



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Thursday, 30th September 2021

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Law Officers

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

People's Deputies

S. E. Aldwell	A. Kazantseva-Miller
C. P. A Blin	M. P. Leadbeater
Y. Burford	D. J. Mahoney
T. L. Bury	A. D. S. Matthews
A. Cameron	L. J. McKenna
D. de G. de Lisle	N. G. Moakes
H. L. de Sausmarez	R. C. Murray
J. F. Dyke	C. N. K. Parkinson
S. P. Fairclough	R. G. Prow
S. J. Falla	L. C. Queripel
P. T. R. Ferbrache	P. J. Roffey
A. Gabriel	H. J. R. Soulsby
J. A. B. Gollop	G. A. St Pier
S. P. Haskins	L. S. Trott
M. A. J. Helyar	S. P. J. Vermeulen
N. R. Inder	

Representatives of the Island of Alderney

Alderney Representatives S. Roberts and E. A. J. Snowdon

The Clerk to the States of Deliberation

C. Foster (H.M. Deputy Greffier)

Absent at the Evocation

Deputy Oliver (*relevé à 9h 33*); Deputies Meerveld, Dudley-Owen, Brouard,
and Le Tocq (*relevé à 9h 53*); Deputy Taylor (*relevé à 10h 07*)

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCATION

Billet d'État XIX

COMMITTEE FOR THE ENVIRONMENT & INFRASTRUCTURE

6. The Island's Future Aggregate Supply –

Debate continued

Propositions 1a and 2 carried

The Bailiff: Deputy Oliver, you have just arrived. Would you like to be relevé?

5 **Deputy Oliver:** Yes, please, sir. My bike broke.

The Bailiff: We will mark you as present.
Deputy de Lisle.

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

Our natural endowment, sir, has provided us with assets which we need to turn into a resource to grow the economy and provide employment for our people. The natural diorite in the north has given a tremendous asset to the people of Guernsey: a resource for export over the years and building all over the Island as a material. Sir, it has enabled self-sufficiency, which has to be encouraged whenever the possibility exists locally. It leads to security of supply, with 66 jobs, with storage on-site as well. I think we also have to consider the fact that we have an industry, and at the current time, it would not do us any favours to be interrupting that particular industry in terms of its ability to provide employment – 66 jobs, as I was saying – and also an economic benefit, an economic resource into the future.

20 So we are fortunate, sir, in having a large stone reserve at Chouet of 4 million tonnes which, at present demand, could actually serve the Island for a further 40 years. But also, we have been given a new resource with regard to the Vardes Quarry, which we can use either as, possibly, a water reservoir for the future, and the ability to use that facility as well. The industry really has done Guernsey proud over the years and continues to, and I think we should all support the industry and support its move and deliberations at Chouet.

25 Thank you, sir.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, sir.

30 I was not initially going to speak on this, but it was from the original speech of Deputy Haskins and identifying other areas as well. So I felt very much in two minds about this.

My initial question was whether we should continue quarrying on Island. Following on with Deputy de Lisle's speech, it is an industry, it has got lots of jobs, and it has got the resources here. This has been covered eloquently by various Deputies yesterday, as well. In each case, though
35 everyone really appreciated the words of Deputy Haskins, it always came back at the end to this element of this economic industry and resources.

I also had the good fortune of this guided visit of the Quarry, and I also noted that most of the information I have identified and found is from the Quarry – there is no particular independent source we can use, so it makes it a little bit harder to get that full perspective. That is not necessarily
40 a bad thing. I heard very good points throughout the visit and from the reports, and I really felt that they took great care in assessing the impacts on any changes they will make previously, as well as what they will do going forward, to ensure they mitigated any negative impact.

I also noted something very interesting, which was: on the quarrying side of the income, they did not take advantage of the Zero-10, but they actually agreed, and I think it was under Mr Fallaize – oh, I am not going to mention names, sorry – but it was an idea that they agreed to keep
45 on contributing *circa* £200,000 in taxes, rather than using the Zero-10 – which, by the way, may be an idea that we should consider for our tax talk, businesses volunteering to pay taxes ...

The whole story of the Ronez has been a success, from prior to 1921, and then 1961, when it became a Guernsey business, and its growth has continued. Now, as Deputy Kazantseva-Miller and others mentioned about the AIM listing, the growth, and of course the company it is with is very
50 strong on the M&A side, so it is a good point for the business.

But this is where my struggle starts, because all roads seem to lead to this quarrying, and it is quarrying within our Island, but we are also agreeing that within 20 to 25 years – although Deputy de Lisle mentioned, maybe 30 years-plus – at the end of that period, we will have to start importing,
55 like we are already importing a lot of other materials, like sands, etc.

But currently, we still have *circa* two years to go. So, as was mentioned by Deputy Meerveld as well, the idea is, if we did stop the quarrying now and start a hybrid with the importing now, to get a more competitive market and knowing that we are going to come back to this, that is where we have the opportunity to save 10 acres of our land. Throughout all these debates, when I have heard
60 the various talks about 'We should continue using our resource; we should continue doing this quarrying', there is a huge cost to this, and that cost surely is going to be translated into an increase on some of the prices of the aggregate coming out.

I am just going to repeat some of the parts identified from Deputy Haskins: the cost is not just moving it across, it is dismantling and removing of the current plant; it is purchasing an entirely new processing plant; it is installing the plant; it is the rental and purchasing of the mobile crusher; the
65 dedicated trucks; the drivers of the trucks. All of these were listed by Deputy Haskins there, but when you try to stop on each one, it is going to have an impact on the cost and on the environment around it.

There was also talk, which was sort of glossed over, but it is the habitats, it is the scrub, the
70 grassland, the strips, the species, the animals – all of these where we say that, 'Well, at the end of the quarrying, we will come back, we will put all that back.' But we know that is not possible and we know the effect of the damage will have been done by then. We will have lost that land and we are going to be having this meeting in 25 years' time saying we are now importing, as everything else. I truly believe it is not scaremongering, saying we are destroying it. That will happen.

75 Then we can also argue on the monopoly on pricing. When Lagan did their airport work, they did buy all the aggregate and everything from off Island, and they got the right pricing; and if they had not have got the right pricing, I am sure they would have bought from Ronez. Also, the quarry

here, a good 60% of their produce is sold to industry – it is a huge quantity – and 40% also to our States' works and everything else.

80 So we currently have two years, it is not too late, to get in place a sort of hybrid system to be able to import as well and match what we have got. Keep a huge chunk of our land available. We have resources for other areas for water reservoirs and we could mitigate most of this.

I am sorry, I am just trying to get through, a lot of this has been repeated.

I suppose the main drive I have got is, whatever this decision we are going to make, we are still
85 going to need to import aggregate. Also, we have this point of, if we do not quarry it now, we will still have that resource, it is a hugely valuable resource. I am aware that if we import now, we are going to have the issue of further negative carbon footprint from carriers and ships coming in carrying all the aggregate, and we know that in a number of years, we are going to have better technology – maybe hydrogen-powered ships – which will change that, but we do not know when,
90 we do not know how. For now, if we kept that resource, we would be no different to, say, the North Sea oil, where that reserve was kept for *many* years until it was an essential time where it was valuable and did create opportunities and work.

I am just going to – with permission of various interested constituents – to read a few little sections which I thought were interesting. They were shared amongst us as Deputies. I will just go
95 on some of the headings:

[it] would have no significant impact on the operation and safety of the local road network, and the amenity of local residents.

The information was not always quite right there. The policy letter quotes that:

Moving 125,000 per year in 10-tonne trucks for 8 hours a day will require 6.1 movements each and every hour, but that assumes that each delivery will be fully-loaded consignments of 10 tonnes and does not include the return journey of the truck, and actual movements would be more like 12.3 hours, or 1 truck every 4.8 minutes.

The importation:

... it is inevitable that the price of aggregate per tonne will increase [by £10 per tonne].

I had noted that Deputy Haskins had various mitigating arguments for that, but customers can
100 already buy aggregate, including delivery to Guernsey, at exactly the same price that Ronez sells on Island. Aggregate for the airport runway was obtained and delivered in a quantity at a cheaper price than Ronez could offer; and that, again, brings it back to the statements of Deputy Meerveld, where he said that there will be more competition and we will be able to get better pricing.

... importation would result in ... redundancies.

We know that there are 66 people employed, and it was suggested it might lead to 10 or more
105 redundancies. Some of these employees may be close to retirement, but for others it will have job creation if there is importation as well.

I do not want to go through all of the points, but there is another point made in the document, which was the particulate danger and visual and audio impact on the surrounding area, and this one I would like to highlight:

The policy letter is mostly based on economic factors, and no full value has been placed on Guernsey's large public green space. How do you value the impact on walkers, beachgoers, golfers, model aeroplane-flyers, kite surfers, swimmers, playground users, pistol shooters, fishermen, restaurants? The outcome should not be purely about finance. The effects of particulates have been partly ignored. The recent study by the University of Washington of the particulate matter proves it to cause asthma, cancer, dementia, and Alzheimer's. Can the States afford the increased healthcare costs associated with exposing the users to carcinogenic particulates?

110 In effect, this was, as I mentioned, referred from an interested individual who gave permission to share that last part. But whatever the decision the Island is going to make – just repeating – we

are still going to need to import aggregate, if not now, in years to come. But are we willing to destroy 10 acres of our countryside for something that will inevitably happen in any case?

Thank you, sir.

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The Bailiff: Deputy Moakes.

Deputy Moakes: Thank you, sir.

First of all, I would also like to commend Deputy Haskins for a great speech and for making many points that I actually agree with.

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We have about 2.5 years of aggregates left in Les Vardes Quarry, so the future of the Island's access to aggregates is a very urgent matter now. There are two alternatives open to us to ensure that the Island continues to get the aggregates that it needs: the first option is to start importing aggregates and *not* quarry at Chouet Headland; the second option would be to start quarrying at Chouet Headland. There is no question about whether or not we need to start importing aggregates at some point, because we will; it is just a matter of whether it is in the next few years or in 40 or so years' time.

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However, given the choice, importing aggregates now has several disadvantages. The cost of importing aggregates will be much higher than quarrying our own. Estimates are that it will cost an additional 25% to 30%. Sure, we would not be digging a hole in our Island, so you might think that this is good from an environmental perspective. Wrong. *Someone* will have to dig a hole and mine it somewhere. In addition, the aggregates will need to be transported by sea from where it is quarried to Guernsey, then it will need to be unloaded. Can the Harbour actually handle the volume or weight of aggregates without upgrades? I do not think it can. We would also need to import far more aggregates than we would normally store to guarantee that we do not run out. In fact, the more you think about it, the less environmentally friendly this option seems.

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Quarrying at Chouet Headland also has its disadvantages but, on balance, I think the advantages outweigh the disadvantages: 40 years of locally supplied aggregate on tap; no 25% to 30% increase in the cost of aggregates; and, most importantly, time to plan how we are going to transport, unload and store large amounts of aggregate, because I do not believe we have the infrastructure to do so at present.

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Sir, I urge Members to vote in favour of this proposal.

Thank you.

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The Bailiff: Deputy Bury.

Deputy Bury: Thank you, sir.

