do not know how many of them there are out there, who have an income sufficient to be taxed but they are still finding life pretty tough. They have had things like 10% annual TRP thrown at them. They have had things like the £85 per year standing charge for their waste disposal thrown at them.

Yet the proposal from P&R is to uniquely single them out and say actually your finances are not going to progress via tax allowances at all next year. Let us be clear who we are talking about. The sad thing is that, in addressing what he perceived as the division between the pensionable members of the community and those who are not, I think Deputy Fallaize inadvertently may have widened the gulf. I do not think the elderly would have taken too well to what appeared to be a lecture at times on how well off they are compared to many of the others.

I do not think he meant to come over that way, but by going into the territory of, 'The elderly already absorb one third of the Budget, that goes forward to this and that,' I think many of them would have been tempted to say, 'Hang on a minute, the £70 million-odd quid that goes into Education, Sport & Culture Committee, we do not get too many returns from that.' But they would find it rather distasteful to point out that distinction. They would say: 'We are still taxpayers and we are very happy for our taxes to be used for the common good of everybody.'

Now I do not want to be too hard on Deputy Fallaize because, in a way, I have got the advantage on him. He says what about the young raising a family? Those of us at my age have done that. We know what it is like and we have done our bit on that. It was never easy. It was never cheap. What about those who have mortgages or are paying rent? We have done that, we have been through that. Many of us, not me, have got to the stage where we are saying we need a little bit of help here and there as age gets its grip on us.

Deputy Fallaize was genuinely bewildered. He could not understand this element of what has the age got to do with it? I will come onto that later on, this business of 65 and the retirement age and how meaningless that is in an age where today's 70 is probably yesterday's 65. It may be that today's 75 is yesterday's 65.

But I could give Deputy Fallaize a hint of what is to come, because he is only half-way there. So we must forgive him for not understanding these things! I think many of those in their late 70's and early 80's, having listened to that, will say, 'Look we told you the young do not really know what it is like to be old and now we know.' That is unfortunate. He did not mean that, but that is how it came out, unfortunately.

I want to set the context first for how I want to address this particular amendment and of course the context goes back to April 2015 and the Resolution of the States that actually we would freeze the age-related Income Tax allowance until it disappeared, effectively, so that we are all on the same level playing field, as they say these days.

Deputy Lester Queripel, in his speech, rhetorically asked for P&R, or anybody, to explain to him what the rationale behind that was and we have subsequently heard it. Well, we have heard a hint of it, from Deputy Fallaize. But I could have told him anyway. The rationale was two-fold, really. On the one hand, back in 2015, the Government finances were looking a bit grim. There was the conventional wisdom that we were heading into a demographic headwind, where there was a penalty to be paid at the end of it and simply carrying on as we were was unsustainable. There was the, 'We cannot afford it, we cannot do it,' bit. That was the basis of it.

But then to rationalise that, I think people started saying, and P&R would have been getting advice and I know they are still getting it, to the effect that most of those who benefit from the age-related allowance do not actually need it. They are wealthy. That is what they are being told. I would actually challenge that and I may come back to that later on.

Basically there was the, 'We cannot afford it' and 'What is so different about the aged?' and 'They do not need it anyway'. So that was the rationale and my question is, I wonder how strong that rationale holds today. I want to really challenge that as a context to the merits of this amendment or not.

I have made the point, but it is not about the least well-off pensioners, because most of them will not be paying Income Tax at all. How does this approach fit in with the P&R Plan? Not necessarily with specific objectives, but with the whole ethos and principle of it. I am looking to Deputy Le Clerc and recalling the Ageing Well Strategy – forgive me if I have not got the terminology right – and I am also looking at Deputy Heidi Soulsby from HSC's point of view: isn't the thrust that we are going to do all we can to try to encourage people to hang on in their own homes for as long as they can? It is in our interests and in theirs that we do so.

One could point out this is a valuable thing from the States from a number of points of view. For example, when you knock on doors – you will not be doing it for the next election – when we did, when we used to do it the other way, how many grandparents did you find at home looking after kids so that the mums and dads could go out to work? In other words, they are still doing their bit.

I do not quite see where this effective discouragement to do all we can to help them cling on fits in with the proposal from P&R and the P&R Plan on the other hand. Another part of the P&R Plan, another principle or ethos, is that we were going to reduce allowances where they were not needed. We were going to take them away from those who can best afford to see them go.

As I have mentioned, there must be hundreds of pensioners just in the, 'I am paying Income Tax bracket for whom the odd £5 here and the odd £10 there means a heck of a lot; particularly, as I have said with the TRP going up annually by 10%, well above the rate that their pensions are rising and with the £85 annual fee for the waste disposal. I am not criticising that fee, but it is a fact of life. I think the proposal from P&R, by continuing the freeze, which I know they have inherited from a previous States, on the age-related Income Tax allowance, I just do not see how it fits in with some of the other things that they are trying perhaps to do.

Let us examine another part of the key rationale and that is the demographic headwind. Three or four years ago, that was unquestioned. I am not actually questioning it and it is a brave man who will take on the actuaries who we have actually paid a lot of money to forecast these things. But since then we have seen that elsewhere, in mature jurisdictions the rate at which the extension of one's life is proceeding is slowing. I think in the United Kingdom it has come to a grinding halt. In other words, people are no longer, for the time being, expecting to live longer from this year onwards than they were from last year.

How much that will carry on in that vein, I do not know, but I think sometimes the rate of the increasing lifespan and the repercussions from it have been exaggerated along the way. Funnily enough, if you look at it, the obesity epidemic we had, if anything, is going to severely question whether people are going to continue to live longer and longer unless we crack that.

Deputy Fallaize was genuinely bewildered about what is the significance of the age. He may have had in mind the 65-year limit, because that has become, in my view, totally irrelevant really. You could pluck any number out of the air. But if you need convincing that it does actually make a difference, let me just tell him and I will tell anybody.

You will have got to the age of 75, 80, 85, where your chances of supplementing your fixed income by paid employment of some sort has almost vanished to zero. Not in every case, but that is a fact of life and that is a serious step in one's life. You may have reached the stage where you cannot quite manage any more mowing a lawn, so you get somebody in to do it. Something goes wrong with the house: the gutters may have blocked up. You can no longer nimbly climb up your ladder and clean it yourself. You get somebody in to do it. You may not any longer have the confidence to drive your own car; you want to go to the supermarket once a week, you do it by taxi and come back by taxi.

Those are the realities. Meanwhile you are carrying on being a taxpayer, a productive member of the community, economically and, as I have mentioned before, you are contributing still as childminders and all sorts of things in all sorts of ways. So you are not a passenger on the back of the taxpayer.

I do not accept the rationale necessarily exists any more as strongly as it might have done back in 2015 and also, even if you accepted the rationale, wasn't the response to it pretty crude, really? It was, 'We cannot afford it, they do not need it, so they will do without it', not, 'Is there a more intelligent way that actually we could afford and recognise the extra needs of the elderly?'

Deputy Roffey was too kind to expose me, either in the debate or in an exchange of emails, as one of those who voted against his amendment last year. To be honest, it is so long ago I cannot remember why I did. It was not quite the same amendment that I wish I had brought this time, which I never got around to. But even so, I did not and I have to say *mea culpa* because I cannot really rationalise why I did. But I did. I wish I had not. It was not crucial. I think it was 22-17 or something. You got close.

I think he did highlight then the possible alternative way of approaching this. If by any chance you accept that the elderly do need a special approach you could either have said we would introduce this in two tiers, at 65 you get a certain relief from tax and at 75 you get another tier. Or you could simply raise the age threshold and say, 'Nobody gets in until they are above 75.' The

reality is, although there are exceptions to the general rule, 75-plus, 80-plus, 85-plus, things get more difficult. The elements that I have mentioned begin to bite that much more often and that much harder.

1775 It is a pity really that the response at the time was: cannot afford it, it is not needed, so we will do away with it. I am really challenging that ethos now. I am sorry, Members of the States, but that is a long context. Now in front of us we have got three options.

1780 We have got the Budget proposal which offers out under the increased personal tax allowances a benefit in your pocket of £100 for every single taxpayer except those who are over 64. Those over-64's have been bearing the same cost of living rises that everybody else has had without commensurate increases to their pension. Pensions have increased but not by, for example, the 10% of TRP increases and so on. I do not think there is any way, Deputy St Pier, through you, sir, that I can bring myself to vote for that proposal on that ground.

1785 The problem is amendment 12 does allow both those under 65 and those over 64 to benefit in their pocket to the tune of £100 a year. I am not sniffing at that at all. The third option is that if, for example, I and sufficient others voted for amendment 12 and it was passed, we then have the option of making us pay for it by taking a little bit away from the proposed increase in everybody's personal allowance. It would reduce it from £500 to £375. In other words, the reduction would be by £125, which in your pocket would mean £25 less than you might otherwise have got.

1790 The problem is I know, I am pretty certain with the mood of the Assembly, that if I vote for amendment 12 and it passes and then P&R bring in their amendment, I am pretty certain the Assembly will vote against, undermining in any way, even by 25 quid a year, the proposed rise in personal Income Tax relief. I do not think they will accept that. We will see, if we get to that.

1795 In a way I have got no way to go. I have, I will get it wrong whichever way I go. I cannot vote for the first proposal from P&R. I can vote for amendment 12 on the basis that it will give me a go at voting for the amendment that would then follow from P&R and that is really where I think the Assembly will be given the opportunity to really show its face, whether it is prepared to swallow a £25 reduction in the increase in Income Tax relief, in order that we preserve the age-related allowance. Members of the States, I think that is enough to explain to you, and I think probably to me, the way I am going to vote.

1800

The Bailiff: Deputy Langlois.

Deputy Langlois: Thank you, sir.

1805 Deputy Graham touched on a truth but then did not take it in the direction I thought he was going to. That truth is that this amendment does absolutely nothing for the very poorest pensioners in our community, because they earn below the personal allowance. It is no help to them at all.

1810 What it does do is give £2 a week to all pensioners who have an income of more than the personal allowance. That seems a very crude way of distributing the money. I think the point Deputy Fallaize was making is that age is a poor measure of need and we should not be differentiating between people simply on the basis of age. You do not get targeted assistance and I think he is absolutely right about that.

1815 Deputy Ferbrache criticised him for saying that but then listed people involved in essentially manual work who wanted to reach a pension age, might have more need than somebody like himself or myself, who spent their working lives behind desks. In other words, he was saying exactly what Deputy Fallaize had said as a way of criticising Deputy Fallaize. He then used the word 'illogical' to describe Deputy Fallaize's stance. I would apply that to his, it just did not seem consistent.

1820 Everybody, even Deputy Graham, agrees you cannot use age to judge somebody's need and yet we are quite willing just to hand out £2 a week simply on the basis of somebody's age. Just because they happen to be over 65. If that money was available I would much rather see it

targeted. A lot of our pensioners do also have top-ups from Income Support. I would much rather see our Income Support system receiving this money because I think it would be far more targeted and go to the pensioners who really do need some additional assistance. I cannot see any logic behind this amendment and I certainly will not be supporting it.

Thank you.

The Bailiff: Deputy Gollop.

Deputy Gollop: I am often in a minority of one on the Social Security Committee because the other Members are putting across a highly logical point of view and my point of view is politics is not logical. You actually have to go with the flow of it and you have to sometimes send out signals, messages, dog whistles, whatever you call it, and even gestures.

One of the reasons why the public have been perhaps disengaged with this States, even going to the point of protests on social media and other forms of demonstration, is that we do not think how the public thinks. Who was it yesterday who said that if you went out and asked the people what they wanted, they would not want this? I think there is a lot of truth in that.

Incidentally, listening to Deputy Lester Queripel this morning in his unparalleled knowledge of popular music, I think he talked about The Tremeloes, – *Silence is Golden*, was it not? – well they had other hits, too: *Do You Love Me?* maybe not; and *Heard it All Before* and we are hearing it all before. It reminded me of a song I heard yesterday as I came out of the Assembly with a couple of Members, having a coffee and playing at volume at the bar was *A Little Less Conversation* from the late Mr Elvis Presley. I thought to myself we need less conversation and more action. (**Several Members:** Hear, hear.) I will sit down in a minute, I think! (*Laughter*)

I just wanted to say I support his amendment. Deputy Langlois, for example, made an interesting case about targeting support. We do not always practise what we preach, do we? He is one of five Members who have done a reasonable job of continuing to manage the bus contract. But what did the buses do? They had a free bus the other day, on a wet Saturday. But also we did, as an Assembly, free travel to all local Guernsey and Alderney residents aged 65. The millionaire can benefit from that or somebody of no means. But it is done as a gesture, to an extent, to encourage not only social inclusivity perhaps, but a little less car use.

There is another more practical reason, that the older generation is sometimes not able to drive, perhaps because of health or other reasons. Some Members were talking about how persons of 75 or 80 are maybe less likely to be secondary earners and more likely to need a gardener or some other facilities, rather than doing all the hard work themselves, whereas people of 65, like some of our colleagues, are really youthful, strapping individuals.