Before I comment on my thoughts on the content of the policy letter and the Propositions, I would first like to also commend the Committee on a clear and concisely written document which, I think, for a matter as complex and contentious as this, was much needed and therefore appreciated.

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Like many others, I would like to commend the Committee for their joined-up approach despite differing opinions on the solution. I was very pleased to be able to hear from Deputy Haskins, who I have huge respect for as a colleague, covering the alternative viewpoint, and I am grateful to him for providing that to those of us in the Assembly that have been torn on this matter. I have been torn – or I was torn, and I think I am edging towards one direction – but I will need some clarity from the President in her summing-up in order to secure my vote.

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Deputy Haskins asked if we would quarry on Island if it was more expensive, and I think his assumption was that the answer would be 'No' from most people, as he then focused a lot of his argument on the costs and the economic impact – and I can understand why. It is very shrewd of him, as I think that is something that is of most concern to the majority of the Assembly. However, the answer to his question from me was 'Yes', probably much to the horror of many of my colleagues. My answer is yes as the main thing that was edging me towards supporting 1a was the

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environmental impact elsewhere and our responsibility to the global impacts of our activities –
165 **(A Member:** Hear, hear.) ‘offshoring’ as it has been referred to.

But the pendulum, for me, did begin to swing when Deputy Haskins covered the suggestions
when we were looking at the more sustainable options and turning waste into resource, as this was
exactly the kind of thing that I was hoping to hear from him, knowing his environmental credentials
and knowledge in the area. But unfortunately, I was disheartened on double-checking the
170 propositions, as Proposition 1b does not actually say that we will do that – and neither does 1a, for
that matter. So either we just will not do it, which I sincerely hope is not the case; or, in fact, we
could pursue those investigations having chosen either option.

He did then move on to the carbon emissions and raised some points that gave me cause for
concern in relation to 1a, as this was one of my overriding factors in swaying my decision-making.
175 This is where I would like to ask the President, if she can, in her summing-up, to allay the concerns
raised by Deputy Haskins regarding the assumptions in the report and the basis on which the carbon
emission results were reached in relation to the distance of travel and location of intake on Island.

Deputy Haskins then moved on to habitats which, again, was something that I was most keen to
hear about, as this was one of my areas of concern for our local impacts. However, the subsequent
180 question remains of what is happening to the habitats elsewhere that we will be importing from
and what controls we would have over those, if any?

In Section 10 of the policy letter, the point is clearly made that it is just not acceptable to simply
protect our own backyard and not consider the bigger picture. We cannot be that inward-looking.
If we want to enhance and protect our reputation internationally and contribute to the global effort
185 against climate change, we must take the effects of our activities elsewhere into consideration.
(A Member: Hear, hear.) ‘Out of sight, out of mind’ is not a globally responsible approach, and
option b does feel like it removes the oversight of the impacts from us.

So as has become clear, I believe I am minded to support Proposition 1a, but this is not a decision
I have taken lightly, and I have only done so in the careful consideration of the information provided.
190 Clearly, the social and local environmental impacts will be great and, for the residents of that area,
even more so. However, in light of the global context of climate change and those wider
responsibilities that we must uphold, I am coming to the conclusion that Proposition 1a is the ‘least
worst’ of the two options presented to us today.

As is highlighted in the Letter of Comment from P&R, I believe that the opportunity to revisit
195 the decision and trajectory of the plans in the most up-to-date context before Phase 3 commences
is a welcome one and offers the Assembly and the public the reassurance that checks and balances
are in place. Could that possibly be the time where we have reached the panacea of having
investigated the sustainable options?

In closing, I believe the policy letter shows us that, environmentally and practically, this is the
200 least worst option and, therefore, I think I will be supporting the proposition presented to us by the
majority of the Committee, with my apologies to Deputy Haskins. But would ask that Deputy de
Sausmarez covers those few questions that I am left with in order to secure my vote.

Thank you, sir.

205 **The Bailiff:** Before I call Deputy Fairclough, who will be next, Deputy Brouard, Deputy Dudley-
Owen, Deputy Le Tocq, and Deputy Meerveld, you have arrived since we started debate. Is it your
wish that you all be relevéd?

210 **Deputy Brouard, Deputy Dudley-Owen, Deputy Le Tocq and Deputy Meerveld:** Yes, please,
sir.

The Bailiff: Thank you very much, we will mark you as present.
Deputy Fairclough.

215 **Deputy Fairclough:** Thank you, sir.

As set out in the policy letter before us, Members will see that I will be supporting Proposition 1a:

To agree the principle of on-island quarrying in order to provide the future supply of aggregate for Guernsey ...

At the risk of upsetting Deputy Kazantseva-Miller, the project truly plays off one part of our mandate, environment; with another, infrastructure. We need to go into this decision with our eyes wide open to the fact that, in Guernsey terms, this is a large-scale development in a sensitive and popular area of the Island and it will last 35 years. There is no getting away from that. As the report sets out, the impacts and effects have the potential to change significantly over this time.

As Deputy de Sausmarez explained, that is why the Committee is recommending a phased approach to the project, with a pause at least five years before the completion of Phase 2. So, if this break clause is agreed by the Assembly, it will not only allow a review of demand, enable new technologies to be taken into account, as well as an assessment of the impacts of quarrying at that time, but it will also permit full analysis of the costs and benefits of quarrying versus importation at a point when we should have a clearer indication of our future ports' requirements and direction.

As stated in paragraph 1.3 –

The Committee has evaluated as much evidence as possible to assess the relative merits and disadvantages of each option, taking into careful account economic, social and environmental factors.

Despite Deputy Haskins' compelling argument – and, like others, I commend him on his speech – while I believe there is a clear economic case for the continuation of on-Island quarrying, the environmental and social cases are much more complex, with some very legitimate concerns raised by members of our community about the impacts.

The Committee accepts there are negative localised impacts and these need to be minimised, mitigated and more than offset. I do not intend to mention all of those here and now, they are set out in detail in the policy letter and the environmental appraisal. Again, if Proposition 1a is supported, we are asking that the Development & Planning Authority completes a development framework for Chouet Headland to give planning guidance for the area safeguarded for mineral extraction.

Members will note that another of our recommendations is that if the principle of on-Island quarrying is approved at this meeting, then negotiations continue with landowners in relation to the current quarry at Les Vardes and Chouet Headland in order to best meet the States' future aims in relation to on-Island quarrying and other potential future strategic uses.

The importance of this should not be underestimated. In the same way that Chouet Headland has long been identified and zoned as the last realistic stone reserve which can be exploited, Les Vardes has been earmarked for water storage. But, as P&R acknowledges, it is only when the future strategic requirements for waste, water and stone are presented and considered together that a firm decision can be made, and it is our Committee's intention to bring a report back to the Assembly by the end of the first quarter of 2023. So, to my mind, we have to make the first of these decisions on waste, water, and stone – or rather 'stone, waste and water' – at this meeting.

A number of comments have been made regarding whether the option of full importation to meet the Island's aggregate needs would provide more competition in the market and keep prices down. Again, as the President has explained, the lack of a large storage and stockpiling area is significant when considering the implications of significantly increasing bulk imports. Even if the logistical issues around the availability of sites for storage could be overcome, there would still be a requirement to update ports infrastructure to accept the increased bulk importation.

Although St Sampson's Harbour could, in theory, accept the extra vessel movements; at the very least, ports infrastructure such as cranes would need to be overhauled or replaced at significant cost. These are set out in STSB's Letter of Comment, Appendix A. The States earlier this year considered a policy letter about future ports requirements, and this was not conclusive. So the matter remains very much at the evaluation stage, and significant investment at St Sampson's

against future ports requirements would be premature. In the meantime, the supply of easily won aggregate from the local source will be exhausted by the end of 2023, so a decision about the future supply route for this essential commodity cannot be delayed further.

265 In short, sir, the Committee has acknowledged through the policy letter that there is no way to provide aggregate to the Island without negative impacts in one form or another. If the Assembly decides that on-Island quarrying is the best option for the future supply of aggregate, it has been clearly set out in the policy letter that there will be negative localised impacts on some nearby businesses, as well as ecology and traffic impacts, such as those mentioned by Deputy Blin. The
270 detailed planning application stage will require consideration of all these impacts, and rightly so.

The Committee is not trying to claim that the negative impacts do not exist, but the alternative – importation – puts the Island at considerable elevated risk in terms of continuity of supply and pricing, and passes on the negative impacts of emissions to another jurisdiction to deal with. As more than one Member has said already: ‘Out of sight, out of mind’.

275 I have to say, and share with Members, that my initial position – before considering all the evidence and reasoning, as well as various visits to all of the sites concerned – was that we should not be developing another large quarry in Guernsey; here, after all, is a once-in-a-lifetime opportunity to cease a practice which does have social and environmental implications. Whatever we decide at this meeting, we will have to move to full importation eventually anyway. To my mind,
280 that day has not yet come. But as ever, that decision is ultimately down to the Members of this Assembly.

Thank you, sir.

The Bailiff: Deputy Oliver.

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Deputy Oliver: Thank you, sir.

The Island Development Plan safeguards land at Chouet for quarrying. This continued to be a designated site that has been in place for many years and received no opposition at the IDP planning inquiry. The development framework for the site is required by the IDP before any planning
290 application can be approved.

In anticipation of this debate, the DPA has been finalising the development framework for the land at Chouet, having carried out a public consultation on the draft development framework in April 2019. The consultation received almost 100 responses. Principal among those were the questions about the need for quarrying, the investigation of alternatives and the cost versus benefit
295 of quarrying on-Island, and the need for further investigation and evidence. These matters raised in relation to the draft development framework related to the principle of quarrying on Island – and, therefore, at Chouet Headland – and are at the front and centre of today’s debate.

As well as representations regarding the principle of quarrying, there were also detailed representations on the potential impacts of such a development, such as regarding pollution, road
300 safety and visual impacts. These issues would be considered in detail at the planning application stage, should the principle be established today. I confirm that any planning application would be accompanied by a full environmental impact assessment *and* traffic impact assessment to inform the planning assessment and decision. This would be subject to a full public consultation at the planning stage.

305 In addition, whilst most representations were in opposition, we did also receive some representations in support of quarrying at Chouet Headland. These referred primarily to the economic benefits for the Island, maintaining employment levels and keeping the construction costs down. If the outcome of today’s debate is to endorse the principle of on-Island quarrying – and therefore, quarrying at Chouet Headland – then the DPA will publish the development
310 framework which is necessary to enable any planning application to be made. As I have already mentioned, an application must be accompanied by an EIA and a traffic impact assessment and will be publicised in the normal way, enabling further public comment on the detailed proposals of the development.

Thank you, sir.

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

Briefly and on behalf of the States' Trading Supervisory Board, the situation if the States decide to pass 1b is basically set out in the letter that I wrote to Deputy de Sausmarez, which was contained in the Billet. But things have moved on slightly since then.

Obviously, there would be enormous strain put on our ports if we had to import all of the Island's aggregate. I do not think there is any doubt that we believe it could be coped with. It would require new cranes; it would require, probably, new crane drivers; it would require a significantly increased fleet of heavy vehicles to move that aggregate, probably, but that is a matter we believe the private sector would resolve; and it would involve new storage areas.

But perhaps the thing that has moved on slightly is: in the letter of comment, we draw attention to the fact that it is getting increasingly difficult to get the sort of vessels that would be necessary to come into St Sampson's Harbour – presuming we want to use St Sampson's and not St Peter Port, and I hope that that is the presumption of this Assembly. It is getting more difficult to get the sort of vehicles that are suitable for use for that purpose.

In the letter, we have said:

However, we believe that, for a 10-year period, that will continue to be possible ...

And we hoped that by the end of that period –do not forget, this letter was written quite a few months ago –

... that we would have moved forward on providing greater long-term commercial deep-water berthing facilities in the Island.

I think there has to be a slight question mark over that now. I am still hoping that that will happen, despite the fact that we decided to pause and start again with new people looking at it, that we will reach that period inside 10 years, but I think it must be more uncertain than it was at the time of writing that letter. I think our position is: it will be difficult, but doable; but do not underestimate the impact on our ports of deciding to import all aggregate.

That is on behalf of the STSB. My only personal comment is: I think, like everybody, I am finding this a really difficult choice. I am a Vale boy, I do not live there now, but I was born and brought up there and Chouet Headland is important to me. But I think some people have been over-egging the argument against, and the business about as if 'Ronez would have us over a barrel' and 'We don't believe in monopolies'. Aggregate is imported now, aggregate will be able to be imported in future. There will be no monopoly. In fact, in a way, there will be more market choices if you can access aggregate from an on-Island source or whether you can import it. So I do not accept those arguments at all.

Like many others – I think with a slightly heavy heart – I have decided that my head is insisting that I vote for 1a, and I will do that.

The Bailiff: Deputy Taylor, you have just arrived. Is it your wish to be relevéd?

Deputy Taylor: Yes, please, sir.

The Bailiff: Thank you.
Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

I think there has been lots of thought-provoking speeches, and I will join voices in congratulating Deputy Haskins on an excellent speech yesterday. I would like to raise a few points in respect of the Propositions before us and the discussions.

Section 5.10 and Proposition 2b) state that:

If the principle of on-island quarrying is agreed, this policy letter is asking the Assembly to delegate authority to the Policy & Resources Committee, in consultation with the Committee, to continue with negotiations with land owners in relation to Les Vardes and Chouet Headland in order to best achieve the States of Guernsey's strategic aims in relation to on-island quarrying and other potential future strategic uses, and to return to the States with its recommendations.

Deputy Fairclough has already alluded to this this morning in his speech. I would like to know much more about those negotiations. I believe that it is likely that we already have a good idea of outline terms, otherwise we would not be able to even consider this in looking at the principle of continuing on-island quarrying. I would like to know whether a simple sale is envisaged, whether there are some *quid pro quo* arrangements in relation to those interdependencies that we are aware of, but are being asked to disregard for the purposes of this decision; or whether we could even look at a mining concession. I would like for some details to be put on record during this debate, because it is not clear at all what the value of this exchange *will* be, or *could* be, for the people of Guernsey.

We heard positive voices yesterday in support of the success of the company SigmaRoc, that owns Ronez, telling us about the increase in share price and the recent acquisition of the Nordic aggregate business. This rang alarm bells, actually, for me. We are a closed location, in terms of aggregates. We know that Guernsey is a jewel in the crown for the company. There are no competitors. Rock is available under the fixed plant at Les Vardes and can be further excavated, but to access it requires that plant to be dismantled, and it looks to me that we are providing the company with a really easy option here by allowing them to go and dig another hole somewhere else. We are gifting it to them on a plate.

I am really uncomfortable about the transaction for two-thirds of States-owned land at the headland at Chouet. The consequence of this exchange is not just the resulting negative environmental impact but, as Deputy Roffey has alluded to, we will be subject to a monopoly situation, though I see it on a different side of the coin to him. We will be dealing with a single supplier who has had a hold over the construction industry here for *decades*, and everyone here in this Assembly knows that. We will also be suffering a complete depletion of our reserves and I do not think that is strategic at all.

It is well-known that we have concrete inflation here like no other jurisdiction; concrete is even cheaper in Jersey. It is why all of our construction projects here are always at a base cost far more expensive. We are tying us into this situation for the next 30 years, as well as using all our reserves, and denying ourselves the opportunities to explore alternative aggregate materials that we know are available and in a burgeoning market. Actually, this was done in Guernsey for some time, glass was crushed at Les Vardes for use in construction.

Like Deputy Haskins, I believe we could do so much more that we currently do. 'Waste less and be more economical' – that was the message that was given to me when speaking to a local professional in the construction sector. He commented to me about new loads of hardcore being dumped after temporary use for such things as access roads to sites. He told me about new concrete being dumped when loads were not used entirely in the port. He wants to see much more effort to reuse materials locally, and he is therefore sceptical about the figures that have been presented in the reports, because these just are not reflective of what he sees every day during the course of his work.

In addition to the noise and air pollution, the waste water element is also a serious concern, being so close to the coast. Risk of polluting what is now a very clean bay is high, and Members need to ask themselves if they are comfortable with that risk. Much of the argument about whether or not to endorse the principle of 'to quarry or not to quarry on Island', is about the carbon output due to transportation of stone, and we have heard about this this morning. But this plays to how

we deal with our waste. We ship it off Island and the arguments during that debate, the last one we had, were inverted to support the opposing view – that it was better for the environment to ship it elsewhere, where things could be done better and at a higher standard than we do it here. It is convenient how arguments are turned around to suit.

The environmental effect of what happens elsewhere seems to be the main reason for swaying people, and Deputy Bury has said this morning that it seems to be the 'least worst' option. I think Deputy Fairclough also agreed with that. But it is in complete contradiction to the logic applied to our off-Island waste policy. And I contest the assertion that out of sight is out of mind. If that was true, Members of this Assembly would busy themselves purely with inward, insular policies, with no heed whatsoever of what goes on on the global stage, and that simply is not true.

Another point is regarding the principle of net gain of biodiversity; there should include no net *loss* of socioeconomic and cultural values of biodiversity, and the aim is to lead affected communities *at least* as well off – and, preferably, better off than they were before. I am not sure that I have been convinced so far that that will happen. To me, nothing is as good as leaving a healthy habitat alone. It rings bells to me around carbon offset and this, to me, is almost like the medieval practice of the purchasing of indulgences to pay off our sins, offsetting our green guilt; and I am sure that that green guilt weighs heavily on the consciences of many today in this Assembly.

I think that Deputy Haskins' speech has pricked many consciences also in this Assembly. He told us things that we just did not really want to hear. I also think that there are many sinking hearts, in addition to Deputy Roffey's, at the thought of having to vote for this. And I know that this is a Hobson's choice.

I understand that because, initially, when I was presented with these proposals as a member of Economic Development some time ago about the principle of on-Island quarrying, on balance and on face value I felt the same. Is it not better to cause damage here and manage it, rather than elsewhere and not know? Perhaps we could manage the negative environmental impact. And was it it better that we sustain an on-Island supply and be less reliant on others?

But on deeper reflection, and on seeing the detail that has come forward on this policy letter, and since the Longue Hougue debate, I am increasingly reluctant to give way on *any* environmental destruction when we have alternatives available to us: alternatives that could help bring competition into the marketplace and perhaps provide an even better deal for our construction sector than have now; alternatives that mean that we do not have to destroy a beautiful landmark headland, along with its existing flora and fauna and the biodiversity of that area. It is interesting that, this week, Greta Thunberg has been ridiculing world leaders for their stance on the environment. Well, I wonder, if she knows about our debate, whether she will ridicule us too for the decision that we are just about to make. I think she may.

I will not be supporting the Proposition and I hope other Members join me.

Thank you.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir. I will be very brief because I was not going to speak on this at all.

I think Deputy Haskins made a very convincing case in support of 1b for importing, rather than using our own supply. A lot of this debate seemed to be around the idea that moving it would simply move the problem, and we would make it out of sight, out of mind. But it strikes me that other suppliers could be much more efficient and much more environmentally aware than we could here because of the economies of scale that can be achieved elsewhere.

That was something that reminded me – I know when Deputy Ferbrache was speaking, he was talking about something his grandfather used to say when he was talking about the Island's development. That actually reminded me that my grandfather and my father used to talk about the sand dunes at L'Eree which we used to have and they are all, largely, now gone, because they have

been used in the construction industry. That is something we might look back on and think, 'I wonder if we actually should have done that? Perhaps we should have kept hold of some of these resources that we have got in the Island?' When Deputy Blin was speaking about the 10 acres of land that we would lose, it reminded me of something that the late Deputy Francis Quin used to say, a phrase he used to have, which is 'One thing we do not make in this Island is new land.'

So I think there is a very convincing case for supporting 1b and I would like to congratulate Deputy Haskins for making it. I would also like to congratulate Deputy de Sausmarez for taking a very collegiate approach to the differing views on her Committee and allowing these two views to both be presented so that we can make the decision.

Thank you.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

I, too, would like to start by thanking Deputy Haskins for his amazing speech; it definitely got his points across, really articulated well. He asked yesterday, during that speech, 'Is concrete the building material for the future in Guernsey?' And the answer is, 'Ideally, of course, no.' But the reality is, that it is for now and will be for many years to come – possibly, even for the projected lifetime of the proposed quarry at Chouet.

He also says, and I agree, and Deputy Dudley-Owen just mentioned, too – that we should explore alternatives to the use of aggregate and concrete, such as old car tyres and hemp, for example. I do not know much about rubber concrete, sir, but I am well aware of composite construction materials that do incorporate recycled plastic and rubber. I can inform Members that a local hemp company, the House of Green, and the laboratory at Ronez are already exploring the use of hemp instead of aggregate in certain construction products. In fact, I met with Mark De Carteret, the lab boss at Ronez, shortly before lockdown 1, to discuss just that. Obviously, COVID delayed any progress, but it is something that is ongoing and very exciting for the future.

Now, sir, I am going to go back to 2017: the Committee for Home Affairs were to travel to Jersey for the day to meet their Home Minister – Senator Kristina Moore, as she is now – and her team, to discuss inter-Island working on areas within our mandates. At that time, Mark De Carteret, the current lab boss at Ronez Guernsey, had been seconded across by Ronez to St John's Quarry in Jersey as Deputy Quarry Manager. Mark is an old friend of mine, so I asked him if it were possible for him to arrange a meeting for me with Mike Osborne, MD of Ronez CI, who was based in Jersey. This was arranged for the next day after our Home Affairs work, and so I stayed over when my colleagues returned to Guernsey that evening. I can remember Deputy Oliver being quite jealous that I was touring the recycling facilities the next day.

The following day was fascinating. I met Mike early for a tour of the quarry and their operation, and learning of Ronez's plans for both Islands was really interesting. After that meeting, I was taken to La Collette to have a tour of Jersey's recycling facility and their incinerator. I was so impressed by their set-up and green with envy at their recycling capabilities compared to us. This was pre-WTS and what we have at Longue Hougue now, by the way, just to make that clear.