But I am thinking I am only 55 and I would struggle to do what they do. So maybe I should get some sort of an uplift. There is grey power, but there is also purple power disability. Where do we end with this? The whole debate has been set in a very strange context this year. If Members turn to page 12 of the Budget Report there is an intriguing diagram there of the operating surplus, hanging it by the Capital Reserve, general reserve and the core investment reserve, overseeing the Transformation and Transition Fund, corporate housing, general revenue, Future Guernsey, bond reserve and various other smaller funds including the new participatory one, which is a curious thing in itself.

Hopefully not straying into general debate, I think Deputy Roffey mentioned it yesterday, Proposition 5. There it is. That is a kind of populist gesture. Why do you not spend £1 million on maybe Christmas lights? Yet it will be decided, not by States' Members, but by some group, gathering of the great and the good who are not politicians.

I do not understand the philosophy behind that, but you might as well put that £1 million into helping the older generation. The thing is, some Members were saying they were too divisive earlier in the debate, because we always like to polarise – almost American-style – between the goodies and the baddies and all the rest of it.

Actually I think there is a danger of doing that based upon the rhetoric we all use, not just the so-called populists. For example, we have heard today from various senior Members the description of people, some of whom might be older, who are living in these luxury houses with five or six bedrooms and 20 spaces for cars, all kinds of wonders, on the one hand. Then we hear about the people who are in receipt of Income Support, on the other hand, who are tenanted.

I think the reality is there are many thousands of people in between who maybe are in retirement, with an income of say, for the sake of argument, between £20,000-£25,000 a year. That does not mean they are well enough off to have support in the home, go on holiday to see their relatives and pay all these additional charges that the States are giving them. I would entirely endorse comments that there is a perception that we have it in for the older generation. Deputy Lester Queripel and other Members have referred to that.

Yet I was a Member, as Deputy St Pier reminded us today, of the Personal Tax and Benefit Review and it makes me laugh in a way because the work on that was done four or five years ago and in that time we have had two UK general elections, a Brexit vote and two American Congresses and we still feel tied to something that we decided on 2014 evidence.

The reality was we put various views forward and I supported it to have a quiet life. As I was part of the process, I perhaps eliminated the most harsh things that were there. But much of it was not practical. It did target the older people. But I will say, through you, sir, to Deputy Lester Queripel, there is actually a rationale why the States had been appearing to do that. It is because the older generation are perceived to perhaps be less mobile.

The thing is, there is an argument going around, possibly more analyst and consultant circles than the public out there that you have to consider issues of inter-generational fairness, that perhaps the upcoming generation of 20's and 30's are having it less easy than their predecessors and that wealth is being concentrated in a certain band of the population. Of course the argument could be made by business lobbyists, they would rather see additional taxes on the retired rather than on the working population and small businesses, because that could harm the economy of the day.

I am not saying I agree with that, because there is a lot more sophistication that needs to be considered there, but those are the broader issues that are out there. This amendment, I think, is useful to support, because we really need a much bigger conversation on how we divide up our money and how we raise taxation.

Going back to the charter funds that I was talking about on page 12, those funds are ultimately quite arbitrary and Policy & Resources admit that we have had a good year fiscally, that there has been reasonable growth and income, that we are out of the deficit era, etc. They therefore decide to transfer, for the sake of argument, £12.9 million into capital. I have got no knowledge as to whether it would be a better option for the public whether to transfer, let us say, £10.9 million and have an additional £2 million to support other people in the community.

My essential argument is that the nature of the States is to consider those who are perhaps at the very top of the income tree and those who are towards the bottom, not necessarily consider how our message is going down with the people in the middle. As today is super parish day, when all the parish assemblies meet – and I hope as many Deputies as possible can attend those parishes, as we are moving towards an Island-wide situation – I think it is incumbent on Members to be aware of the impact they have on different communities throughout the Island.

I would say vote for this and if you are dissatisfied, as Deputy Langlois has said, about the way we perhaps do not target the money, then we should reconsider the whole nature of Income Tax, especially with all the money we are spending on IT. Why we are giving personal allowances to people earning, let us say, above £60,000 a year? Or another question: why did we not have banded Income Tax at a rate of 10% and a rate of 15%? We are stuck in this old model of 20% and yet we are letting down the older generation. I think if some of these amendments get through and they do not get balanced up, that will encourage, surely, Policy & Resources, to consider more carefully the longer term?

The Bailiff: Just before I call the next speaker, Deputy St Pier has informed me that he, on behalf of the Committee, wishes to lay a further amendment that, in effect, as I understand it, consolidates amendment 12 and amendment 29. That amendment has been prepared and is being copied. It is slightly unusual to lay it in the middle of a debate.

1930 Whether Members wish to just wait until that is copied or, as I understand it, Deputy St Pier, it is just an amendment in two Propositions. The first one replicates amendment 12 and the second one replicates amendment 29. Is that right? (**Deputy St Pier:** That is right.) So I put it to you that leave be given to lay that amendment at this stage. Those in favour; those against.

Members voted Pour.

1935 **The Bailiff:** I think that is in favour. It is being copied. Those who have already spoken will obviously have a right to speak for a second time. Deputy de Lisle obviously will have the right to speak, as he would wish to reply.

1940 **Deputy Laurie Queripel:** Sir, can I ask that we take an adjournment while that amendment is circulated so that we can all think about it and absorb it? You have explained what it is going to look like, but I have not seen it myself. I do not know how it is going to be worded. I would much rather we take a short break.

The Bailiff: I think that is probably reasonable. I put it to you that we have a five-minute adjournment. Those in favour; those against.

Members voted Pour.

1945 **The Bailiff:** We will adjourn for five minutes.

*The Assembly adjourned at 3.02 p.m.
and resumed at 3.13 p.m.*

[Amendment 42](#)

The States are asked:

1. To replace '£450' as the age-related allowance in Section 2 of the table in the First Schedule to Proposition 26 with '£950'; AND
2. To replace '£11,000' as the Personal Allowance in Section 1 of the table in the First Schedule to Proposition 26 with '£10,875'; and to replace '£7,450' with '£7,325' wherever it appears in Section 3 (Dependent Relative Allowance) of the table in the First Schedule to Proposition 26.

The Bailiff: So Members, what is now being circulated is marked amendment 42 and it looks to me, without comparing it verbatim, Proposition 1 in amendment 42 is what was amendment 12 and Proposition 2 is amendment 29. I will invite Deputy St Pier to open on this amendment, then for Deputy Trott to formally second it.

1950 Then we will have a debate on this. Those who have already spoken, if they wish to, can speak on this, as long as they do not repeat what they have already said. When we get to the end, the sequence at the end is that Deputy St Pier will reply to the debate on amendment 42. Deputy de Lisle will then have the opportunity to reply on amendment 12. We will then vote on amendment 12, that will be voted on first, and then we will vote on amendment 42 after 12.

1955

Deputy Fallaize: Sir, amendment 12 can be debated as well by anybody who has not spoken on 12?

1960 **The Bailiff:** Yes, it is in play. What was I saying? I was saying Deputy St Pier will reply, Deputy de Lisle will reply, we vote on 12 and then vote on 42. I hope that is clear.
Deputy St Pier.

Deputy St Pier: Sir, thank you and I shall be brief in opening and laying this amendment.
1965 I should perhaps begin with an apology. I do not know how it has happened, but amendment 29, which was lodged and which Members had in their pack, was not the same amendment 29 which the Policy & Resources Committee had. We had what is now before you as amendment 42. So there was some confusion as to why Members had a particular position. That has now been clarified.

1970 We had always hoped that what is now amendment 42 and what is amendment 12 would be debated together, to give Members exactly the choice which Deputies Roffey and Graham had spoken to. This is what amendment 42 seeks to do, to give Members the option that exists under amendment 12 to have an increased age-related allowance in 2019, but to ensure that is fully funded by means of a reduction in the general personal allowance to everyone else by £125, as Deputy Graham said.

1975 To be clear and for the avoidance of doubt, as the explanatory note says, it remains the position of P&R that we would prefer the original Propositions and therefore, for those people who do prefer the original Propositions we would ask them to vote against both amendments. For those that wish to have a fully funded position, then they would vote for 42 and for those who are not worried about the funding then, no doubt, they will consider voting for amendment 12. I think
1980 that is sufficient from me in laying the amendment and I will have more substantive comments when the debate closes.

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

1985 **Deputy Trott:** Yes, sir, I rise to formally second and on this occasion reserve my right to speak.

The Bailiff: Deputy Kuttelwascher and then Deputy Tooley. I know you have been trying to stand for a while.

1990 **Deputy Kuttelwascher:** Thank you, sir.

I am thoroughly disappointed. But having said that, the tactics employed here are unwelcome. The contemporaneous amendment being put forward by P&R is quite unpalatable because of what it suggests would need to be done or could be done to make up any lost revenue.

1995 But here is the punchline. That is not the only thing you could do to maintain a balanced Budget and I would said in short that if you were to support Deputy de Lisle's amendment and throw out what P&R want, you could still have a balanced Budget, because there are other areas where you could actually take some money and leave everything else in place. One of them is the transfer to the core investment reserve. That could be done. To me, that is dead money, only in the sense that it is in a fund which is invested. I would be very wary of investing anything at the
2000 moment when you look at what has happened to international financial markets over the last six months.

The Budget refers to how good things were in the first quarter. Well we are in the fourth quarter and what has happened in the meantime? Two trillion wiped off Far East investments, overall. Something like 8% or 9% off the western world. I would hate to see what the results are
2005 for our investments at the end of the year.

I think even investing at this time into a fund, which I still call dead money, only because it is not actually contributing to anybody or anything in this society other than the hope that you will get a return which is positive. I am not sure that is wise. My view is this, vote for amendment 12, vote against the P&R proposals and let them go back to the drawing board and see where they
2010 will reduce some of the amounts that they have decided to appropriate to various funds.

They could still keep everything in place. Just remember the Medium Term Financial Plan was suggesting we spend £3.2 million extra on new services. Increased cash amounts. P&R decided to do £6.1 million, which is in excess of the Medium Term Financial Plan estimate. So £2.9 million over and above that. They do not have to do that. That is their choice. Is it not amazing that they have come back with this £1 million sort-of Budget reserve, if you like? That is engineered. It did not have to be £1 million, it could have been £10 million if they wanted it to. By juggling the figures you can have that.

The whole purpose of having £1 million is to make very difficult for you and me, or anybody else, to suggest anything which would result in a reduction of revenue, because they will all refer it to this £1 million. But that is just one amount. So I have absolutely no qualms about supporting amendment 12 and voting against the rest and sending P&R back to readjust their numbers and they can still have a balanced Budget.

I did it for four years. We used to quite often just knock a bit off what you use for the Capital Reserve. It appeared in every Budget; we had to reduce the Capital Reserve because we did not have the revenue. What is interesting about the Capital Reserve, we do not spend it fast enough. There is no immediate urgency for the current transfer to Capital Reserve. If all things go well next year –

Deputy St Pier: Point of correction.

The Bailiff: Deputy St Pier.

Deputy St Pier: Every year in which Deputy Kuttelwascher was on Treasury & Resources, it was not a balanced Budget. It was in deficit.

Deputy Kuttelwascher: Alright, let us put it this way. Reduce the deficit. So there we are. This is turning into, dare I say it, I will call it a vote of confidence in P&R. Never before have I seen so many amendments and so much political skulduggery going on, especially with these 15 or so amendments that have come back from P&R, because all of them come back with an option which is unpalatable. But there are other options, which are not unpalatable and that is how I see it. Enough is enough.

Thank you, sir.

The Bailiff: Deputy Tooley.

Deputy Tooley: Thank you, sir.

Much of what I would have said during this debate has already been said by others, but I wanted to raise just one point and it is one that was alluded to during Deputy Graham's speech. Exactly a year ago, on 7th November 2017, Deputies Roffey and de Sausmarez brought an amendment to the Budget.

It called for a change in the first schedule of that Budget and that change would have removed the requirement for the age-related allowance to be frozen and would have increased all allowances by 4% bar the age-related allowance, which would have risen by 5%. That amendment also gave instruction for its funding, covering the costs both by the slightly lower increase to the other allowances and by a lifting of the age at which the age-related allowance was payable to 69 years old.

The amendment was lost, gaining only 13 Pour votes to 24 Contre, with three absences. I was surprised to note, when reviewing that debate and that amendment, that both the proposer and seconder of this amendment voted against it. It was not only Deputy Graham. I wonder if, when he sums up, Deputy de Lisle could explain what has changed and why he voted against last year's funded amendment, only to propose this unfunded one.

I appreciate that Deputy Kuttelwascher has thrown some suggestions up into the air, but at this stage, those are far too woolly for me to be able to approve them. I cannot vote for amendment 12, but I will give some thought for amendment 42 – oh *The Meaning of Life*, perhaps that is a sign!

Thank you very much, sir.

The Bailiff: Deputy Dorey.

Deputy Leadbeater: Sir, can I try Rule 26(1) please?

Several Members: Hear, hear.

The Bailiff: Will those Members who have not spoken on amendments 12 and 42 but who wish to do so please stand in their places.

Do you still wish to pursue the guillotine motion?

Deputy Leadbeater: Please, sir.

The Bailiff: I put to you then that debate on amendments 12 and 42 be terminated. Those in favour; those against.