Going back to the meeting I had with Mike Osborne at St John's Quarry, what I really wanted to learn from him was what Ronez's plans were for Les Vardes at the end of the quarrying there. I learned that Ronez owned a parcel of land at Chouet and it would like to transfer its quarrying operations, too, when Les Vardes' reserves were spent. I learnt that the States owned land adjacent to that owned by Ronez at Chouet, which would be attractive to them for the purposes of their quarrying operation. I learnt that, at Chouet, they would like to remove the oversight and dig down a certain depth there, dismantle the plant at Les Vardes, move it to Chouet, then mine the previous constrained reserves at Les Vardes at drop them to Chouet for processing. And they would take care of the *Torrey Canyon*, too.

It all sounded to me like the basis of a really good plan. But I still wanted Les Vardes for inert waste, so the important information I wanted to know was what they planned to do with it. On my

510 return to Guernsey I spoke with a few colleagues, which resulted in a meeting being arranged with Mike Osborne, who flew in from Jersey; Steve Roussel, MD of Ronez Guernsey; Deputy Inder; Deputy Ferbrache; former Deputy Joe Mooney; and myself. We learnt that, at that time, the projections were that Les Vardes would not be available to use for inert waste until 2028, when the reserves were projected to be dry.

515 So, even with stockpiling in areas of that quarry that were not being mined or used for processing, the timescales for when Longue Hougue were to be full did not stack up. The resurvey and subsequent adjusting of timescales is, in my opinion, the magic bullet needed, providing the option of a long-term inert waste solution – or water reserve, if needed, but I do not subscribe to that argument – and also securing Guernsey's aggregate supply for the next few decades.

520 During the next few decades, the alternatives to aggregate in use in construction that Deputy Haskins talks of will come forward; they are already being developed and used, but the technology is in its infancy. In Paris, for example, they have recently completed a public building built mainly from hempcrete; this was a milestone for the French government, but do not expect to see hempcrete on any scale in the short to medium term.

525 Hempcrete is not a new thing, I first came across it at a trade show in Belgium in about 2012. In my previous life, bringing new construction products to the local market was part of what I did. I spent 15 to 20 years regularly visiting trade shows, conferences and manufacturers all over the UK and Europe. One thing I can tell you – I can tell *Members*, sir – is that it takes time to bring new products to market for many different reasons. A composite decking product, for example, I first brought to Guernsey 10 years ago has only in the last few years been readily available through merchants in Guernsey. Basically, the point I am trying to make is that no viable alternatives to aggregate for use in structural concrete will be available for use by our construction industry for some time yet.

535 Taking this into consideration and assuming that viable new alternatives to aggregate do come forward in the next 10 years or so, the life of the proposed new quarry at Chouet could last considerably longer than the current projections tell us, because those projections are based upon Guernsey's current levels of aggregate use and not future use. Obviously, those projections on future use cannot be accurately made, as we do not know to what extent we will be needing aggregate in concrete in 10 to 20 years' time. Alternatives could, by then, have a large market share. 540 Glass, as mentioned by Deputy Dudley-Owen, is another material that is taking over from aggregate and stone dust in certain applications. Ecoscreed is a prime example, used all over Guernsey. In the US, glass is used in asphalt on pavements – or 'sidewalks,' as they say – as it provides a reflective surface.

545 One thing I think all Members should understand when we are discussing alternatives to traditional concrete is that any new innovations coming on to the market are required to undergo extensive testing and go through all the processes until they can gain British Standards certification. The products need to be promoted, supply and distribution chains established, CPD presentations given to architects in order to convince them to specify any new products – which is not easy. It is not easy and it is not fast, and it can take years to actually bring any alternative products on to the market – certainly, sufficiently enough to be financially viable.

550 As I said earlier, alternatives are being explored locally, but it will take years before they will be able to be specified and used in local construction products. Until then, we are reliant on aggregate in our concrete. I see the future as a mixture of traditional aggregate-based concrete products slowly, but surely, being infiltrated by new innovations until such time as they become the norm. That will take time. But that, combined with recycling as much as we possibly can, will have a positive effect on the lifetime of the proposed new quarry at Chouet.

How then, Members may ask, will that affect the financial viability of the proposed quarry at Chouet if, for example, the Island's construction and infrastructure industries only require half the aggregates needed today? Well, any alternatives to concrete will still require plants, batches and a site to process it, will still require agitators to bring it to site and will probably be introduced to Guernsey by Ronez themselves. It is in the business's best interest to embrace new alternatives and

bring them to the local market – and I know this because when I approached them to see if they were interested in creating and testing hemp-based products, they welcomed the opportunity keenly.

565 Another thing I learned during the meetings back in 2017 was that the States were approached with an inert waste-recycling initiative – Deputy Inder is nodding in agreement. This offer was declined. Why, is beyond me. We were offered £5 a tonne for inert waste that would be collected by them from Longue Hougue, taken away, crushed, graded and sold for about £12 a tonne. Not only would this have slowed down the filling of Longue Hougue and the depletion of the reserves
570 at Les Vardes, we would have got £5 per tonne in the process – deal of the century, you would have thought! No, no, not to the States of Guernsey! (*Interjections*) Not a chance, no! We waited for years before deciding that it *might* be a good idea to recycle some of our inert waste, instead of tipping it all in Longue Hougue. (**A Member:** Hear, hear.) But thankfully, sir, some of our inert waste that is taken to Longue Hougue is now being recycled. Small mercies.

575 Sir, while I fully respect the opinion of Deputy Haskins and others on this, I cannot agree with him or them on this issue for the reasons I have just set out; and I will be supporting the Committee's majority position.

Thank you, sir.

580 **The Bailiff:** Deputy Helyar.

Deputy Helyar: Sir, under Rule 17(15), I need to declare an interest in the subject matter, as I believe I am an independent, indirect shareholder in SigmaRoc, and for those reasons, I shall be abstaining on the vote.

585 Notwithstanding that, I just wish to commend Deputy Haskins again, as everybody else has, on his excellent speech. He has done a very thorough job, actually, rather than just saying, 'I don't like it' – which is *really* impressive, I have to say. So I was very pleased to hear the other side of the argument put.

Notwithstanding that, I grew up next to the Vardes Quarry, actually, and I spent many happy
590 days when I was a young child playing in the bunkers, which are no longer there, they have long since fallen into the bottom and been carried away. I do think it is important that we continue with this for the time being until we have a viable alternative.

I do think, also, in my former employment in the Civil Service working for the Water Board, many of the holes in the ground which our forefathers made are now some of the most amazing, quiet,
595 undisturbed places for nature, some of the best places to see birds like kingfishers that are very rare in the Island. And I do not think we should forget that holes in the ground can be just as good habitats as grassland. For that reason, were I able to vote – I accept that I am able to vote if I wish to, notwithstanding that conflict – I would be voting for Proposition 1a in support of the Committee.

Thank you.

600

The Bailiff: Deputy Taylor.

Deputy Taylor: Thank you, sir.

I feel a bit odd standing here, it is not very comfortable. (*Laughter*)

605 I am going start, like many people's speeches, with a metaphorical doffing of my cap to Deputy Haskins, because that was a phenomenal speech: full of fact, to-the-point, and addressed many issues. At the same time, I will highlight, I was almost disappointed with a lot of the responses to Deputy Haskins' speech, mainly picking up on environmental issues that he raised, which are absolutely valid. But I did not feel there has been a huge amount – and apologies if some came in
610 before I arrived this morning – picking up on the *financial* points that he raised, the economic arguments that he put forward, which I think were possibly even stronger than the environmental ones that he raised.

On to my own thoughts. I have to say, the first impression when I saw this policy paper and the initial Proposition, I thought, 'Blimey, there must be a *seriously* good case.' With absolute hats off again to Deputy de Sausmarez – and I mean this as a massive compliment – she is a greenie. Cut her in half and, like a stick of rock, she would just be green the whole way through, and I have admiration for that. So I thought, 'There must be a seriously compelling economic case to do such devastating damage to a beautiful area of Guernsey.' I was then almost quite surprised, reading through, that I did not feel the arguments really stacked up in favour. I will come to that. But that was my first impression on reading this.

Initially, though, I think I was quite drawn to the idea of on-Island quarrying, but I think I am conflating some different issues – and Deputy Inder, actually, brought that to the front of my mind for me. My main attraction, I think, is the use of Les Vardes as a place to dump our inert waste, or whatever we might need to put in there, or whether it is used as walking ... I have a really strong attraction to that. I think I have conflated that and brought that into this debate, that I thought, 'Okay, that's what I want to do; I want to see Les Vardes used for something decent.' I thought, 'Maybe if we don't do Chouet, then we won't have Les Vardes.'

But as Deputy Haskins has pointed out, Les Vardes is going to be empty, it is going to be a hole in the ground quite soon. That is what it is, we can cross that bridge later. I would like to know, in terms of these negotiations on land, do we not have options in terms of compulsory purchase? If that really was going to be of strategic use to the Government – and we want it to be really, metaphorically, ballsy – we do have options open to us there.

Now, I have got to touch on the history lessons from Deputy Ferbrache, because I do find it fascinating, as much as I probably poke holes and make fun of it, but I did find it interesting. The historic links are there, they are great. And I love our history, I really do. But as Deputy Ferbrache – I think it was his grandfather – said, 'We have got to move on'. I believe that was the correct quote. So, we have got to move on but, equally, we are going to stay in the past with a dirty industry that we should really be moving away from.

Then I come to looking through to see the issues why we would not import stone. What is getting in the way of supporting aggregate? The big one: cranes and training. I apologise if Deputy Roffey did address this, but it did strike me as a bit ... If the cranes are there at the moment and they are lifting stuff in and out, if we have *any* concerns about their safety or their structural suitability for craning things, we need to address that straight away; we should not just be waiting until we decide we are going to import stone – *then* we will do a survey to check that the cranes are alright. If there is *any* doubt in the minds of STSB that those cranes are not suitable for lifting things, that should be addressed pretty quickly. That should not be just flagged up as an aside here.

The other issue that come up – and it was, again, from a letter from STSB – is pilots. Deputy Parkinson is not here at the moment, but it is an issue he raised in debate on the Future Harbour. Sorry, my password is not working ... He highlighted the potential lack of pilots and the issues that could cause. And it has been mentioned, supply chain issues, if we are reliant on *yet another* item that we import – because we do import a lot into Guernsey, we cannot escape that. So, if we are reliant on these pilots – and if I go to page50, it is not page 50 if you are looking at it – it is page 2 of the STSB letter:

The issue of general pilots is of wider concern.

This is accepted. It goes on to tell us that there are currently four pilots, and:

Two of the 4 current pilots are nearing retirement age ...

Now, I just thought to myself, 'If we're currently importing all the sand and all the cement that we mix with the aggregate, what's the point in having all this aggregate on Island if we haven't got the pilots to then bring this sand in?' So, again, we might the aggregate, but in terms of supply chain issues, we are not really protecting ourselves.

One of the reasons that is listed – well, a couple of the reasons – I will read it out:

Two of the 4 current pilots are nearing retirement age, and the reduction in demand for pilotage duties due to the pandemic has cast doubt on the long-term viability of the pilotage service in its current form.

660 It says there has been a reduction in demand and we are going to, potentially, not just look to *increase* that demand – and then we could make it viable to have pilots; because we are going to need them, regardless of whether we are quarrying at Chouet, we will need those pilots.

The next issue is on storage. I take issue, here, reading through some of the bits – and Deputy Haskins hit the nail on the head with these historic decisions that we have. The policy letter tells us
665 that if we were to import stone, the best site for it would be – excuse me, I have lost the page – Griffiths Yard, but Griffiths Yard is full because we moved everyone out of the Fontaine Vinery site to move them there. Now, the Fontaine Vinery site – it was the DPA, or whatever – is a housing allocation site. It is low-lying land that I do not think is particularly suitable for building houses on. It has been highlighted, the risk of flooding there. So, instead of putting heavy industry –

670 I give way to Deputy Oliver.

Deputy Oliver: I just want to remind Deputy Taylor there is currently a development framework on there, and the GHA is currently coming up with a flood risk assessment, so that will come out in that.

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Deputy Taylor: Thank you, Deputy Oliver, for that. Absolutely, there is a development framework, and there are ways you can mitigate against flooding issues, but surely the more sensible thing is to just not build where the flooding risk is.

But it is a historic site that we allocated for housing and we are sticking to that decision, despite
680 it kind of does not really make sense. We have moved this heavy industry out, into a site that would have been suitable for the importation and storage of stone, all because of these historic decisions. I do not like being bound by a decision something ... This probably does not sound right, I am going to shoot myself in the foot here. This could have been a decision that my dad made when he was my age, and I am trusting ...

685 Anyway, a real big one here is the environmental issues. I am really disappointed, everyone I want to speak to is not here. But Deputy Trott really did highlight – I think, quite importantly – how many things there are on the Environmental Impact Assessment that will be impacted. When he was reading through the list, I had Joni Mitchell in my head, and I think he got there just in time, he went, because otherwise I would be saying:

*Don't it always seem to go
That you don't know what you've got
Till it's gone
They paved paradise
And put up a parking lot*

690 So I am glad that he has learnt what is there and what we could potentially be losing before it is too late. I did like that he admitted that he did not know something, I'll say that now, but I think it was more shocking that he is actually trusted with a handgun. *(Laughter)*

But the point of an Environmental Impact Assessment is a really good point to raise. These documents that we have had – I have read mine online, I have not printed it – you need an
695 Environmental Impact Assessment just to print these things. They are such substantial documents with *huge* amounts of paper. If we all printed that, just the stack of paper that we would have needed to use, just to look at the Environmental Impact Assessment – and then we just throw it all away! We just get all that paper, throw it up in the air; it is completely useless.

Deputy Kazantseva-Miller did raise that this is still going to be subject to a planning approval, it
700 will come before political Members, and there will be an extra layer of scrutiny we will be able to see. But notwithstanding any application or any decision that we would have to make coming into that, an Environmental Impact Assessment just gives you an assessment of the impact on the

environment. If it can be demonstrated that there is no alternative, then you just have to accept the environmental impact. It is nice to know, you can note it, but it is just going to be put on a shelf that 30 years ago, these environmental items used to be in this area, but now they are not.

So it is great seeing such a detailed Environmental Impact Assessment but, if we are just going to throw it out, what was the point in doing it? I could have told you, I could have gone down to Chouet and said, 'Well, if you dig a 30-foot –'

I will give way to Deputy Oliver.

Deputy Oliver: Point of correction, sir. The Environmental Impact Assessment will not just be thrown out; it has to guide the planning application, and that is written in law.

Deputy Taylor: That is absolutely correct: it is written in law. But if we get in a situation where there is no alternative option, and the applicant can address that there is no other suitable location, and they give the mitigating factors that they will take, it is effectively disregarded. The damage can be done. I stand by that comment.

So, if we really wanted to just go, we could have just gone down there and we could have said, 'Well, look, take 30 metres away, you're going to see the damage. Why did we need to really know?'

The final part, though, on the environment issue – and I believe it was Deputy Haskins or Deputy de Sausmarez – around Scope 3 emissions. It is not something I confess to knowing much about, so I did just quickly Google it. It is interesting to then, as Deputy Haskins said, suddenly start calculating our Scope 3 emissions in this. And I wonder how far we would then take that. It seems, unless this is a lovely old piece of Dutch elm, I think we have got huge Scope 3 emissions in this room! All our clothes would be subject to Scope 3 emissions. Is that the way we are going down? It just seems funny to suddenly include that there.

Accepting that there is going to be emissions with it done off-Island – I do not deny that. But, for me, I just cannot support – based on the arguments that Deputy Haskins put forward – Proposition 1a. And I would urge all other Members that we should save that strategic resource. It is a *strategic* resource and, once it is gone, it is gone.

I would like to end with a question which has come about – I do not know if it would be to the Comptroller or the Bailiff. It has been raised a lot in debate that it will be Ronez that will be taking on the quarrying there. Perhaps I read it differently, but the only Proposition that relates to Ronez is that they will carry out an environmental – my laptop has gone off again – offsetting scheme, a biodiversity net-gain pilot.

Is there anything in agreeing to these Propositions, as put in 1a and following on, that is actually then linking Ronez in, or is this still open to anyone else for tender? The States are the majority landowner on the site. But it is just something that came up in debate, it has been spoken about that Ronez are ... I understand they are the only quarrying operator on the Island, but it just seems to be given as a fact that they are the *de facto* quarrying company and they will be doing it. But, in approving these Propositions, will we actually be appointing Ronez for that role?

Thank you.

The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir.

I have quite strong views on this and would have liked to speak at some length, but I must declare an interest under Rule 17, paragraph 15, as well, as I have a very indirect small interest in Ronez through an investment fund and a series of subsidiaries.

Having declared that, I would just say that I am very impressed with the paper brought forward by the Committee *for the Environment & Infrastructure*; I think it is a thoroughly well-researched piece of work.

I listened very carefully to Deputy Haskins, who I thought made a brilliant speech but, unfortunately, it did not quite convince me of the correctness of his position. I also listened very

755 carefully to Deputy Leadbeater and I thought he made excellent points. On balance, I would feel that we should go with Proposition 1a.

There has been a lot of talk of saving the stone for a rainy day and importing. I do not think that is realistic. Once you stop quarrying on this Island, the equipment will all go, nothing will be here, so there will be no chance of bringing it back at all, realistically.

760 Thank you, that is all I will say.

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.

765 Sir, I grew up in a family of builders, really, and I can remember travelling in my father's small building truck, going down to Best's Brickfield to pick up his blocks. At that age, five or six, I thought the bricks grew in fields, but they did not. And now, more recently, I had cause to visit Brickfield House, which I honestly did not know existed – it is a huge two-storey building for the Water Board which is quite interesting to see, actually.

770 I think concrete has been used for thousands of years, the Romans invented it. We talk about 'aggregates', and aggregates are already imported to the Island for garden centres, for instance. You can use river pebbles in concrete, it is not as strong as the crushed rock that Ronez produce. And indeed, anyone who has ever had to drill a hole in a blue granite block will know exactly what I am talking about. That material is very strong; and it has served us well.

775 If you have any major structural engineering works, reinforced concrete is obviously the way to go. You are not going to escape that. The best aggregate you can be using, at the present time, as well as a reinforcement bar – the high-tensile bars which are included in that – would be the concrete aggregate, the siftings that are created by Ronez. Ronez have been involved in building for a lot of years. Ronez are an institution, now. The quarry at Best's Brickfield filled up with water. So it is over to Ronez.

780 I have personally supervised pores of hundreds of tonnes of concrete, be it putting in piles or in ring beams, or putting it in concrete floors, and they have got the infrastructure there to deal with large buildings. I have probably supervised thousands of tonnes of reinforced concrete pores. You do need a lot of lorries, you need pump lorries, you need the equipment, you need lorry drivers – as we have just found out recently in the UK. So that is pretty important.

785 Now, at the moment we have got a housing crisis, I am told, and everybody is looking for affordable houses. This is probably important, that we keep producing those materials on Island. Everybody lives in a house which probably has a concrete something, whether it is in the foundations, the footings, if it is the haunchings over the pipes for the drainage, the drainage pipes. 790 It is used absolutely everywhere, it is used in the lintels over doors and windows. Absolutely everywhere – some concrete fire escapes. Some people have concrete tiles on their roofs; concrete blocks and the siftings; in the road, gravel paths, of course. It is used absolutely everywhere.

795 So I am going to support 1a and I am going to do so because I believe Ronez are good corporate citizens. I believe they have got a good track record over the years and they produce a really good product. The blocks that they produce, which are used for building, are second to none. *Really* good, really strong product, and made on Island. So I will be supporting 1a.

The Bailiff: Deputy McKenna.

800 **Deputy McKenna:** Thank you, sir.

It is just to say I will be supporting Deputy Haskins and Deputy Dudley-Owen. It reminds me of many years ago in Guernsey, there was an argument between the upper parishes and the lower parishes: who would get the advocates and who would get the tip? And the Vale won. (*Laughter*)

805 But, since then, things have changed. I remember in 1980 I was standing on the 18th tee box with Mr Ray Lowe, Mr Derek Stuckey from Norman Piette, and with Air Vice-Marshal Sir Peter Le Cheminant, 1980. We looked across L'Ancrese, Pembroke, La Jaonneuse, Chouet and Ladies Bay.

And Sir Peter said, 'This is heaven on Earth but, one day, you won't see that.' And we were looking towards La Jaonneuse and we could see the sea.

810 And I said, 'Sir Peter, it's okay,' because I know Mr Horton – Stan Horton had an open-market bungalow just off the 1st tee box. I said, 'The Board of Administration have promised it will never go above window-level.' And he smiled and said, 'You've a lot to learn.' He said, 'You mark my words – remember this day.' And if you look now, on the 18th tee box, across the whole of La Jaonneuse, it must be 100-foot high, that mountain. As Deputy Haskins and Deputy Dudley-Owen have said, if you go ahead and do this to the people of Vale and St Sampson's that habitat, which is a piece of
815 heaven on Earth, the jewel in the crown of Guernsey, will never be the same again.

I hear about blocks and I hear about aggregate and how much. Think of what we have got. It is a piece of heaven on Earth.

I agree with Deputy Dudley-Owen and Deputy Haskins; and I agree with our former Lieutenant Governor, who was a wonderful man and a former RAF pilot and a war hero. Sir Peter said, 'It is a
820 piece of heaven on Earth and it should never be touched.' And I agree with him.

The Bailiff: If no one else wishes to speak in debate, I will turn to the President, Deputy de Sausmarez, to reply to the debate.

825 **Deputy de Sausmarez:** Thank you, sir.

I thank Members for what I think has been a really good and constructive – if you will pardon the pun – debate. Deputy Haskins has got me going there. I think it has done what I was hoping it would do. Because, to me, this has never been a simple, straightforward issue, and I think it is really important that the Assembly considers these different issues and gives them the focus that I think
830 they deserve. So I think this debate has gone some way to doing that and I thank all Members for their contributions.

I will just go through, in order, and try to answer any questions or address any points as they came up.