Members voted Contre.

The Bailiff: Debate will continue. Deputy Dorey.

Deputy Dorey: Thank you, sir.

I am really following up Deputy Queripel's comments about what was the rationale behind removing the age relief. You have to go back to March 2015 where we debated the Personal Tax Pensions and Benefits Review. It gives us the history of where the age relief comes from. It was in December 1998 when removal of marginal relief, when people had increased tax allowances at the lower level and you got into a situation where you were into a 30% band as you tapered off with one tax, as one tax allowance reduced, to move from one level of tax relief to another tax relief and in order that you did not have a cliff edge you had to have marginal relief.

It was complicated and effectively meant that people who were in this area were doing overtime and they were effectively paying Income Tax at 30% or 35%, which is what was considered unacceptable. So the States then decided to remove marginal relief. The increase in the allowances for the over-65's beyond that of the rest of the population was given little justification at that time but it is believed to have been additional compensation for those believed to be particularly vulnerable to the changes that were being made at that time.

It goes on to say:

The Joint Board believes that the offer of an extended tax allowance on the basis of age is inequitable, positively discriminating in favour of older people, but not targeting those most in need. It also slightly increases the reliance on Income Tax revenues from the working age population.

Being of retirement age does not necessarily mean a household is in need of additional assistance. There are many pensioner households in Guernsey with very comfortable income or assets. For example 25% of pensioner households have an equivalised gross income of more than £50,000 a year. Ten per cent have an income greater than £75,000 a year. A large percentage of pensioners, an estimated 60%, are home-owners who have paid off their mortgages and have no significant housing costs.

The lowest income pensioners, typically those with little or no private pension provision, who are heavily reliant on the state pension may not have an income high enough to reach the threshold and therefore receive little or no benefit from it. Approximately 9% of pensioner households would fall into this category.

So the reason why it was removed, and I voted for that, is basically that we should be targeting our money at the people that need it. That is why we introduced Income Support. It is to target it

at the ones that need it most. We all know at different times in your life there are different expenditures. You could say, as has been said by Deputy Fallaize, about when you have children there are childcare expenses, there is bringing up children, there is having a larger house for those children as they are growing up. Even when they are older and go off to university, often people have to pay considerable money in terms of off-Island educational fees and grants for those children. Obviously, as Deputy Graham has said, there are also increased costs when you are perhaps retired.

But if we have any money we should target it at those that most need it. That is why I believe that is the right way forward, not just to give universal benefits etc. it is targeting it. The age allowance to universal allowance is not targeted. So I will not be voting for 42. I will not be voting for 12. I believe that what was in the Budget is the right way forward and that is why I voted for it.

The point that Deputy Kuttelwascher made about the poor investment fund, yes there was a surplus in 2007 of £12.9 million which was put into the core investment reserve and I fully support that. But it was a one-off surplus. It is not recurring. This is a recurring cost on the States to maintain this. You cannot equate a one-off surplus to a recurring cost to the States. So I do not agree with his logic. Please, I urge you to vote against 42, vote against 12.

Thank you.

The Bailiff: Deputy Laurie Queripel.

Deputy Laurie Queripel: Thank you, sir.

Looking at 42, the new amendment, I do not think it helps me very much. So I am going to ignore it, I think. I do not mean that in an unkind way. I am sure it has been laid in good faith. But it seems to me, I think the advice of my colleagues backs this up, when we come to voting at the end of general debate on the substantive or the consolidated Propositions, we will not be able to split the two. We will have to take the two as a package.

If we are going to vote for 42, we are voting for the age-related allowance to be £950, but we are also voting for the personal allowance to come down to £10,875. I might wish to vote for 12, but also not vote for the personal allowance to change. I think I will ignore 42 and I am just going to speak on 12.

For good or bad, we seem to have adopted this theme of the fiscally responsible *versus* the populist. Of course it is not or does not have to be a never the twain shall meet situation. It is possible to strike a balance. It is a judgement call for each Member, but it does not have to be divisive.

We as Deputies should not try to define it as such or exaggerate it or to try to point-score by it. That is not constructive or helpful and it does not add any value. It just looks cheap. I see it this way: I want States' finances, I want public finances to be in good order; but it is not our money. It is raised or derived via Islanders, businesses and individuals, taxpayers, charge-payers, ratepayers etc. so that we take in the revenue and primarily we return, we provide services to those people who give us money.

As well as needing to be fiscally responsible, we have to have a social conscience. We have to try to ensure that all Islanders, as much as possible, are treated and served fairly. It is all about making a judgement, striking a balance between fiscal responsibility and one's social conscience. On this issue I am prepared to sacrifice a little bit on the fiscal front to arrive at a position that I think in my simple way seems to be fairer.

I think we need to understand that this is a conflict all Members wrestle with: the fiscal responsibility and the social conscience. It is complex. There really are not good and bad guys and girls in this Assembly. As Members we should resist creating or perpetuating that image. So I have done my inward wrestling and I have come down on the side of this amendment, amendment 12. But please let us drop the largely artificial division that some Members seem to be trying to perpetuate or bring to the fore.

Thank you, sir.

The Bailiff: Deputy Roffey.

2155 **Deputy Roffey:** Thank you, sir.

I want to talk briefly about amendment 42. Before I do, can I just ask a procedural question? If amendment 12 is passed, does amendment 42 fall to the wayside or could those of us that prefer 42, having voted for 12, go on to try and replace it with 42?

2160 **The Bailiff:** My understanding is that whatever the vote on 12, there will be a vote on 42. So whether it falls or succeeds, there will be a vote on 42.

2165 **Deputy Roffey:** That is extremely helpful to me because I have been doing my own internal wrestling, like Deputy Queripel and my two problems are I have absolutely no doubt I want to maintain age-related allowances. Many people may think I am wrong, but I have always been consistent with that. I do not want to reduce the amount of income that the Budget package as a whole brings in, because I think we are going to need it. We might need a bit more, but I think we are certainly going to need it.

2170 So my dilemma was that, if I voted against 12, I really do not think 42 is very likely to succeed, particularly when there is a note saying that all Members of P&R are going to vote against it. I would vote for it, because it actually mirrors exactly what I was trying to do last time around, saying there is so much available for extra tax allowances in the whole, rather than shovelling it all at the 64's and under, let us spread it more fairly across the piece.

2175 I am really with 42. I think 42 is the answer to the meaning of *Life, the Universe and Everything*. But my tactical dilemma is I doubt that the majority of this Assembly will do so, particularly with Committee people when they are going to unanimously vote against it. I have to say, speaking generally about this whole situation, I cannot agree with Deputy Kuttelwascher that somehow the fact that we have laid lots of amendments to the Budget is some type of expression of no confidence in P&R. At this point, and it is early days yet –

2180 **Deputy Kuttelwascher:** Sir, point of correction. I said expression of confidence. I did not say no confidence. I made a point of that.

2185 **Deputy Roffey:** I think Deputy Kuttelwascher has probably got some coins in his pocket and if you look up what is on one side, it is a head, if you look at the other side, it is a tail. Confidences and no confidences are a little bit similar. I actually think thus far, and I do not want to get into general debate, P&R have played a bit of a blinder. They have listened to concerns. Whether they deliver on their promises over the next few months, we shall see. I will withhold judgement. Maybe they had to in order for their Budget to survive but they have actually been very sensitive to concerns over things like fuel.

2190 Anyway I certainly am not attacking them and I would have liked to have gone on straight to 42, because I think it is better than 12, because it does the same thing but fully funds it. But I have to just explain to P&R, I have to vote, I think still, for what I regard as an irresponsible amendment because it drops the total income, because I do not think I would get the maintained age-allowances otherwise. If it passes, though, I will valiantly try to vote in favour of 42 to replace what we have just done with 12, with 42, because I think that is fiscally more responsible so to do.

The Bailiff: Deputy Paint.

2200 **Deputy Paint:** Sir I will just answer one question that Deputy Tooley asked and I will only speak on 42. Deputy Tooley asked why we voted against the similar Proposition last time. In my case, I can only speak for myself, I have become much more aware of the distress that older people are coming to because of what this Assembly has put on them in the past.

I do not think that is very fair. It is about the same as Deputy Tooley changing her mind, supporting Deputy Merrett. We all are allowed to change our minds when circumstances change. (A Member: Hear, hear.) It is not just because, it is because people's circumstances have been added to. This is why amendment 12 is better for everybody.

Thank you, sir.

The Bailiff: Deputy Trott.

Deputy Trott: Sir, briefly, I often wonder what people listening think of debates and this is a perfect example, so I am going to try and make this as simple as I can. The Rules of this Assembly allow the Policy & Resources Committee to bring amendments during debate and indeed, once the amendment process has closed for non-Members of P&R, because this Assembly has decided that enables the Committee charged with bringing the Budget forward to make sense of some of the amendments that are put together and to try and follow previous directions of the States.

I would like people to imagine, outside of this Assembly, what we are talking about here. In very simple terms, if we take the sweets out of the shop without restocking the sweets, the sweets will soon run out as a consequence of that, particularly if we have previously directed that the shop be resourced. Now there are two particularly relevant factors here. The first is this Assembly's direction through the fiscal policy framework that we should achieve long-run permanent balance and that we should ensure that 3% is replenished into the capital reserve, in order to ensure that we are investing in the appropriate way in our infrastructure.

The fiscal policy of this Assembly also directs the replenishment of the core investment reserve. So those are the instructions. The idea that you can play footloose and fancy free, like Deputy Kuttelwascher and others have suggested, is of course the sort of language –

Deputy Kuttelwascher: Point of correction, sir.

Deputy Trott: I would have been happy to have given way, but on a point of correction, I shall sit.

Deputy Kuttelwascher: I never mentioned the words 'footloose and fancy free'. All I said, basically suggested, was what you replenished the core investment reserve is subject to one's own judgement and sometimes you can do more, sometimes you do less. It is nothing to do with footloose and fancy free. That is out of order.

Deputy Trott: It is certainly not out of order, sir. I agree that Deputy Kuttelwascher did not use those words. Those are my words to describe what I consider to be the lack of fiscal maturity when approaching an issue of this type. The direction of the States is to behave precisely as P&R has behaved.

The dilemma that some Members, it would seem Deputy Kuttelwascher in particular, now have is that they are forced to make a difficult choice. The same difficult choices that Committee Members of this Assembly make every day of their political working lives.

I give way, sir.

The Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir.

Deputy Trott has mentioned about the way P&R are behaving. I just wanted to have some reassurance that if we vote off 42 and 12, that P&R will not lay 29? If I could have that assurance, they will not try. If 42 falls, and 12 passes, if I was on P&R I would be tempted to lay 29, but I would not because I think that would be, from an integrity point of view, completely wrong. If

2255 Deputy Trott can reassure us that he will speak to his Committee, because that is how I think Committees work, they will not lay 29? Thank you, Deputy Trott, I look forward to his response, sir.

2260 **Deputy Trott:** I am happy to respond, sir. My understanding is that the Committee is of the view that we will not lay 29, should 42 not be supported. I also note that Deputy Merrett was asking for divine intervention in the hope that she would never be a Member of P&R. I do not believe that she needs to go to that high order in order to ensure that successful outcome! *(Laughter)* With that, sir, I sit down.

2265 **The Bailiff:** Anyone else? Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir, I will be very brief.
I just thought I should say a few brief words because I was the seconder of the Roffey amendment last year. Deputy Tooley has actually just said everything that I would have said. As Deputy Tooley explained, it did seek the change the policy and to make the age-related allowance £1,500 and it was defeated heavily, 13-24. I think someone was speculating earlier on about the vote count.

2275 I am very sympathetic to the age-related allowance, although I have to admit I was very swayed by the arguments of Deputy Fallaize so I am less sure of my position now. What I do know is I cannot support amendment 12. It is just the design of the amendment; the fact that it is unfunded. I just cannot do it. I do not think it is a responsible approach to achieving the right outcome.

2280 If Deputy Kuttelwascher thinks there are better ways of funding it then perhaps he could have brought an amendment with the specifics. I will have to vote against amendment 12, no matter how sympathetic I am towards the concept of the age-related allowance. I am likely to support amendment 42.

The Bailiff: Deputy Soulsby.

2285 **Deputy Soulsby:** Sir, I will be even briefer.
Just to say I totally support everything Deputy Roffey said earlier. We should not read anything into the number of amendments and I actually thank P&R for really engaging constructively to come up with their own alternatives that work. I know personally, normally, I would be talking to P&R before laying amendments but frankly the timescale this time has been so short, I have not had the time available to meet them, so that is the reason that I proposed and seconded.

2290 But thank you very much for engaging and coming up with a solution, which I think that is what our political system is all about, is it not? Just to finally follow-up on what Deputy Paint said earlier and saying we need to give more support, we have to remember the younger members of our community have had mortgage interest relief taken away from them. We have to balance and look at things in the round. I cannot support amendment 12, for the same reasons Deputy de Sausmarez just said, but I am happy to support amendment 42.

The Bailiff: I see no one else wanting to speak. So Deputy St Pier will reply and then Deputy de Lisle.

2300 **Deputy St Pier:** Sir, thank you.