Deputy Queripel asked whether the biodiversity that will be lost would be replaced, and I can
835 assure him that if 1a is supported, yes, absolutely – and more than that, in fact. Ronez have been very good in discussions with us and have agreed to several measures that go actually above and beyond what we would expect them to do as part of the planning process. They have agreed to pilot biodiversity net gain and they have agreed to localised environmental enhancements as well. So I hope I can set Deputy Queripel's mind at rest on that point, and I am sure it will come as
840 absolutely no surprise to him that that was one of my – and the rest of the Committee's – key areas of focus, as well.

Deputy Haskins has rightly attracted much praise for his very detailed speech and I, too, thank him. I was really glad that we were able to present the different sides of this argument because, as I say, it is not straightforward and I think Deputy Haskins' speech really helped set out some different
845 perspectives.

I would start by saying I absolutely agree with him in highlighting the negative impacts on the local environment there. These are issues that the whole Committee has been grappling with and absolutely form an essential part of the conundrum for us. He certainly raised some good questions and offered some good visionary solutions about how we might do things differently and transition
850 to an 'intelligent, circular economy,' as he described it. We asked those questions as a Committee, as well, and explored the viability of more sustainable alternatives to understand the future demand for aggregate. I agree that there are some aspects in particular which have got some really exciting potential.

But I think, actually, Deputy Leadbeater came on to address this better than I probably would: in that, I think, while there is some very exciting potential, we are not there yet, and we are actually
855 not particularly close yet, in terms of that market scale that would be required. So I think we are still some time away from these alternatives being viable, mainstream alternatives. It is certainly something that is tackled in our Climate Change Policy, this 'circular economy,' so as and when we

860 have the funding to do that, we will. I think Deputy Bury made a good point that, actually, the break clause in between phases 2 and 3 and the work that needs to be done before that gives us, and future Committees, a really good deadline to work towards in that respect. So I think that is a helpful focus.

865 Interestingly, when we explored this locally, I think one of the barriers to using more sustainable products that are already on the market at the moment seems to be a lack of confidence, almost, within the local trades with respect to using them. I think actually that is one barrier that can be quite easily overcome. So with the more sustainable materials and techniques that are currently available, I think there is some work that we can do very quickly in terms of arming the local trades with the information and the confidence they might need to embrace those more effectively.

870 I think Deputy Haskins is also right to point out that if industry does not move away from aggregate-based techniques and products then, at some stage, we will need to move to full importation anyway. He framed it as a choice where we can either move to full importation now or move to full importation in 30 years or so, and that could be right; but I think the pertinent point that I do need to stress is that moving to full importation is associated with an increased cost. So, at whatever stage we jump on that train, we will be paying a higher ticket price. So if we do that
875 sooner, we will be paying higher costs for longer.

Deputy Haskins ran through some areas that he was concerned would add to the costs associated with the cost of quarrying at Chouet. He was transparent and did say that his workings were very much 'back of the envelope' estimates. But I have checked with Ronez and they have confirmed that the costs directly attributable to Chouet are nowhere near £35 million. Ronez expect
880 the cost – and therefore, the selling price of aggregate produced at Chouet – to be the same as at Les Vardes and the capital cost for the new plant would be written off over the whole site. So, hopefully, that can provide the necessary assurance to Members who are concerned about the aspects that Deputy Haskins raised.

I do think Deputy Haskins was also right to highlight the landscape impact, that is absolutely
885 going to be the case if 1a is supported. But, as other Members have pointed out in debate, it is not necessarily permanent, and I think the most recent person – who was it? Deputy Helyar actually said that holes in the ground can be some of the Island's most biodiverse hotspots in terms of nature, as well. But biodiversity net gain is a mechanism, as well, where we ensure that, over the lifetime of that particular development – because it is a development, in planning terms – the biodiversity
890 value would not just be restored, but would in fact be enhanced. Although, absolutely, there is no getting away from the fact there would be landscape and natural impact, localised environmental impact. Hopefully, that is some reassurance.

The issue of shipping-related carbon emissions: I think, again, it is very tempting to get drawn into the detail, and I think some of the detail that Deputy Haskins talked about was interesting. But,
895 to me, it is a question of proportion. The figures in the report were not marginal. The conclusion in that report is that: 'The embodied carbon emissions associated with full importation were around a factor of two higher than emissions for quarrying at Chouet'. So I think the difference in some distances is not likely to make enough of a difference to alter that fundamental fact.

I think you can say, as well, that if you just take this back to basics and think about it at that more
900 fundamental level, the logic does hold that if you add in the emissions associated not just with the mining of the aggregate elsewhere, but you add on top of that emissions associated with having to transport what is a very heavy and bulky material, it does make sense that those emissions will be higher than mining locally. So I would ask Members to look at it in that broader context and understand some of the fundamental issues of proportionality we are talking about.

905 Also, of course, there is no guarantee that aggregate would be mined from the *nearest* possible location. I think that would be subject to commercial market forces. It could well come from further away. One of the other assumptions in the report was that we do not count emissions on the empty return legs – which actually arguably we could and should – and things like that. So I think I would ask Members to keep a focus on the proportionality of that particular issue.

910 The same goes with on-Island transport, in a way. I think, again, the policy letter draws attention itself to the fact that there are variables. I think Dr Brink often uses the phrase – sorry, *the Medical Officer of Health* has often used the phrase – that ‘all modelling is wrong, but some of it is helpful’; and I think that is the case here. I think the kinds of differences we are talking about and the variables are not enough to swing a fundamental change in that case.

915 I think there will obviously be an increase – if 1a is supported – in industrial traffic in that area. It has been an industrial area for various purposes for some time and I think, historically, traffic volumes would have been higher as well. But also, the way that the transport is arranged ... So, when you just look at the numbers and you cannot look at the variables, actually when you understand how it works in practice, quite often those journeys are tied in with other purposes to make them more efficient as well.

920 So I do thank Deputy Haskins for his contributions, but I hope I can provide Members with some reassurance in terms of the cost and the carbon emissions, in particular. But I do think he raised some important points and I am glad that they have been given due consideration in the course of this debate.

925 Deputy Inder, yes. The interesting thing about this policy letter is that actually the timelines around it ... The reason we are bringing this separately to anything to do with inert waste, is because the industry needs that certainty about the future supply of aggregate. There is a lot of work to do, whichever option is supported in the Assembly today, to prepare us; whether that is quarrying on Island or whether that is a move to full importation. So the industry really needs to know. Actually, Deputy Inder was involved in those discussions, they were three-way between myself and him and Deputy Mahoney from P&R, and then we went on to talk with STSB, as well. So Deputy Inder was involved in those early discussions.

930 Actually, at one point, I thought that it might be Economic Development almost leading on this, on a combined policy letter. But as it became clear that the timelines just were not going to work, in terms of fitting all those other bits of the puzzle in, and we had to look at this issue of aggregate supply independently of the other factors that are so tempting to combine in, it really did just fall back to E&I to bring it, as that is in our mandate.

935 But I think that is the point: we have actually heard arguments in this debate for using Les Vardes for inert waste and we have heard other arguments for using it for long-term water storage. The point is, we do not have enough information at this point in time to be able to make the kind of informed decision that we would need to make.

940 I am jumping only just slightly ahead, to Deputy Brouard. Deputy Brouard, of course, advocated the use of Les Vardes for water storage and he was quite right to highlight the changing scenario in terms of climate change. But also, there are other potential benefits as well, including the more efficient system that we could adopt if Les Vardes were plumbed into that network. It might enable, for example, Guernsey Water to *not* use some of the smaller quarries, which are comparatively expensive to run at the moment; and they, indeed, could be used for other purposes as well.

945 So it is quite complex. I am not pre-judging any decision. That is something that will have to come back to the States. But I am saying that there are an awful lot of considerations – and that, again, is another issue that does need to be looked at very carefully and not just have a superficial snap decision made over it.

950 Deputy Inder did ask a question relating to the overburden and whether it could be used at Mont Cuét, and the answer is ‘Yes’, that is part of the plan. If Chouet is quarried, then diverting whatever overburden is required at Mont Cuét is indeed part of what is planned.

955 I thank Deputy Burford for her contribution. I think I have covered Deputy Brouard.

Deputy Brouard also made the point about consideration of the neighbours and this is something I feel really strongly about. We are being asked to make a strategic decision but, from where the neighbours are sitting, this is going to have a big impact on them. I think we do need to recognise that and I think that does need to factor in our decision-making.

960 Deputy Kazantseva-Miller talked about some of the constraints around infrastructure. She asked about the difference between the appraisal and the EIA, and I think this has been teased out a little

further over the course of the debate. Basically, the information that we need at this stage is a higher-level set of data to inform the strategic decision.

965 Now, I have talked before about something called a 'Strategic Environmental Assessment,' which is a tool that we do not have in our toolbox in Guernsey, but we did our absolute best to replicate that framework through the policy letter, and took into consideration as many as possible of those factors that would have been used had we had a Strategic Environmental Assessment. The EIA is a much more detailed bit of work – it looks at that more granular detail – and its job is to inform how those impacts can be avoided or mitigated. That is something that, as Deputy Oliver has pointed
970 out, is an integral part of the planning process, and rightly so.

Deputy Kazantseva-Miller also asked about the commercial negotiations and what would be taken into account, and I can assure her that absolutely, my understanding – and this is something that is led by P&R on the whole – but I think everyone involved in those is absolutely clear that the negotiations do need to be working for the best interests of Guernsey as a whole, and take a range
975 of considerations into account. I am sure that is exactly the intention and certainly the way they have been carried out so far. So yes, very much so.

Deputy Falla, I think, mentioned the *Torrey Canyon*, which has not really been referenced very much, and I think it is right to talk about that. It would be such a good opportunity to finally get that cleared up.

980 Deputy Trott asked that, 'If the Pistol Club needs to be relocated, who would be liable for the cost?' I would say that (*Interjection*) my expectation is that it certainly would not be the responsibility of the Pistol Club or their members themselves. But I would also remind him that the Pistol Club – and indeed the Model Flying Club, as well – they would only be impacted in phase 3, and we have asked for, effectively, a break clause in between phases 2 and 3. So there is quite some considerable
985 lead-in time to find alternatives and to work out all those details; and of course, it would all come back to the States.

Deputy Ferbrache expressed his view that building costs are already horrendous so, whatever we can do to prevent them from rising further, we should be doing, especially in the context of our need for more housing. And I was glad, again, that he expressed sympathy for the neighbours, with
990 which I wholeheartedly concur.

Deputy Meerveld was, I think, the first person after Deputy Haskins to really focus on this idea of keeping our resource for a rainy day, and I think actually Deputy Dyke put this most concisely. My concern is that, first of all, there is some slight circularity to the logic that, on the one hand, we think that industry over the medium term will be moving away from aggregate-based products. If
995 that is the case then actually that resource is no longer as needed.

The other point is that I think once we lose the skills, the knowledge, the expertise, the equipment and the infrastructure to actually quarry on Island, I do not think it is going to be easy to put it back into place in any way quickly or cheaply. So I think that is a slightly misleading argument – sorry, not 'misleading' at all. To me, it is not a particularly compelling argument. I do not think that hanging
1000 on to a stone reserve with the idea that we could 'switch it back on' if ever we need it, is particularly realistic.

Deputy Meerveld also talked about monopolies and importation. I think it is worth pointing out that anyone can import aggregate at the moment – and I think it actually underscores the fact that it is the more expensive option, the fact that we do not have lots of different people competing in
1005 this field to import.

Deputy Mahoney said that it was an easy decision for him. Well, he and I are clearly quite different. It was not an easy decision for me! To answer his query on the differences in terms of the figures and timelines: really, that is just because there are so many variables at play, so there is a natural range.

1010 Deputy Gollop was not the only person to do this, he did use this analogy of – he did draw a comparison between the ethical question on this and the waste situation. Deputy Dudley-Owen did this too. I think it is a very misplaced argument, because exporting our waste was certainly not a more expensive option than the incinerator – from my memory, it was actually cheaper. But, more

importantly, it is also environmentally better. I will come on to that in a bit more detail in response to Deputy Dudley-Owen's points.

I thank Deputy de Lisle for his erudite contribution.

Deputy Blin – Deputy 'Blan', Deputy 'Blin', I am alternating my pronunciations today – he said that the question seems to come down to economic factors and actually, speaking for myself, what swung it for me was the overall environmental impact, that was really what pushed me to one side of the line.

I think I have already dealt with the queries in response to the figures that Deputy Haskins alluded to and the issue of monopoly.

I think the only thing that has not been covered in my response to other people's points is, I think he mentioned Lagan and their importation of aggregate. I think it is important to understand the infrastructure was different then and there was actually a temporary port available that is not available to us now to import that, so the infrastructure setup was quite different.

Again, he says, 'Well, we are going to need to import aggregate eventually' – assuming that the industry has not moved away from aggregate-based products. But really it comes back to the fact that if we import now we incur higher costs now and we will continue to incur higher costs.

Deputy Bury: I think her approach to this issue is very similar to mine. She talked about her concern about the environmental impact elsewhere. Certainly – although it is very easy and very legitimate to focus on the localised environmental impact – for me, like Deputy Bury, it is important to recognise environmental impact in other people's localities, and indeed the wider picture.

I hope I have allayed her concerns over carbon emissions. As I say, it does come down to this question of proportionality. I think, irrespective of the specific distances we anticipate we might need to import, having to import aggregate is going to naturally lead to a higher carbon cost due to the fact that it takes up a lot of space and it is not light. I completely agree with her analysis of the break clause between phases 2 and 3, I think it is an excellent opportunity and something that provides a really natural focus to work towards, in terms of those alternative, more sustainable materials and techniques.

I thank Deputy Fairclough for his contribution as well. He did mention that this decision just cannot be delayed any further, and that is really why we are debating this right now. I think it is important that we make ... Whatever decision it is, it is a decision that is taken now so that we can get our ducks in a row and not impact supply. He also reminded us that negative localised environmental impacts will, quite rightly, be dealt with at the planning stage; and Deputy Oliver followed him with much the same message.

Deputy Oliver, I think, listed some of the things that really do matter to people. We see this time and again but obviously, with a development of this scale, those are all going to be particularly magnified. I think her reassurance about the full Environmental Impact Assessment and the full Traffic Impact Assessment informing the planning decisions, and the aspect of a full public consultation, was really welcome. Again, the purpose of those things – the purpose of the EIA and the TIA – is to avoid the negative impacts wherever possible and to mitigate. The planning process is robust and it can impose really very specific planning conditions to ensure that those impacts are well mitigated.

Deputy Roffey explained some of the implications in terms of the harbours. He said that, for him, this was a head-over-heart decision, and that summarises my position as well.

Deputy Dudley-Owen talked about the negotiations. These are in the remit, in the mandate, of P&R – although, as the Proposition does explain, it is something that E&I certainly will be involved in too. I was a little bit surprised actually that Deputy Dudley-Owen expressed her concern over this, as she supported the delegation of a very significant amount of money – I think, to the tune of about half a billion pounds – to P&R. So hopefully her trust extends to them to carry out commercial negotiations as well, in that vein. I do not think that actually thrashing out the issues in this Chamber would in any way strengthen our negotiation position – in fact, quite the opposite. So I am content to leave that to the people who are tasked with that job.

1065 Again, she touched on the use of strategic reserves – I think I will just carry on, if that's okay – which I have already explained I do not think it is just a case of having them there and then flicking a switch and then we have got them back. I think it is this idea that we can have our cake but not eat it, I think actually getting back in to eat it is the problem. Risk of pollution is something that would be picked up through the planning process and obviously avoided or mitigated. The boat, she mentioned in terms of importation. I think she was conflating two different types of boat, because of course it does depend on what you are importing and where it is being imported to. So there is a fundamental difference.

1075 I have already touched on the waste analogy. Yes, I think we do need to go into this in slightly more detail. This idea that we can be *wholly* responsible for something, I think you do need to look at the overall impact. In the case of the waste, we can deal with that much more efficiently by exporting our waste elsewhere, because they have got ... So, in the case of recycling, we can send recycling off Island, it can go into the big industrial processes, it can be recycled. I have never really heard anyone suggesting that we set up a smelting plant or whatever might be required to do all our recycling on Island, we obviously do not have the scale to make that viable.

1080 Scalability is, again, the problem we have and was the problem that we had with the idea of an incinerator. So actually when you compare what kind of incinerator we might have had on Island, it was absolutely nothing, in terms of its efficiency, compared with the scale of incinerator that actually our RDF does go into. And actually we know that it goes into a much more efficient system which recovers much more of the energy lost.

1085 So I think, in both cases, when you look at the overall environmental impact, it makes sense to do what we are doing with waste on an environmental basis and it makes sense on an overall environmental basis to quarry on Island because, in both cases, the overall environmental impact is reduced by those options. So I do not think that is the right way to draw the analogy.

I thank Deputy Matthews for his contribution.

1090 Deputy Leadbeater, as well, I think, drew out a point much better than I would have been able to about the alternatives. I certainly would agree with him, and I know that these conversations are going on locally and I also know that Ronez, themselves, are very interested in exploring and indeed supporting these alternatives. So I am hopeful that is a workstream that we can accelerate.

1095 Deputy Helyar made the point about former quarries and their biodiversity value and I would agree with him.

Deputy Taylor, I think I have covered his issue about the difference between an Environmental Impact Assessment and a Strategic Environmental Assessment. Scope 3 emissions, we do cover this in the Climate Change Policy but I appreciate he was not in the Assembly when we debated that. As one of our resolutions from the Climate Change Policy, we accept that we cannot accurately quantify our Scope 3 emissions at the moment because we do not have the relevant metrics, etc. We have got a Resolution that we want to try to *not* increase them wherever possible. So, although we do not know the specific quantum, we have a policy of trying to not increase our Scope 3 emissions.

1105 Now, he and Deputy Haskins were quite right that Scope 3 emissions, at this point in time, beyond two identifiable strands of Scope 3 – which are cruise ship emissions and waste export – do not count towards our 'carbon audit', our 'climate/greenhouse gas audit', or would not count towards our net zero. But the intention is those will be brought in as and when we can quantify them. But, again, I think this is semantics. Irrespective of whether we are auditing them, the fact remains that these emissions will be generated, and there will be more emissions generated overall if we move to full importation than if we continue quarrying on-Island. So at the end of the day I think, again, it is an issue of those more basic principles and the fundamental proportionality.

He also asked a question about whether this was open to anyone or just Ronez. I think really the fundamental fact here is that Ronez own a chunk of the headland and that is what their case is based on. (*Interjection*)

1115 Deputy Dyke, I think, made the good point that saving the stone 'for a rainy day' is not really quite that simple.

Deputy Vermeulen, I thank him for his very interesting history of concrete and construction, and he did make the point that we do have pressures in terms of what we need the industry to do, not least in respect of housing.

1120 I would agree with Deputy McKenna that it is a really lovely part of the Island; and it has been quarried actually, that headland, for the best part of the last 200 years. The landscape does evolve in this Island; we have seen it in so many different places.

1125 If this were just a decision about whether we should quarry at that headland or not – as Deputy Haskins I think said – I, and certainly I hope no one else, would say, ‘Yes, let’s just do it, it sounds like a great idea!’ But that is not the decision we are being asked to make today: we are being asked to choose between two very specific options, and those are the only two options that are viable, and it is a decision that needs to be made.

Really, it is a question of whether it is better – or, in the words of Deputy Bury, ‘less worse’ – to quarry on Island or to move to full importation.

1130 So, after very careful and detailed consideration, my view and the view of the majority of the Committee is that, on balance, it would be better to continue quarrying on Island, and that is in support of Proposition 1 a; and those Members that concur with Deputy Haskins should therefore vote for 1b. But I am just very glad that the Assembly is now going to make the choice. I would urge everyone to vote for one or the other, though, because an abstention is really not going to get us anywhere helpful at all.

Thank you very much.

The Bailiff: Well, Members of the States, I am going to put to you first Proposition 1a. To enable Deputy Helyar to record his abstention, there will have to be a recorded vote.

1140 So we will have a recorded vote on Proposition 1a, please, Greffier.

There was a recorded vote.

Carried – Pour 27, Contre 9, Ne vote pas 2, Absent 1

POUR

Deputy Aldwell
Deputy Brouard
Deputy Burford
Deputy Bury
Deputy Cameron
Deputy de Lisle
Deputy de Sausmarez
Deputy Dyke
Deputy Fairclough
Deputy Falla
Deputy Ferbrache
Deputy Gabriel
Deputy Inder
Deputy Kazantseva-Miller
Deputy Le Tocq
Deputy Leadbeater
Deputy Mahoney
Deputy Moakes
Deputy Murray
Deputy Parkinson
Deputy Prow
Deputy Queripel
Deputy Roffey
Deputy Soulsby
Deputy St Pier
Deputy Trott
Deputy Vermeulen

CONTRE

Deputy Blin
Deputy Dudley-Owen
Deputy Gollop
Deputy Haskins
Deputy Matthews
Deputy McKenna
Deputy Meerveld
Deputy Oliver
Deputy Taylor

NE VOTE PAS

Deputy Helyar
Alderney Rep. Snowdon

ABSENT

Alderney Rep. Roberts

The Bailiff: Members of the States, this means, potentially, that it will be Proposition 2, rather than Proposition 3 being put to you. But Deputy Helyar, can I do that *au voix*?

Deputy Helyar: Yes.

The Bailiff: So unless there is any request for a recorded vote, we will just do Proposition 2 in due course *au voix*. Thank you very much.

The voting on Proposition 1a then, Members, was that there voted 27 Members Pour, 9 Contre, 2 abstentions, 1 Member was absent, and therefore I declare Proposition 1a duly carried.

I am going to put Proposition 2 to you now. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare Proposition 2 also duly carried.

STATES' TRADING SUPERVISORY BOARD

7. Guernsey Electricity Limited – Annual Report and Accounts – Proposition carried

The States are asked to decide:-

Whether, after consideration of the Policy Letter entitled 'The Island's Future Aggregate Supply' dated 28th June, 2021 they are of the opinion to note the Annual Report and Accounts of Guernsey Electricity Limited for the period ended 30th September 2020.

The States' Greffier: Article 7, States' Trading Supervisory Board, Guernsey Electricity Limited – Annual Report and Accounts.

The Bailiff: I invite the President of the Board, Deputy Roffey, to open debate. Deputy Roffey, please.