2305 Deputy Paint, when he spoke, said that nobody had spoken about saving money and I think it is worth reminding him and others that, when I opened the debate, I did speak about saving money and, in particular, the fact that the Medium Term Financial Plan envisages that we will save £26 million a year by the end of the Medium Term Financial Plan period, 2021; against which, over the same time period, revenue raising would have been £14 million.

As far as P&R is concerned, we remain on track for that. I think it is very important to recognise the commitment which we, Policy & Resources endorsed by this States sitting in this term, has made to the delivery of savings. We remain on track for that.

2310 In terms of the language, others have spoken to that but I think it is important to note that the Propositions in the Budget are not robbing pensioners of anything. The allowances, of course, remain unchanged and we are not taking any more away from people next year than we would be this year.

2315 To answer Deputy Lester Queripel, we are looking to be fair and equitable across the board and I will speak more to that in a moment. As is abundantly clear, the Policy & Resources Committee is opposed to the amendments and is supportive of the original Propositions. We have proposed what is in the original Propositions in the interests of fairness, modernisation and non-discrimination. Exactly the grounds that Deputy de Lisle and Deputy Paint have moved their amendment. The additional age-related allowance for those over-65, as agreed in 2015 as part of the Personal Tax, Pensions and Benefit Review should be frozen.

2320 Following that comprehensive review – and it was comprehensive, it took over two years – it was accepted that the tax system is not the most suitable mechanism to target financial assistance, exactly as Deputy Fallaize has said and I am glad he managed to get some traction with Deputy de Sausmarez and I hope that I might get a little more in the time left available to me.

2325 Members will recall the amendment that was spoken about last year and I am going to repeat much of what I said then, because it remains pertinent now. At first glance, this amendment is, I think, superficially attractive and may be considered to be fair. I have no doubt that it will be popular amongst a certain demographic, obviously, both within and outside the Assembly. Undoubtedly that is the case.

2330 But that does not mean that it is good policy. Forgive me, I cannot remember who said this in the debate, age is a hugely inaccurate indicator of wealth or income and when you realise that an individual receives a higher personal Income Tax allowance just because they reach an arbitrary age, then you realise that this amendment is merely seeking to perpetuate an historic inter-generational iniquity in our system of personal tax allowances, which arose for the reasons which
2335 Deputy Dorey said when he spoke. An iniquity which the States has previously recognised and resolved to phase out over a reasonable period of time. That Resolution was made in April 2015 after the consideration of the Personal Tax, Pensions and Benefits Review.

The following was included in that review:

An extended tax allowance on the basis of age is inequitable, positively discriminating in favour of older people but not targeting those most in need. It also slightly increases the reliance on Income Tax revenues from the working age population.

2340 Being of retirement age does not necessarily mean a household is in need of additional assistance and, again, I will address some of Deputy Graham's comments, particularly on those later on in life at 75 and beyond. There are many pensioner households in Guernsey who are very comfortable in terms of income or assets. It is estimated that 40% of over-65 households have a net income adjusted to enable one household to be compared with another, of over 40,000 with 20% having an income of over £60,000. So a large percentage of over-65's, more than 60% of
2345 single over-65's and more than 80% of couples over 65 are home-owners. Most of these households will of course have paid off their mortgages and face no significant housing costs.

On the other hand, when the lowest income of over-65's is looked at; typically those with little or no private pension provision, who are heavily reliant on the state pension, they may not have an income high enough even to reach the Income Tax threshold and therefore will receive no
2350 benefit from it, or from this amendment. It is estimated that 25% of over-65 households will fall into this category.

So to answer Deputy Graham's question, 'How many are there out there?' look at it this way: in essence close on 85% of over-65 households, and that includes nearly 40% of this Assembly,

either have too much income or too little income to significantly benefit from this amendment. This is an incredibly inefficient targeting of limited taxpayers' resources. (**Several Members:** Hear, hear.) And it is very expensive.

Deputy Roffey said that costs are higher, and Deputy Graham said, this later in life. But there is little evidence to suggest that those over 65, or even 70, have higher spending needs, so requiring a higher Income Tax allowance. When you look at the household expenditure survey, as of course you would expect, as alluded to earlier, on average over-65's spend less on housing and education, exactly as Deputy Fallaize said. But also, and perhaps counter-intuitively, they spend less on average on health, which of course is perhaps because prescription charges are free to that group.

In reality, analysis of available data shows that, young or old, being a single person is a much more reliable predictor of financial hardship than age. So being single is a greater indicator of financial hardship than age. Age is a deeply unreliable predictor.

Do not be fooled. This amendment is neither needed, nor I am afraid, despite the protestations of the proposer, is it fair. It is absolutely clear that the universal entitlement to an additional Income Tax allowance is a totally inappropriate mechanism to target those over 65, or indeed 75, who are most in need.

As Deputy Dorey said, the best means of achieving that is through the benefit system. That was decided in 2015 and is why a third of Income Support does go to that group, where assistance can be effectively targeted, based on personal circumstances, and of course the Income Support scheme has ensured that members of our community, with the lowest income will receive the benefit they require.

The place to consider Deputy Graham's challenges about those over 75 or 80 is the work through the Supported Living and Ageing Well Strategy. That is where we should be considering these issues of how we get assistance to those in that group who most need it. Those members of our community whose only source of income is a full old age pension, which for 2019 is £11,300, will continue not to pay any Income Tax under the proposals.

This amendment is unnecessary, it is ill-founded, there is no evidence to suggest that those over a certain age are those that most need additional support and, yes, I am afraid to say, Deputy Laurie Queripel, it is unfair. It discriminates based on age rather than need, it promotes the continuation of inter-generational iniquity by favouring the old over the young and the retired over the working.

We are all part of one society, as Deputy Fallaize said. Generation X, the millennials, and indeed Generation Z, the current generation, will not have the final salary pensions that the baby boomers had. Generation X and Generation Z will not benefit from the mortgage interest relief that others have had. The millennials are having to rent longer before they can buy their homes. This amendment is also, of course, unfunded. It would, virtually, eliminate the Budget surplus for 2019 and that is why we have laid amendment 42 and I can confirm, exactly as Deputy Trott said, Deputy Merrett, that amendment 29 will not be laid under any circumstances whatsoever at this point.

Amendment 42 does of course fully fund this, but it is by transferring wealth from the young to the old, from the working to the retired. So I do urge Members to vote against both amendments and stick with the original Propositions. I do understand and respect the position of Deputy Roffey, who has been entirely consistent on this point, but I would urge him to stick with his principles around fiscal prudence and ensure that it is fully funded by voting against 12 and in favour of 42.

Deputy Kuttelwascher said that this was unpalatable and that funding could be found from the core investment reserve and others have made that point, that that would only provide funding for 2019 and not beyond. There would be an £800,000 gap to be filled, a recurring cost, in subsequent years.

Again, he quite correctly referred to the fact that spending has increased in the Budget above the Medium Term Financial Plan. I will remind Deputy Kuttelwascher and others that that

spending has come as a result of requests from this Assembly, from Members of this Assembly, through their Committees: the Committee for Health & Social Care, £2 million; the Committee for Home Affairs, £900,000, as I described in my opening speech; in order to meet spending pressures. That is where the request has come from, not from P&R.

2410 With that, sir, I urge Members to vote against the amendment and support the original Propositions but, absolutely, 42 is preferable to 12 for those that feel so inclined.

The Bailiff: Deputy de Lisle will reply.

2415 **Deputy de Lisle:** Sir, I urge Members to support the amendment to replace £450 as the age-related allowance with £950 as it was. Deputy Roffey made the point early on that it was not fair to take away the £500 on the over-65's. He made the point that over-65's pay, tax, has come down considerably and the Income Tax allowance frozen for several years.

2420 Deputy Lester Queripel applauded the amendment and, as chairman of the Age Concern committee, he indicated that in reality he was trying, through that committee, to aid pensioners who were struggling not only during the winter time but all year round. The money was derived from charity and was extending assistance by about £145 to heating costs to individual families. But here they would be losing £500 and as a result it would seem as though the Government was taking away that charity assistance.

2425 Deputy Fallaize made a number of points. He is sort of suggesting that I am dividing society. No, I am just righting wrongs. We are all part, surely, of one society? Perhaps not in terms of Deputy Fallaize? The other issue of Income Support was brought up. Well that was divisive and I argued that point at that time because 950 families were placed in a worse situation than formerly and it cost this Government £4.5 million, not only this coming year but for every year, and pushed up the Income Support to £41 million from about £34 million.

2430 I thank Deputy Paint for supporting and seconding the amendment. He makes the point of credibility in terms of this Assembly in not supporting the under-65's in terms of the age-related allowance. Deputy Ferbrache made the point that we had to be responsible and it is not irresponsible to support the over-65's. What is right is to approve this amendment and he said £800,000 out of a surplus of £50 million is very little.

2440 Alderney Representative Jean said that costs have risen all round and pensioners are finding themselves with little and he has found that particularly in Alderney, where people are really strapped, with a very difficult situation economically and with little headway into the future. Deputy Graham was concerned over those who have an income to be taxed, yet with limited resources. Yet their finances are not going to progress by tax allowances. He was concerned about that particular group. He pointed to the rationale of 2015 for cutting allowances and asks whether the rationale then for a freeze on the allowances still exists.

2445 Deputy Langlois preferred a targeted system of assistance. Deputy Gollop, in supporting the amendment, points to the diagram of the operating surplus on page 12, which shows a lot of money going into reserves. Why put it into reserves and take it away from the people? Particularly when there is money there. Divert it to the people. There is no reason at this current time (*A Member coughs*) – somebody has got a cold! (*Laughter*) I am not giving way. Anyway Deputy Gollop made the point that we have had a good year, why not support people in the community with the money?

2450 Deputy Kuttelwascher spoke about tactics; unwelcome tactics of P&R being unpalatable and spoke about the fact that there were other options for delivering the age allowance besides taking away from the personal allowance.

2455 Deputy Dorey reflected the points that Deputy Langlois had made in terms of the need to target money to those that need it most. When I look at the situation with only 20% of old age pensioners being paid the full pension and only 18% of women being at the full rate, I just feel that there is a real problem that we have to address in Guernsey. Taking away the age-related allowance is no way of progressing. (**A Member:** Hear, hear.)

Deputy Laurie Queripel, I thank him for his support for the amendment. He made a strong point with regard to social conscience, to make sure that people are treated fairly. Deputy Paint made the point of why we voted against a similar Proposition earlier, with regard to some of the comments that came through from Malcolm Nutley in Social Security, indicating the really very difficult situation currently with regard to old age pensions and the fact that really few are receiving very much.

Deputy St Pier at the end, in summing up, he is opposed to the amendment and has put his amendment in, number 42: giving on one hand and taking away with the other. In other words, giving back the £950, but then taking away from the personal allowances to others. But then he turns around and says in the amendment he is not going to support either my amendment or that of amendment 42 at the end of the day. So in fact he is not giving anything, is he?

I call on people to support this amendment and not fall for that trap and to make it very clear, at the end of the day, of what we are all about here and how disappointed we are in certain elements of this Budget that have deprived people that have worked all their lives. I think it is time that we show that we support those people over age 65 and we want to assure them that they have that full allowance of £950 into the future.

Thank you, sir. *(Applause)*

The Bailiff: Members, we vote then on amendment 12, proposed by Deputy de Lisle –

Deputy de Lisle: Can I have a recorded vote, please?

The Bailiff: – seconded by Deputy Paint, with a recorded vote on amendment 12.

There was a recorded vote.

Not carried – Pour 17, Contre 21, Ne vote pas 0, Absent 2

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Gollop	Deputy Parkinson	None	Deputy Leadbeater
Deputy Lester Queripel	Deputy Le Clerc		Deputy Le Pelley
Deputy Mooney	Deputy Trott		
Deputy Meerveld	Deputy Merrett		
Deputy Inder	Deputy St Pier		
Deputy Lowe	Deputy Stephens		
Deputy Laurie Queripel	Deputy Fallaize		
Deputy Graham	Deputy Smithies		
Deputy Paint	Deputy Hansmann Rouxel		
Deputy Dudley-Owen	Deputy Green		
Deputy de Lisle	Deputy Dorey		
Deputy Roffey	Deputy Le Tocq		
Deputy Prow	Deputy Brouard		
Alderney Rep. Jean	Deputy Yerby		
Alderney Rep. McKinley	Deputy Langlois		
Deputy Ferbrache	Deputy Soulsby		
Deputy Kuttelwascher	Deputy de Sausmarez		
	Deputy Oliver		
	Deputy Tindall		
	Deputy Brehaut		
	Deputy Tooley		

The Bailiff: Members, the voting on amendment 12 was 17 in favour, with 21 against. I declare it lost.

We vote now on amendment 42. Is there a request for a recorded vote? (**Deputy Roffey:** Yes please, sir.) A recorded vote on amendment 42.

There was a recorded vote.

Not carried – Pour 13, Contre 25, Ne vote pas 0, Absent 2

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Gollop	Deputy Parkinson	None	Deputy Leadbeater
Deputy Lester Queripel	Deputy Le Clerc		Deputy Le Pelley
Deputy Mooney	Deputy Trott		
Deputy Meerveld	Deputy Merrett		
Deputy Graham	Deputy St Pier		
Deputy Paint	Deputy Stephens		
Deputy Soulsby	Deputy Fallaize		
Deputy de Sausmarez	Deputy Inder		
Deputy Roffey	Deputy Lowe		
Deputy Prow	Deputy Laurie Queripel		
Alderney Rep. Jean	Deputy Smithies		
Alderney Rep. McKinley	Deputy Hansmann		
Deputy Kuttelwascher	Rouxel		
	Deputy Green		
	Deputy Dorey		
	Deputy Le Tocq		
	Deputy Brouard		
	Deputy Dudley-Owen		
	Deputy Yerby		
	Deputy de Lisle		
	Deputy Langlois		
	Deputy Oliver		
	Deputy Ferbrache		
	Deputy Tindall		
	Deputy Brehaut		
	Deputy Tooley		

The Bailiff: Members, the voting on amendment 42 is 13 in favour with 25 against. I declare it lost.

Next, as we have heard, amendment 29 will not be laid.

2490 That brings us to amendment 39, which is very similar, it seems to me, to amendment 7 but my understanding is that if 39, which is the Committee's amendment, were to be carried, then amendment 7 would not be laid. Is that your understanding and your intention, Deputy Merrett?

Deputy Merrett: Yes, sir.

2495 **The Bailiff:** Fine, in that case we will take amendment 39, to be proposed by Deputy St Pier, seconded by Deputy Trott.

[Amendment 39](#)

To insert a new Proposition immediately after Proposition 5:

'5A. To direct the Policy & Resources Committee to prepare draft criteria for the use of the participatory budgeting fund to guide the organisation appointed to manage the allocation of funds and to consult on these with the Committees for Education, Sport & Culture, Health & Social Care and Home Affairs and any other committee of the States that they consider relevant, ahead of the finalisation of the criteria.'

2500 **Deputy St Pier:** Sir, in the interest that we may be able to pick up some speed on some of the other amendments, I shall be brief and not speak at length on this unless necessary in summing up. This amendment is very straight forward and I am grateful to Deputies Merrett and Oliver for their engagement on this, having their lodged amendment.

This amendment seeks to put beyond doubt that the Policy & Resources Committee will consult with committees, but in particular the Committees for Education, Sport & Culture, Health & Social Care and Home Affairs, in designing the criteria that would then be applied to the participatory budgeting fund. We are grateful for Deputies Merrett and Oliver for their support of this and we do urge all Members to support it.

The Bailiff: Deputy Trott, do you second the amendment?

Deputy Trott: I do, sir, and reserve my right to speak.

The Bailiff: Does anybody wish to speak? Deputy Lowe.

Deputy Lowe: Thank you, sir. I will be brief.

The Committee *for* Home Affairs are pleased to contribute to this development of this criteria for the fund but, in doing so, I would ask the President of P&R to give this Assembly his assurance that this will mean the views of the Committees consulted will be properly considered and the criteria will be changed if a majority of the Committees hold a different view to P&R.

It would also be useful if, at the same time, he would confirm that the actual finalisation of the criteria will be done by P&R Committee and not the organisation to whom the money will be entrusted. This seems to be what the amendment is saying but I just would like clarification and confirmation please.

The Bailiff: Any further debate? Deputy Merrett.

Deputy Merrett: I just wish to say that Deputy Oliver and myself discussed this and with other Members and we are actually very pleased that P&R were able over the weekend – it was a long weekend for many Members – to come to a joint and collaborative way forward, which certainly satisfies the needs of Deputy Oliver and myself and I believe the other Members involved in the discussion that we have been having.

So I wish to thank on record, and also to the many Members and the Presidents that over this weekend have worked long and hard, and as Members do often to try to come to, where possible, a collaborative way forward which actually means a benefit to our community. That is what we should aim to do on more occasions, sir. So thank you to P&R, but also thank you to all the other Members, the President of Home Affairs, the President of Health & Social Care, the President of Education, Sport & Culture in particular, that have worked with me and Deputy Oliver on this. I wish to place my thanks.

Thank you, sir.

The Bailiff: Anyone else? Deputy Soulsby.

Deputy Soulsby: Just to say I totally support the amendment. Participatory budgeting, I think, has a strong play in the Partnership of Purpose and the evidence for its benefits is seen in other jurisdictions and Scotland, I welcome the amendment that has been put forward by Deputies St Pier and Trott and all the working together that has resulted in it.

The Bailiff: Deputy Tindall.

Deputy Tindall: Thank you, sir.

I also am grateful. The contribution that I, particularly, am grateful for is the fact that it was in relation to the criteria that was actually being considered by everyone, whereas the original Proposition and amendment 7 did not really deal with that. I always feel that it is very important

that the criteria is considered by all those who are going to participate, excuse the pun, and therefore it is important to get that absolutely nailed down in this amendment.

Thank you.

The Bailiff: Deputy St Pier will reply.

Deputy St Pier: Briefly, sir.

In response to Deputy Lowe, yes, I can confirm it is the Policy & Resources Committee that will be finalising the criteria, not the third sector organisation. In terms of the consultation process and whether it would be by majority of the Committees, I am not sure I could say it would necessarily be that way. I can see it as being much more of an iterative approach.

I think within the spirit of the dialogue that has already taken place over the weekend, that has been referred to by Deputies Merrett and Soulsby, I would expect that to continue in this process. We at P&R do not have any particular view on this at this stage. Therefore we are not looking to achieve a particular outcome. We will be welcoming in a completely open-minded way the input from all other Committees and I would expect the criteria to be developed in that iterative fashion, and hopefully that gives Deputy Lowe the reassurance that she was looking for.

The Bailiff: We go to the vote on amendment 39. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

Amendment 7 will not be laid, so we move onto amendment 11, to be proposed by Deputy Yerby, seconded by Deputy Tindall.

Deputy Yerby.

[Amendment 11](#)

After Proposition 50, to insert the following:

'51. In respect of Pooled Budgets:

'(a) To direct the Policy & Resources Committee to provide a sufficiently detailed statement of expenditure and income [i.e. the item headed "Pooled Budget" at page 143 of Appendix II of the Budget] within the Budget and the Accounts of the States of Guernsey, for each Pooled Budget, to achieve the clarity anticipated in paragraph 8.52 of the Budget; including, at a minimum, a clear indication of the type and extent of the resources contributed to the pool by each contributing States' Committee and/or external body; and

'(b) To agree, in respect of paragraph 8.58 of the Budget, that Pooled Budgets shall only be formed by a resolution of the States on a proposal included in the annual Budget Report or in a separate policy letter.'

Deputy Yerby: Thank you, sir.

This one I hope will also not take much debate. The States has for the first time agreed to create a pooled budget in respect of the Multi-Agency Support Hub, which has been created to help the delivery of the Children & Young People's Plan. It has done that by drawing on resources from a number of Committees.

It has provided some narrative about that in the course of the Budget, but when you get to the end of the Budget and the individual income and expenditure statements are set out for each Committee, each area, there is one on the pooled budget that essentially says, 'There is a pooled budget.' There is a single line to pay costs of £506,000 and that is it. I believe it is Deputy Brouard who has said to me before it is difficult to track from year to year what is changing within the States' income and expenditure and particularly, I think it was in the context of a conversation about Health & Social Care.

So I hope that, although P&R have initially said they will not support this amendment, I can perhaps persuade them away from that, because the aim of this is to make it easier for all States' Members to see, year on year, how our expenditure is changing. What really is being allocated to Committees within their direct purview and what is being pooled to help achieve shared outcomes, by ensuring that, when we move away from the first year of the pooled budget, where we can expect this kind of narrative inside the main text of the Budget, there is still the promised level of clarity within the budgets that we are asked to approve.

P&R themselves have said the very first benefit of effective pooled budgets is that they bring greater clarity with regard to the level and type of resources that are committed to a particular service or section of the population. This amendment simply asks them to make that clear.

The second part of the amendment, which says that pooled budgets will generally only be formed by a Resolution of the States, either on proposal in the Budget or in a separate policy letter, is again to improve the traceability of funds to make sure that we are all aware when money is being centralised into a pool out of the resources of one or more committee, that that decision was made and where the money has gone. If we are to make fiscally responsible decisions from year to year about what the States does with its money, it is important that we can see and understand where that money is. That is all that this amendment asks for.

The Bailiff: Deputy Tindall, you second the amendment?

Deputy Tindall: I do, sir.

The Bailiff: Deputy St Pier, do you wish to speak at this point? No. Who does wish to speak? No one. In that case, Deputy St Pier, do you wish to speak and then Deputy Yerby will reply to what you have to say.

Deputy St Pier: Sir, as Deputy Yerby says, this amendment effectively comes in two parts, one dealing with reporting and one dealing with the creation of pooled budgets. In terms of reporting, there would not be any detail on this in the annual accounts, as there is no Committee-level break down in the annual accounts and it would be inappropriate to include additional detail on pooled budgets in the Budget, *versus* any other expenditure line, most of which are far more material than this pooled budget, which is under £1 million.

However there will be a requirement to produce sufficiently detailed analysis in line with the other financial narratives and updates that we provide to the States through the Policy & Resource Plan update. The Policy & Resources Committee will also require a report from the supervisory group overseeing the implementation of the Children & Young People's Plan in order to be able to report back to the States and set out in paragraph 8.58 of the Budget Report and the 2020 Budget Report will include an update on the operation of pooled budgets. That is already in the Budget Report before Members.

The Policy & Resources Committee is responding to the requests from other Committees in facilitating this pooled budget. This is not something which we have dreamt up ourselves. This is a response to demand from other Committees that it makes sense in the delivery of their services that they should pool their budgets, as there have been numerous claims that they will enable and support service improvement and greater efficiency and effectiveness in deploying our resources.

This is a response by P&R from the spending Committees and that is what has generated this. This is just a pilot, to be clear, and we will not seek to expand it unless the parties involved believe that it is adding value. I will be very clear about that. It is suggested in part (b) of this amendment that there is a mechanism that requires us to come to the States to seek a Resolution through the Budget or through a separate policy letter. We suggest that is just a level of complexity that is simply not appropriate or required at this stage.

Bringing a policy letter to the States for the establishment of such a budget, if all parties are in agreement, just seems to be adding layers of bureaucracy and delay for something that is

relatively straight forward. As Deputy Ferbrache would say, we have enough treacle already in terms of our processes. If we can do anything to avoid creating more, that enables us to respond speedily, then we should do so. My challenge is why would we seek to impose a requirement to come to the States when matters are agreed between Committees, as of course they often are?

The Bailiff: Deputy Yerby will reply.

Deputy Yerby: I would remind Deputy St Pier that there was a proposal in last year's Budget to create pooled budgets, which very much originated from the Policy & Resources and which was ultimately subjected to more discussion between P&R and, as Deputy St Pier calls them, the spending Committees – the Principal Committees.

It is less of a request and more of a negotiation; more of a trying to reach a meeting of the minds. I would simply say that if P&R are not prepared to commit to the level of transparency around pooled budgets that this amendment requests, then they will never achieve that first benefit of bringing clarity about the way that we allocate resources to a particular service or section of the population.

They will never give us as an Assembly a proper sense of what has been allocated from where and what is it doing and is it performing better in that pool than it would have been at Committee level? It is just a certain level of visibility that, if we do not establish from the start, we will defeat the object, I fear, of creating these pooled budgets at all. So I would ask Members to support the amendment.

The Bailiff: We vote on amendment 11, proposed by Deputy Yerby, seconded by Deputy Tindall, and there is a request for a recorded vote.

There was a recorded vote.

Carried – Pour 21, Contre 15, Ne vote pas 0, Absent 4

POUR

Deputy Lester Queripel
Deputy Le Clerc
Deputy Merrett
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Hansmann Rouxel
Deputy Green
Deputy Dorey
Deputy Dudley-Owen
Deputy Yerby
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Prow
Deputy Oliver
Deputy Tindall
Deputy Brehaut
Deputy Tooley

CONTRE

Deputy Gollop
Deputy Parkinson
Deputy Mooney
Deputy St Pier
Deputy Stephens
Deputy Smithies
Deputy Graham
Deputy Paint
Deputy Le Tocq
Deputy Brouard
Deputy de Lisle
Deputy Roffey
Alderney Rep. Jean
Deputy Ferbrache
Deputy Kuttelwascher

NE VOTE PAS

None

ABSENT

Deputy Leadbeater
Deputy Trott
Deputy Le Pelley
Alderney Rep. McKinley

The Bailiff: Members, the voting on amendment 11 was 21 in favour, with 15 against. I declare it carried.

We come to amendment 8, to be proposed by Deputy Le Clerc, seconded by Deputy Langlois. Deputy Le Clerc.

Amendment 8

To delete proposition 41 and to replace it with the following:

'41. To agree that from 2019 onwards the Committee for Employment & Social Security's policy letter on the uprating of non-contributory benefits shall be prepared and issued as a Policy Letter separate to the Policy & Resources Committee's policy letter on the States of Guernsey Annual Budget but debated at the same States Meeting; and to direct the States' Assembly & Constitution Committee to make any necessary changes to the rules of procedure to enable this.'

Deputy Le Clerc: Thank you, sir.

2670 The Committee for Employment & Social Security disagrees with Proposition 41, which proposes that the non-contributory benefits policy letter is combined to be considered as part of the Budget from next year. The Committee believes that the uprating of non-contributory benefits should be kept as a separate policy letter from the Budget but agrees that it could be considered at the same meeting, as has happened in previous years.

2675 Due to the changes made to the States' meeting dates, a meeting to follow the Budget was not scheduled for this year. I pointed out at the time of debate the fact that it would present problems for the debate of our annual uprating report. The uprating of non-contributory benefits is part of the ESS Committee's mandate. It is part of our statutory duty and the Committee takes its responsibility very seriously.

2680 It is not just about figures, it is about the narrative and rationale behind the figures and our ability to be questioned in detail by this Assembly and this Assembly's ability to make amendments to our Propositions. Any attempt to amalgamate our proposals with the Budget Report will dilute our ability to present and defend our proposals. It is simply not acceptable to force the Committee to lay amendments to its own Propositions, which form a fundamental part of the Committee's mandate.

2685 In addition, we would then need to follow the seven clear working days Rule for submission of the amendments. What happens if Members also want to make an amendment to our proposals? How can we respond in debate to that proposal? What if there is a differing view from P&R? The Budget Report said that ESS was consulted and approved the Proposition and then we changed our minds.

2690 The changes were discussed at a joint P&R meeting, along with many other matters at those joint meetings. The arguments put forward were that ESS were being provided with preferential treatment, as our expenditure was being agreed outside of the Budget process that other Committees have to follow,

2695 At those discussions, we accepted that perhaps we were being treated differently and that the Budget process should be fair to all Committees. We considered how it might work. It is fair to say that some Committee Members had reservations at that time. However on reflection, away from the joint Committee table, where there are usually 15 or more people, the ESS Committee felt that they could not agree to give away their right to debate the uprating report separately from the Budget.

2700 We could not see how we could retain our ability to fully debate and respond to the report in the Budget debate. In addition, with our knowledge and experience that the Budget consultation process is not what it should be – rushed discussions at the last stage, no written confirmation of what has been agreed ahead of the Budget publication date, etc. – we therefore advised P&R accordingly. We felt that it was a tanks on our lawn situation.

2705 We did however agree to split the contributory and non-contributory reports and that is what happened this year. The Committee understands the Policy & Resources Committee's views that all non-contributory expenditure should be considered together and that is why we are comfortable with compromise that allows the two items to be considered at the same meeting, but as separate items, so that we have the opportunity to present our own proposals.

2710 The Committee for Employment & Social Security's mandate for social protection, by its very nature, involves a tension with the Policy & Resources Committee's financial responsibilities. The

Committee is of the view that it should retain the power to present and defend its own proposals to the States regarding the uprating of non-contributory benefits, for which it is responsible. Therefore I ask my fellow Deputies to support our amendment to keep the non-contributory benefit rates policy letter separate from the Budget Report, but to be considered at the same States' meeting.

Thank you, sir.

The Bailiff: Deputy Langlois, do you second the amendment?

Deputy Langlois: I second the amendment and reserve the right to speak.

The Bailiff: Deputy St Pier, do you wish to speak at this point?

Deputy St Pier: No, sir.

The Bailiff: Does anybody else wish to speak? Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

I should say I am speaking as a Member of the Committee *for* Employment & Social Security but, also, as President of another Committee, which according to P&R's logic, should feel disadvantaged by the apparent favourable way in which ESS is treated in terms of its budgeting, compared with every other Committee. But I do not.

There are only two sensible ways, I think, of considering the non-contributory aspects of the Committee *for* Employment & Social Security's work, or budget. One is to subsume it completely into the annual Budget process. One could make a logical argument for that. You could say every other Committee submits its requested cash limit and then the Policy & Resources Committee includes its proposed cash limit in the annual Budget and any Committee or Member who wants to lay an amendment can and that is just the end of it.

I do not think that is necessarily the right way of doing it for Employment & Social Security, but you could make a logical case for that. The alternative is what is set out in this amendment, which is to keep the non-contributory social welfare aspects separate from the general annual Budget but debate them at the same meeting.

What I think is complete nonsense is what the Policy & Resources Committee has set out at Proposition 41, which is to create this impression that you can take the ESS elements into the general Budget, present it as a single report but ESS can retain some kind of ownership over Propositions, which would have to be lodged in the name of the Policy & Resources Committee. This has been looked at now for not just this past year, but for many years. The predecessors to the Policy & Resources Committee were keen on this. Previous States' Assembly & Constitution Committees have looked at whether there are ways of amending the Rules of Procedure to facilitate this. There just are not.

It is going to be a complete mess if the States vote in favour of Proposition 41. It just cannot be done. Deputy Le Clerc has provided some examples of why it cannot be done. If there are amendments laid, they would be amendments to a Policy & Resources Committee report. It is all very well for the Policy & Resources Committee, in a rather benevolent way at the moment, to say that under their present membership, 'Do not worry about it, we would be able to come up with some kind of accommodation because the relationship between the Committees is good enough.' We cannot make Rules based purely on the characters who happen to be filling Committee seats at the present time.

Actually there have been times in the past where the relationship between P&R's predecessor and ESS's predecessor has been appalling. How on earth would this kind of process that is set out in Proposition 41 work in that context? It would not work. It is just not possible and the Policy & Resources Committee, also, in its Proposition 41, is trying to direct SACC to make any necessary

2765 changes to the Rules of Procedure, having completely failed itself to come up with any practical way of making this work.

I know it seems like a fairly peripheral or procedural matter. It is, in a sense. But it would have quite a material effect on the way the States consider the annual proposals of the Committee *for* Employment & Social Security. If Members want the two Budgets to be considered in exactly the same way at exactly the same time, then the States should just subsume one into the other and all of the social welfare benefits, which previously have been dealt with separately, would have to be dealt with as part of the annual Budget Report. I do not think that is a sensible solution, but it could at least lead to a logical debate or logical procedures around the debate,

2775 Or keep them in separate debates but have them at the same meeting. But please do not be fooled into believing that it is possible for one Committee's Propositions to be laid by another Committee. If the Policy & Resources Committee is successful in convincing the States to do this, how far is this going to go? Will we reach a point where every other Committee's proposals have to be submitted to the Policy & Resources Committee and they have to be used as some kind of vehicle to get them onto the floor of the Assembly?

2780 I am not suggesting this is a power-grab by P&R; I do not think it is. But it is a deeply illogical idea that they have come up with and they should have dropped, because they know the two Committees have investigated this and they know there is not a practical way of putting it into effect.

2785 I hope Members will support the amendment from Deputy Le Clerc but, if not, just reject Proposition 41 completely.

The Bailiff: Deputy Gollop.

2790 **Deputy Gollop:** Sir, like the speakers, I am a Member of the Committee *for* Employment & Social Security. It is fair to say this amendment is already a strong nod and a compromise to the position Policy & Resources have identified. Deputy St Pier yesterday referred to my anecdotal memory of past Assemblies and so on. Believe it or not, going back to Budget amendments, the first politician in my recollection who really pushed for the integration of Social Security matters and budgetary matters was Tony Webber, because he very much wanted to see more of a UK-style Budget debate in which you had the Chancellor with his red case, very much delivering across all fronts.

2800 We have a different culture here. The Social Security system has been extremely effective in running a responsible and productive, and in many cases, not all cases, more generous system than the United Kingdom. I regret perhaps that we are eroding some of that history in the interest of change. This is perhaps a change too far.

I think the amendment goes as far as we need to for the foreseeable future. I know reference was made to these rather confusing and multi-attended joint meetings that we have every quarter or so. The thing is, sometimes when I attend, I do not always feel listened to. Or, if I am listened to, people are not taking the nuances and the actual subtleties of the points I am trying to make.

2805 The reality was I did not agree wholeheartedly with any kind of block transfer to Policy & Resources of the non-contributory issues. One of the reasons for that, actually, is not just for the methodology of process that Deputy Fallaize has identified and the difficulties of one Committee presenting another Committee's proposals in a way that the other Committee might find awkward. It is actually about both theory and practicality.

2810 The practicality is here we are, on day two, on a major Budget debate, and we have not even got it onto the strategic debate and the reshaping of the Civil Service. If we were considering Social Security and welfare matters as well, how long would it take?

2815 We used to have the practical problem that our IT systems, in order to keep costs down and guaranteed delivery, we would need to know, really, by the end of October – here we are in November – and therefore there is a practical element. Having it in the same meeting, again, it

actually pushes us slightly further to that, but we now have a combined revenue service and maybe more revolutions on the IT front.

Nevertheless we traditionally used to go in September with these measures, rather than October. I think, too, everybody agreed the new format this year of separating out the contributory from the non-contributory worked better; not just for the Committee in identifying issues, but for the entire States and the media and the public generally.

My personal objection, which might not be shared by everybody, is more political. For example, we have had some very interesting set-piece debates, really, on whether we have got exactly the right mix of elements in identifying what we should charge on fuel or how we should help older people who are lucky enough to be home-owners and so on.

My fear is, if we combined it in one package, rather than the methodology identified by the President in the amendment, before you know it, some well-meaning Member would be tempted to, let us say, reduce a charge, or increase a payment in one area, by reducing a welfare benefit. That actually would quite adversely hit an integrated system and would perhaps hit the most vulnerable in ways that we cannot and should not foresee. I do not wish to see Social Security benefits used as part of a budgetary tool in, say, identifying other forms of charges.

So for those reasons, I think, given the social sensitivity of the issues we cover, we should keep things very much along the lines of the amendment.

The Bailiff: Deputy Yerby.

Deputy Yerby: Sir, I just want to go a little bit further than Deputy Fallaize in his direction to Members on voting, because I appreciate there will be some Members who do not like the original Proposition but do not favour this amendment either. To those Members, I would say please vote for this amendment; it is, in any event, better than the original Proposition. Should it become one of the substantive Propositions, feel free to vote it out at that point.

I would make a cautionary point. Given that ESS, after a joint discussion with P&R, went away, thought about it further, realised that combining the two reports would result in some really inappropriate consequences and came back to P&R and said we just do not think this is something workable or something wise, for P&R to press ahead and include that in their Budget Report shows Members exactly how much respect they will have for ESS's point of view and ESS's proposals in any future Budget Report. So in thinking about whether to combine the two, please do bear that in mind.

Finally I would like to make the point that there is not an unfavourable relationship between the way that ESS's policy making is treated and the way that other Committees' policy making is treated. Or other States' Members' policy making is treated, for example. In a few weeks' time we will be debating a requête led by Deputy Roffey, which if it is successful will substantially increase States' expenditure, which will, for the avoidance of doubt, increase it in a formula-led way, because we will have no control over what NICE may or may not decide, nor how much the drugs they approve will cost.

That decision is going to be made in-year, it is potentially going to have financial implications for the States. Nobody is saying that should not be a stand-alone requête, that should have been incorporated into the Budget debate. Every policy letter that a Committee brings that has some spending implications has the right and indeed needs to stand on its own two feet. It occurs in the course of the year.

We think about it, we may not be able to fund it until the beginning of the next year, but the policy debate has to happen in its own space. That is the only way that we can properly weigh the issues and weigh the social and environmental and community consequences every bit as much as fiscal consequences.

The Budget is the point in our annual planning cycle where we have to reconcile the financial with our social and other objectives and that is right enough. But ESS's policy letters are not purely financial matters. They are decisions that have to be seen in a social context. They are

decisions that have social consequences and we have to give them the space to be considered in that way.

2870 So I would ask Members wholeheartedly to support this amendment.

The Bailiff: Deputy Roffey, then Deputy Dorey.

Deputy Roffey: Thank you, sir.

2875 While I still can say these words, I will; I want to say a few words as President of SACC. I support this amendment, for perhaps different reasons – similar ones to Deputy Fallaize but different ones from Deputy Gollop and Deputy Yerby. While she is quite right about my requête, by and large there is an argument that if you have got a fixed sum of money from the taxpayer – we are not talking about contributory benefits, we are talking about non-contributory benefits –
2880 then being able to see, weigh them up how you want to split them up, how you want to spend them, at one time, makes a great deal of sense.

There are difficult choices to make and if the Social Security proposals come in October every year and the Budget in November, we might have been spellbound by the overwhelming arguments to spend an extra £10 million in October and, coming November, we are having to
2885 make decisions that we really regret because we have committed the money in a different way.

So I totally understand P&R's logic, but I do tend to agree with Deputy Fallaize. I was not involved in any SACC look at this. The first I have even looked at this was when the Budget came out and the amendment followed. I have to say I know there are more intelligent people queuing up to take my place but my first look at it, I thought how the heck do you do this? It actually could
2890 be done but only in a fairly farcical way.

In defence of my successors, it seems to me that every time people want to do something and they can see how to do it, they put in how to do it; every time they want to do it and cannot see how they deal with it, they ask SACC to sort this out. What a supremely bad time to be doing that, when actually they are going to be having a huge amount on their plate.

2895 So I think I am going to go with this amendment; not because I cannot see the rationale of trying to have a single debate but because I think unless P&R perhaps want to take over the whole of Social Security and actually have it as their responsibility – (**Several Members:** Ooh!) I am just saying! Because they will be the people defending the Budget and if the proposals are part of the Budget, they will be defending the proposals and I do not see how they can defend
2900 somebody else's proposals.

Perhaps that is a logical extension that maybe in five or 10 years' time they will reach. I do not know. I do, though, have one question for Deputy Le Clerc. It does not say which one should be first; it says in the same States' meeting, the Budget and the operating report for non-contributory benefits. I presume she is talking about the Budget being debated first and then Social Security,
2905 but I think it would be helpful if it had said so. I do not know how I will vote on 41, whether it is amended or not amended. I am still thinking about that. But I am certainly going to vote for the amendment.

The Bailiff: Deputy Dorey.

2910

Deputy Dorey: Thank you, Mr Bailiff.

I agree with Deputy Gollop. I thought the September debate on the Social Security benefits was the way to do it. Then we are fully aware by the quarterly updates of the financial situation. Any implications of those decisions can then be included in the Budget at a later date.

2915 The problem with doing them at the same debate or at the same day, in the same sitting, if there are any implications, you would then have to amend the Budget as well. The best thing to me is that the decision is made, informed by the latest financial situation then that can be included in the Budget.

I say 'included in the Budget', but it is formula-led expenditure. It is not an absolute Budget, it never is. The formula, multiplied by the number of people who use that formula, will decide how much is spent. It is an estimate. It is no more than that. It is completely different to any other Committee's budget. There obviously are other formula-led budgets, but there is nothing else so large which is formula-led, so this is very different.

I think for that reason alone, it should justify its own debate. If it was part of the Budget, it would be lost in the Budget. We know today, or this meeting, how long it is going on. We will not have that focus on benefits. It will just be lost. Perhaps there would be some amendment and then there would be some discussion in general debate; totally unconnected by following each other.

What we need is a focussed debate and the best way of having a focussed debate is having a debate just on that subject. If P&R disagree with the proposals they can propose the amendment. It should not be the Committee that is responsible then has to pose an amendment because somebody else has changed what they wanted, which is what the implication would be through the Budget.

So please leave it with Employment & Social Security. They present it. It is their proposals. They have ownership of it. Then if P&R do not like it, they can amend it. I think that is the right way forward, so please support this amendment.

Thank you.

The Bailiff: Deputy Langlois.

Deputy Langlois: Just very briefly because I think people have made all the pertinent points. The only thing I was slightly concerned about, it sounded slightly as if this is about ESS and one of the things we took into account was this Assembly. I have not met anybody who has not welcomed the de-merger of the non-contributory and the contributory reports. I think not only the figures but the narrative works so much better. It is not just more transparent, it is more readable.

Having de-merged them and having got a thumbs-up from everybody, it would just seem to me to be perverse then to take one of them and merge it into the Budget. We will be back to not quite square one, but it would lose all that transparency that we managed to achieve recently.

One of the other arguments that Policy & Resources has made is that other Committees' funding is included in the Budget, why should Employment & Social Security be a special case? The funding for the other Committees is really about the provision of services to the Island. That is fundamentally different from the means-tested cash benefits that Employment & Social Security are responsible for. They are not the same thing, I think subsuming our non-contributory benefit uprating report into the Budget would be a mistake on that basis.

All in all, we do understand some of the points Policy & Resources have made and that is why we came up with the idea of the compromise. It is not entirely ideal. As Deputy Dorey said, we would be having this debate now and we would be facing the Social Security uprating debate after it. But it is a good compromise. It would go some way to giving Policy & Resources what they are looking for and yet retaining the gains we have made in making the Employment & Social Security's uprating reports far more accessible and I think probably better read than they have been in the past.

I am hoping everybody supports this amendment.

Thank you.

The Bailiff: Deputy Merrett and then Deputy Lowe.

Deputy Merrett: Thank you, sir.

I must admit that the tone of the debate has completely changed. I think the Committee Members of Employment & Social Security are being incredibly kind to Policy & Resources, I really do. I saw this in the Budget and of course a red flag went straight up and I was straight on it.

I say thank you, Deputy Le Clerc and Deputy Langlois, for laying this amendment so that I did not have to do it. The valid and pertinent point – and I am going to be very brief – is in the explanatory note, where the Committee *for* Employment & Social Security says it wishes to retain the power to present and defend its own proposals to the States regarding uprating and non-contributory benefits for which it is responsible. Of course it should retain that. I cannot see for one moment why it should not be able to retain that, why it should not be able to have a separate debate on this very important part of their mandate and I urge every Member to support this amendment.

Thank you, sir.

The Bailiff: Deputy Lowe.

Deputy Lowe: Thank you, sir.

I was looking around the Chamber and a lot of people who have spoken have all been on either Social Security or Employment & Social Security. In time that only left me that had not actually stood up, so I thought it was time I did, bearing in mind I was on Social Security for 10 years and Minister for a period of that time.

This is almost going back to a few years ago, when I was on there, and I think it probably followed through as well when Deputy Dorey took over. There was a great wish at that time for Treasury & Resources to actually amalgamate the two and take over Social Security. That is a dangerous, slippery slope, in my opinion. They do have to stay separate, for the reasons that have been expressed by many of those who sit currently on Employment & Social Security or previously. It is so important that they are kept separate and that this amendment is supported today.

I was concerned when I saw this. When I saw the Billet and saw that it was included I thought this is the start of the slippery slope, this is just testing the water to see if States' Members would be happy to accept that. In a period of time, before not too long, the whole lot would be going across to Policy & Resources and I do have serious concerns about that.

So I am urging States' Members to please support this amendment and I hope we do not actually see it again, when it is going to be in part of the Budget Report, because I think they do have to stay separate, for all the very reasons that have been expressed before. It is ring-fenced so I do not know quite what would be gained from actually being in the Budget Report but it should not be there in the first place, so please support the amendment.

The Bailiff: Deputy Trott.

Deputy Trott: Sir, for me there is one particular argument that is difficult for Members of ESS to refute and it is around the non-contributory benefits expenditure; i.e. those that are funded from general taxation, i.e. those that are funded from fuel duty and TRP and the alcohol duty and the like. That is expected to be approximately £59 million next year. That is 15% of the total general revenue budget.

P&R's understandable view is that any proposals to increase expenditure beyond maintaining the real value of benefits should not be deliberated on a piecemeal basis, through a separate policy letter considered in advance of the Budget debate, but as part of an holistic approach to the States' entire expenditure and contained within the annual Budget Report. To do anything else is to consider some pigs more equal than others, sir.

The Bailiff: Anyone else? Deputy Green.

Deputy Green: Sir, yes, very briefly, I think I am going to have to follow Deputy Yerby's advice on this because I do not actually like this amendment particularly. I accept the argument and some of the reasoning that is underpinning it, but I do not like the fact that the separate policy

letter dealing with the non-contributory benefits would be to base it at the same meeting. I actually think that the current arrangements we have got are better.

3025 To debate it in October means that it is a dedicated set-piece debate and you end up with better scrutiny of that policy letter and now you have got a split between contributory and non-contributory, I think that is a step forward. What we are talking about in this amendment, the point is not actually clear on how this would work chronologically, but we will either have a massive debate on the Budget followed by a much smaller debate on the non-contributory
3030 element, or it would be the other way around. I do not think that is the best way to achieve the proper parliamentary scrutiny of the issues.

I am sympathetic to some of the arguments that have been made because I think it is absolutely right for Employment & Social Security to try to assert back some control in this situation, I just think it is a compromise too far to say, yes it should be a separate policy letter, but
3035 it should be debated at the same hearing. I would actually prefer the *status quo ante* to remain. But I am aware of the good advice Deputy Yerby gave, so I think I will support amendment 8 but on the basis that if it is carried into the final Propositions I will vote against it at that stage.

The Bailiff: Anyone else? No. Deputy St Pier, then, to be followed by Deputy Le Clerc.

3040 **Deputy St Pier:** Thank you, sir.

Deputy Le Clerc, when she spoke, spoke of the natural tension that exists between any Policy & Resources Committee and any Committee *for* Employment & Social Security. She presented that in a way as if it was unique. It is not unique. There is an inevitable and natural tension between
3045 Policy & Resources and any of the Principal Committees.

I think we are agreed that this amendment is better than the current arrangements but we do still feel that it falls short of the fundamental issue that we should be prioritising all additional expenditure requests from policy changes and new service developments at the same time. There should not be any service area that is able to secure a sort-of first slice of the cake by taking a
3050 policy letter in which the States agrees funding in advance, knowing what the overall position is; in other words how much funding is available and what requests there are from other service areas and a particular of course from other Committees. In other words, how high a priority should be afforded to this particular request contained in the policy letter from the Committee *for* Employment & Social Security?

3055 No doubt all requests look good in isolation. This is one of the challenges that we of course all face and it is very difficult to say no to some requests when presented in that way, especially in areas of social policy, if they do not have a context in which you can choose to allocate limited resources.

The non-simultaneous consideration means that we have got no sense of if you give in one area then you have to say no in another area. There is no reason why non-contributory benefits should be treated any differently to any other service area in respect of this question of policy changes and service developments. It is fully accepted that demand is largely uncontrollable in the short-term. The so-called concept of formula-led, that once the States have set the formula, set the policy then demand then drives whatever the number is that falls out at the end. That of
3060 course is totally accepted.

3065 However, policy changes to the level of benefit and entitlement criteria should be prioritised against all other expenditure requests from all other Committees, submitted at the same time for the same Budget. They should not be taking advance policy decisions to get to the front of that particular queue.

3070 Deputy Fallaize said this was deeply illogical. Actually, what is proposed is deeply logical. That we should consider all expenditure at the same time. As Deputy Trott has said and as I highlighted when speaking on the non-contributory report last when it was debated, the Committee *for* Employment & Social Security is our second largest-spending Committee and we all forget that,

because it is all buried in formula-led, which sits on paragraph 4.6 of the Budget Report: one line, formula-led.

We forget that actually we spend £80 million through the Committee *for* Employment & Social Security. It is the second largest Budget in the States, after the Committee *for* Health & Social Care. Remembering that each real-terms increase of 1% in benefits means that there is £550,000 less for other Committees. That represents a 0.5% reduction in the budget for Health & Social Care, or 1.8% in the budget for the Committee *for* Home Affairs.

It is the clear view of the Committee that the measures which result in non-demand-led – in other words, policy-led changes should be subject to the same level of scrutiny and prioritisation as a request from any other Committee for additional budget. To give one example of where that is going to happen, because Deputy Dorey presented it as being totally unique and Deputy Lowe described it as being ring-fenced, the non-contributory policy letter from the Committee *for* Employment & Social Security does inevitably contain policy recommendations for changes and we know it is going to contain one next year, because that was driven by the amendment from Deputy Roffey this year.

We are going to have to face that decision of whether we accept the recommendations or not to spend additional funding on the back of that amendment, as a result of that amendment before we get to the consideration of the Budget at all.

As ever, I would not necessarily have used the language of Deputy Trott of some pigs being more equal than others. He, as we know, has his own style which is not always identical to mine. But what I had said –

Deputy Trott: May I sort of note the plagiarism, sir? I think that was Orwell. Not original thought on my behalf!

Deputy St Pier: But what I was going to say was that the Committee *for* Employment & Social Security should rank equally to the other Principal Committees and it should not rank above them in the demands for additional case when policy changes are being recommended through their Committee. For that reason, we do recommend the original Proposition.

The Bailiff: Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir.

I do not think I have got too much to say in summing up because actually I feel there has been a high level of support from the Assembly. I think it is important what Deputy Fallaize has said about future relationships with future Policy & Resources Committees. We have to protect the family silver and I think that is what I have been charged to do and I am not just looking at the here and now, I am looking at the future. I think if there is more tension between Committees in the future, it would become very difficult to debate when it is all joined together.

I think Deputy Gollop has made a couple of points and I think one of those points is perhaps that this might work really under an executive-style government as it does in the UK, when the Chancellor delivers his budget. But we are not there yet. Maybe this is something that needs to come up in the future, if we ever get there, but for the present I do not think we are there yet.

I think Deputy Yerby gave her support. Deputy Roffey, well I was on SACC and I was very concerned about the work that was coming through SACC and I agree that everything that is in the 'too difficult' tray was 'let us give it to SACC'. Yes, and I am still on SACC, for my sins; for the meantime. But that is not the reason why I am against Proposition 41. I just think it is a very difficult solution to come up with.

Deputy Dorey has been on the Committee, as has Deputy Lowe, and they are both supportive because they understand it is that protection of the family silver and it is maintaining that independence and that ability to debate what are really important decisions in this Assembly. I

3125 think Deputy Green, about the separate policy letter and the debate in October, actually the last few years we have actually had the debate after the Budget debate.

That is just what this Assembly agreed. The reason we had it in October and years ago we used to have it in September and earlier was actually because meeting dates had been changed and we knew for this November meeting date there would not be the ability to have a separate meeting, which was why we brought it in October.

I think that bringing it early probably suited the Committee because we have got a lot of work that we have actually got to do to prepare for end of year changes, but it has been brought about because meeting dates have changed. Was it Deputy Roffey who asked about would we debate the Budget first and the non-contributory report? That is what I assumed but that need not be the case, because if we debated our non-contributory report and there were Budget implications, P&R would then have the ability to amend their Budget as they felt fit, because they are not working to the seven-day Rule, so that may be an option.

Deputy St Pier, we have been through the arguments around the Committee's table. I think he said about the Deputy Roffey amendment that came through in the uprating report. Well, Deputy Roffey would have probably laid that amendment but it would have been impossible for us to debate and challenge because it would have been part of the Budget debate and then we would still be in the situation when we would need to find the money when we came back in 2019. I do not think that was really a relevant point to make. I do not think it was making the point that he wanted to make.

I would just ask you to approve our amendment. I do not think it is perfect but I think it is better than what is in Proposition 41, so I would ask you to support the ESS amendment and if I may have a recorded vote, please, sir?

The Bailiff: The voting is on amendment 8, proposed by Deputy Le Clerc, seconded by Deputy Langlois, with a recorded vote. Amendment 8.

There was a recorded vote.

Carried – Pour 31, Contre 7, Ne vote pas 0, Absent 2

POUR

Deputy Gollop
Deputy Parkinson
Deputy Lester Queripel
Deputy Le Clerc
Deputy Mooney
Deputy Merrett
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Dudley-Owen
Deputy Yerby
Deputy de Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver

CONTRE

Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Graham
Deputy Le Tocq
Deputy Brouard
Deputy Ferbrache

NE VOTE PAS

None

ABSENT

Deputy Leadbeater
Deputy Le Pelley

Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Tooley

The Bailiff: Members, the voting on amendment 8 is 31 in favour and 7 against. I declare it carried.

So we come to amendment 24. Deputy Le Tocq.

[Amendment 24](#)

To insert, new proposition 51 as follows:

'51. In respect of the relationship between the civil service and the States of Deliberation:

a) To note that this was most recently set out in Billet d'État XII, 2015, which in paragraph 6.4.22 stated, inter alia, that: "more formal means should be established to provide for the President of a Principal Committee to convey to the Chief Executive that the Committee is losing confidence in a senior officer or in the level of support it receives", although "it would not be appropriate for a Principal Committee or a President thereof to become embroiled in the performance management of individual civil servants". In addition that "the Chief Executive and other senior officers must obtain the views of the President of a Principal Committee, and through them the members thereof, when appointing and appraising senior staff in the service of that Principal Committee";

b) To note that Rule 56(3) of the Rules of Procedure states, by resolution of the States, that "the senior officers of a Committee are accountable to that Committee in respect of policy direction";

c) To note that an inappropriately-structured civil service would be as detrimental to the ability of the States of Deliberation and its Committees to fulfil their mandates and functions as an inappropriately-resourced civil service would be. Therefore, the States have a legitimate political interest in the structure of the civil service.

Having regard to a), b) and c) above and recognising that the organisational design requirements of each Office of the Committee may differ, to direct the Policy & Resources Committee within its mandated role as employer and within its responsibility "to ensure that public funds and other resources are used to best advantage, including through co-operative and flexible working practices", to assure restructuring of any Offices of the Committee and other parts or offices of the civil service is carried out in liaison jointly between the Policy & Resources Committee and the relevant Committees, with due respect given to the principle that the responsibility for organising the public service, ensuring that it is fit for purpose, lies with the Chief Executive, accountable to the Policy & Resources Committee.'

3155 **Deputy Le Tocq:** Thank you, sir.

Now this amendment looks like a very wordy amendment. It is a very wordy amendment but I am not going to take very long in explaining it because the substantive part of it is actually quite simple.

3160 Some Members and maybe members of the public may be asking the question why is this being laid? This amendment is being placed in response to concerns raised by numerous Members, particularly Presidents of Principal Committees, regarding the governance of the recently announced Chief Executive's programme of organisation and service design.

3165 This amendment in the first three main paragraphs just asks the Assembly to note things we have already agreed to. Some might say what is the point of doing that? Actually there is a point in doing it sometimes and it is when you are trying to get consensus. It is important for everyone to remember the context in which we are working. It is good for us as P&R and it is good for us as the Assembly.

We have already heard in this debate sometimes how we look at things in isolation and we end up voting for something that is contrary to the principles that we were talking about in a previous debate. The first three paragraphs talk about the way the operations in which Committees and their officers work and the way in which the Chief Executive is accountable to the Policy & Resources Committee.

But the substantive Proposition, the substantive issue, is in the paragraph that comes after that. I am going to summarise it like this, because there has been a lot of time and effort expended in trying to find a way to ensure that this process takes place at a speed and in a manner which is acceptable to Committees. What that final paragraph tries to undertake is that there will be political oversight of this process as it takes place.

So I want to give practical assurance to the Assembly that the Policy & Resources Committee, by that, means that we will be writing letters, there will be an exchange of letters, to each Committee individually, ensuring and encapsulating that political oversight on how it will take place and the changes and the reforms that take place will be done on a Committee-by-Committee basis, acknowledging that the needs of each Committee are going to be different, and that is something that we want to make sure happens at a pace and in a manner that is acceptable to each Committee.

So I ask Members to vote in favour of this amendment.

The Bailiff: Deputy Stephens, do you second the amendment?

Deputy Stephens: I do sir.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, this looks to me as though it is something cobbled together because there has been dissatisfaction with the process so far. Now I am disturbed by Deputy Le Tocq's remarks because I thought this was meant to be, by the Chief Executive of the States of Guernsey, a review of the Civil Service in the way that he has described. Yet what Deputy Le Tocq has said is that reforms will be done on a Committee-by-Committee basis and there will be political oversight.

Is that a euphemism for political interference? If it is, that is wrong. That is what concerns me. When he sums up, will Deputy Le Tocq be able to say – or maybe any other Member of P&R when they make a speech – is this amendment going to delay the reforms? If so, for how long? If not, what is the purpose of it other than to bring together people who have different views about how fast this process should go.

What will happen if Committee X – Deputy St Pier was talking about generation X or generation Y; I am probably generation AAA going back and Deputy Graham is AAAA going back – says, 'We do not agree with these reforms, we want to keep our Chief Secretary, we want to keep our present structure, ' who is going to be the ultimate arbiter of that and how is it going to happen?

The public of Guernsey really want to be seeing reforms, because they were promised these reforms two-and-a-half years ago and there are millions of pounds locked up in States' money for the transformation process. I am with Deputy Trott, because I have heard him say before that it would be – I do not think he used 'crazy' – illogical, unsatisfactory, something like that, to not spend the £8 million to save at least £10 million a year. I think I am quoting him reasonably accurately.

I am absolutely in agreement with that and I would rather we got on with this rather than just cobble together some unsatisfactory alliance. The mental image, it is a bit like Leonard Rossiter the actor, when he saw his mother-in-law as a hippopotamus – *The Fall and Rise of Reginald Perrin*. This is P&R trying to herd together six or seven different cats to try and come up with

some kind of compromise solution. I just think it is a wordy piece of nothing. I do not mean any disrespect with that, but that is my conclusion.

What I do not want to see is the Chief Executive's job in reforming the Civil Service – which the public of Guernsey like even if the individual States' Members might not like – interfered with. Let him get on with his job. Let him bring about the reforms that will be in the best interests of Guernsey.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, sir.

I feel I must rise to speak to this amendment and I thank the proposer and seconders, Deputy Le Tocq and Stephens, for bringing it. However, as Deputy Ferbrache has already said, it is a tad wordy and a tad woolly and I seek further assurances from Policy & Resources.

The proposer has very helpfully explained, in the note below the amendment, that there is a compelling need, and I quote:

... to assure that the process of change in the civil service is consultative and in step with the body politic.

The note seeks to ensure that the, 'Programme of organisational and service design is able to progress and deliver the saving of an estimated £10 million'. The fact is our body politic is made up of a committee government system who deliver all the services to the public. They are key stakeholders in any government reform and indeed every Member of this Assembly is rightly held to account to the public regarding that delivery and within Budget.

Further than that, Committees are committed to work politically with Policy & Resources to transform how we can continue to deliver and improve those services against financial constraint, when we know that demands caused by an ageing demographic and other factors will increase. Rightly the public in this Bailiwick have high expectations and I agree with Deputy Ferbrache in what he said before I rose to speak.

We must therefore deliver differently and take the public with us on that journey. The amendment points us to three brief sections of the Budget Report on page 52, sections 7.15 to 7.17. For the avoidance of any doubt whatsoever, I support a reform of the Civil Service and I agree this has to be done in a speedy fashion. The report does not, however, provide the details. Some are contained in an open letter from the Chief Executive, dated 8th October 2018:

This includes de-layering of the civil service, redesign of all processes, digitising services and a reduction in the number of junior posts and the targeted removal of more than 200 civil service posts with a significant financial benefit, delivered over a two-year period, 2019-2020, estimated to be in the range of at least £10 million per year.

Sir, what is there not to like? As I said, I support Policy & Resources in their oversight and commitment to these bold aims. Furthermore, it must progress urgently, again as outlined by Deputy Ferbrache, and needs to be radical. But it must also gel with the vital transformational work being conducted by all the Committees; by way of example in the two Committees that I sit on, the Partnership of Purpose in HSC and the justice initiatives currently being scoped in Home Affairs.

However, what those sections of the policy letter do not do is properly and comprehensively describe in any detail the enormous challenge to the States collectively. Neither does it, unlike the HSC Partnership of Purpose, give the substance around the oversight, accountability and governance of the project. And the £8 million transformation investment.

The amendment does, however, start to create a political stakeholder engagement, which has been completely absent thus far. Furthermore it teases out that a circle needs to be squared between the mandated responsibilities of Committees and a concept of quoting, in 7.16 a 'single public service entity' organised differently to the political committee structure.

I seek far more assurances from the President of P&R around proper consultation and accountability going forward. This has not been apparent in the process so far, but I do not seek

3265 to slow it down. The movers of this amendment have highlighted, for me, some good key governance factors, which are wholly absent in the States' report.

Firstly, the reference to the roles and mandates of Committees, as laid out in the Rules of Procedure, and where it is right and proper to politically hold the Civil Service to account, around Committee mandates. But another fundamental challenge to be faced in this reform process, and
3270 overcome, is the legacy of where our public service concept currently is.

Civil Service reform has already created a responsibility for corporate delivery of finance, ICT and human resources. Sadly, due to the previous and, in my view, flawed FTP process, serious under-investment has occurred over many years. A deeply worrying example of this has been highlighted in the HMIC report, calling the ICT infrastructure the worst they have seen and it is
3275 acknowledged that HSC's network is also similarly unfit for purpose.

Sadly, it is, in my view, that the service providers at the centre do not currently always demonstrate the ownership of the service delivery end of Government who are, in some areas, key, and left struggling with a woeful lack of prioritisation and vital infrastructure and poor HR support. The Civil Service reform needs to address this now. This legacy is something I know
3280 Policy & Resources are aware of and I need to say more around the wider transformation in the context of Civil Service reform.

This amendment calls for greater liaison between P&R and relevant Committees. This is vital for the programme of reform. I completely agree with Deputy Inder in his speech earlier today, around the expanse and over-use of consultants and the size of the Civil Service. Home Affairs has
3285 made a commitment to providing a vision, going forward in the justice arena. However, Committees recognise that such initiatives must be underpinned by sound research and the solid target operating model.

This was done by HSC in the preparation to the Partnership of Purpose, which was based on an extensive piece of work done by BDO and others building a target operational model. This is why
3290 the terms of reference for the inexpensive HMIC report, commissioned by the Committee, contained reference to the examination of the Bailiwick's objectives in overarching governmental, political context, including the question of sufficient resources, future Moneyval/IMF evaluations, financial crime and a robust law enforcement response to cybercrime.

I feel I need to assertively inform the States, against a background of negative press opinion, that the Committee has been working very hard in scoping and formulating its justice policy
3295 initiatives, which go far wider than law enforcement operations. The transformation of law enforcement sits within a much wider piece and this is why it was vital that we asked for the independent advice.

3300 **The Bailiff:** Are you coming back to this amendment, Deputy Prow?

Deputy Prow: Yes, sir.

This is why the Committee is working with P&R and this is why I believe that their support in justice is placed against limited resource to research and implement. All these types of initiatives
3305 are currently led at Chief Secretary level and must be underpinned by Civil Service reform.

It would be wrong to try and devise a Civil Service structure on the floor of this Assembly, but there must be a recognition that the Committee completely rely on the Civil Service, when it is appropriate to give challenge and hold it to account. There is occasionally a myth and overstatement regarding the words 'silo government' and I can say that at Committees I work for
3310 there is excellent political engagement with P&R, for example, around Brexit, transformation initiatives, strategic population management and finance.

Committees must work together and we need dialogue to reform and bring about change. That includes Civil Service reform. I therefore seek much more reassurance around these proposals than is contained within this amendment.

3315 Thank you, sir.

The Bailiff: Could I just have an indication of how many more people wish to speak on this amendment? Quite a few. I thought there might be, but I just thought I would try it! We will resume tomorrow at 9.30 a.m.

The Assembly adjourned at 5.31 p.m.