Deputy Roffey: I will not take it personally that there is an exodus as I rise to my feet. *(Laughter)* In a way, I can understand why there would be, because in effect we almost had a dry run of this a few weeks ago when we were discussing regulation, and the state of the finances of Guernsey Electricity was well ventilated then.

I think all I need to say this morning is that the Report and the Accounts are what they are. The Report on the operations of the GEL is highly satisfactory. I think, from an operational point of view, they had an extremely satisfactory year – or 18 months, I should say. Financially, they are still in a perilous position. At the time of the accounts, it was a 41% gearing; it is heading rapidly towards a 50% gearing at the end of this calendar year. And, as a result, they are completely unable to invest the sort of money they ought to in the electrical infrastructure of the Island. Hopefully, the decision we made a few weeks will start to put that right, but it looks pretty grim on the accounts.

I am happy to try and answer any questions but, particularly for newer Members, I would just point out, if they are really detailed questions, Guernsey Electricity's relationship with the STSB is very different to the unincorporated entities like Guernsey Water or States' Works. We do not operate as their board or their group board, we are simply the shareholder representative. They have their own commercial board and have had for very many years. So I will do my best to answer any questions but, if it is really detailed, you may have to refer them to GEL.

The Bailiff: Deputy Gollop.

Deputy Gollop: Thank you very much, sir.

1180 In reference to Deputy Roffey's passing observation that a few Members left the Chamber, I made the observation to Deputy Meerveld and others on SACC that maybe we should look to institutionalise mid-morning or mid-afternoon breaks. But that is nothing to do with electricity – except static electricity, maybe, in the Chamber. *(Laughter)*

1185 The Reports as published in the Billet are not an easy read because they contain much information of corporate governance, technical, financial, environmental, and so on. Of course, one forgets that the electricity is very much part of the 30 days – sadly, up today – of the Sustainable Challenge Initiative; and they have had very good promotion, I think, of sustainability as a concept.

1190 Nevertheless, there are issues in the report that are curious – and we could do with another masterclass, maybe, on interpreting STSB reports. One of these, for example, is the cash movements. A year or two ago, there was a transfer of several million back to Treasury – and now I think there is a bigger sum – whereby Electricity are keeping £4 million within their accounts, rather than transferring it. So one is intrigued as to why that is happening.

1195 Another issue is the strong hint from the Chief Executive that Guernsey has a strategic choice to make very soon about whether to invest in another power link, or reinvest in diesel-generating, or equivalent capacity, on Island. The hint is that we cannot do both, with the implication that maybe we should focus our resources on another link to France. Now, that is a huge strategic issue, and I think we need more mileage on that. The tariffs issue is mentioned in the Report as well, that also the nature of regulation perhaps, and the observation that tariffs have not changed for 10 years.

1200 There was also a lot of emphasis in the Report that the more people turn to sustainable alternative renewable sources, the worse it structurally becomes for Electricity financially. Therefore, there is a demand for greater transparency to the consumer to inform them of real costs – separating perhaps standing charges from consumption. But there is also an observation that perhaps we are not fully aware of that there is a year-on-year-on – despite the pandemic – decline in the use of electricity. The Report hints that we have come to answers on subsidies for electric vehicles and renewables – I do not think we have – or even all of the planning issues relating to use.

1205 So for me, the Report could do with another presentation, a scrutiny seminar or something, because there are a lot of issues contained within it, that look extremely important for us on many levels, in terms of regulation, in terms of capital development, in terms of understanding the best ways of politicians shaping the destiny. Because the Report also makes the point that the States is, really, the sole shareholder of the company.

1210 One other point that I know Deputy Roffey has considered in other walks of life is the pension situation, and there was certainly some evidence within the Report that one of the reasons Electricity are making a small loss this year is because of the pensions deficit within their accounts. So that is another issue that I think we all need to address.

1215 **The Bailiff:** Deputy Inder.

Deputy Inder: Sir, just briefly, I think it is fair to say that any technical questions which Deputy Roffey will be incapable of asking, I will not ask him. But I do want to ask some political questions and they are related to the Accounts.

1220 A policy letter of last session – I think it was Deputy Trott, actually, who got up and said it was the most interesting Friday afternoon he had ever had when it was announced in the States that the Guernsey Electricity Board was starting to hit its banking covenant. I can address this to Deputy Fairclough, actually. That sounds to me *fairly* serious, and we were only made aware of it as a consequence of a policy letter; and effectively there was a sort of, I would not say ‘mild threat’, but basically, had we not adopted this policy letter the States’ Electricity was going to be in some serious
1225 schtuck. Now, we spent a lot of time asking ourselves Rule 14 questions on this, Rule 11’s on this, and they were all very high-level and not very interesting.

What has been missed here is that ... I do not understand this and I would really like to know: when was the Operating Board aware that it was in, effectively, financial problems? When did it realise it was hitting its bank covenant? Was that ever reported to STSB? And what was the
1230 Commercial Board’s responsibility in reporting that through?

It should worry everyone in the Assembly. We mess around every day with these Rule 14’s, Rule 11’s. I have got a Rule 14 from – actually, strangely enough – the President of Scrutiny about the cost of the Airport. Yet it has been completely missed, the public accounts element of this. It should concern every single Member of the Assembly, because as soon as these things go wrong, guess
1235 what happens? We are going to see the same with Aurigny, we have seen the same with the Electricity Board – they always come to the States of Guernsey and it always comes to the taxpayer. Now, something is not quite right here, and I would really like to get to the bottom of this.

I would encourage Deputy Fairclough – we have had that conversation separately, and Deputy Burford is not here – to actually start looking at something that looks like a PAC. Because, right now,
1240 we have not got it.

Now, the truth is, irrespective of our political differences, there is not one person I do not trust in this Assembly. But when that day comes that we start getting an Assembly that cannot be trusted, the scrutiny has to be a lot better, a lot faster, a lot more determined, a lot more forensic, a lot more focused, and a lot more scarier. What scares me the most is, we do not have a Scrutiny Committee
1245 that acts like a PAC; and that should scare every single person in this Assembly.

A Member: Hear, hear.

The Bailiff: Deputy de Lisle.
1250

Deputy de Lisle: Thank you, sir.

There are several references in relation to the Report with respect to Guernsey Electricity’s claim that they switched to 100% renewables a year ago and they have received verification that, of the imported power, 58% was generated by hydro, 19% by solar and 23% by wind. This power has been
1255 injected into the European grid, which Guernsey Electricity assesses via the GJ1 sub-sea cable.

I feel that there is some ‘greenwash’ here, in my estimation, that Guernsey Electricity must stop misleading the public with respect to this issue. Guernsey Electricity are sowing seeds of confusion to make themselves greener than they really are. There is not a special ‘green grid’ that sends renewable-only generated energy to homes and businesses in Guernsey via Jersey from France.
1260 Jersey and Guernsey jointly procure electricity from EDF and receive formal certification from EDF that such electricity comes from hydro and nuclear sources in France.

In accordance with our contract with EDF to 2027, the imported mix is one-third certified renewables and two-thirds certified nuclear. The current framework arrangements have been in place since 2013 and there has been no change in the physical supply situation since that date.
1265 Guernsey Electricity chose, during 2020, to independently procure Guarantee of Origin certificates that are freely traded in the European marketplace, and link them to the electricity received from EDF.

But let's be quite clear: it is important to understand that, currently, your home will not actually run on 100% green, renewable energy. All energy types travel through the same wires via the European grid, and there is no way to send solar, wind and hydro electrons down a renewable-only highway to your home or business. GE, Guernsey Electricity, may *buy* the amount of green energy the Island requires from renewable generators and pump it into the grid. The electricity sent through the grid to your house actually still comes from the same pool of clean and dirty energy as everybody else's. This means the Island is investing in green energy generation by increasing the amount of renewables in that overall pool of energy, which is commendable in itself.

It is interesting – certainly worthy of note – that Jersey Electricity, while a strategic partner with Guernsey Electricity, is not considering emulating Guernsey Electricity in greenwash due to the danger of being challenged in the same way to that exposed by myself today.

Much is made, also, of another cable to France in the Report. But I think the action of France to threaten cutting off the Island's energy supply and earlier problems with the cable connection to Jersey – and the requirement for a new cable that costs us £30 million – have led to significant concern over any new cable developments (**A Member:** Hear, hear.) in the community. Islanders are calling for a total rethink in energy policy, giving more emphasis on energy independence and self-sufficiency and focus on development of Guernsey's on-Island renewable energy sector as a growth industry.

Instead of backing nuclear power through another £80 million to £100 million cable from France direct, our Government needs to invest in renewable energy including wind, tidal and solar power. That £100 million needs to be spent helping Islanders and the States install *local* renewable energy. (**A Member:** Hear, hear.) A thriving on-Island local renewable industry will create jobs, provide cheaper electricity to homeowners and businesses, and help cut emissions much faster than nuclear power from EDF.

I comment on this because Guernsey Electricity continues to recommend the direct cable to France as the optimal solution to provide security – security, if you please – and reliability of electricity supply. I think recent happenings have undermined that statement, surely, of 'security and reliability'. We have experienced something quite different recently.

I think this goes back to a point that I was making with regard to the previous policy letter, which was with respect to the quarry industry. We have natural endowment here in Guernsey and it has provided us with huge assets which we need to turn into a resource to grow the economy and provide employment for our people; and that we have with a competitive, comparative advantage with respect to renewables here, particularly in comparison let's say with the UK, with respect to the fact that we have better solar conditions, we have certainly tidal resources that need to be tapped, and we have wind also that provides the possibility of a resource for the future.

Of course, we have not been really, energetically, over the past years keeping up with what others have been doing within this renewable area. The UK has gone a lot further in this area and I think we have to be looking, again, at that endowment that we have and using it and exploiting it to the advantage of our economy, and of course of employment. We can build a huge industry here that we are not, at the current time. We have got to be careful where we put our money and what I am suggesting is that that £100 million needs to be invested in the local people and the local development of renewable generation here in Guernsey.

There is a need for a rethink on energy policy, giving more emphasis on energy independence and self-sufficiency, and focus on development of Guernsey's on-Island renewable energy sector as a growth industry. Instead of backing nuclear power through another cable from France, our Government needs to invest in renewable energy including solar, tidal, and wind power, and its people. If everybody was to turn to a solar system on their roofs, we would have the equivalent of 80 to 100 megawatts, so we would not have to import at all additional to the importing that we are already doing through the existing cable. We have to be looking forward for Guernsey, rather than being so dependent on places outside.

So my call here as a result of reading the Report is that, first of all, we have to be sincere with the general public and not try and mislead them in order to try ... and I am talking 'misleading' in

1320 terms of the fact that the Report is making the point over and over again with regard to '100% renewables imported'. *That*, we have to steer against. Also, I think the reason for that is to promote, of course, another cable to France for £100 million. What I am suggesting is that we need to look at the development of renewables on Island as a new industry for Guernsey.

Thank you, sir.

1325

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, I look at the Proposition that is actually before us, which is very simple:

To note the Annual Report and Accounts of Guernsey Electricity Limited for the period ended 30th September 2020.

1330 That is all. The point that Deputy de Lisle was making is no doubt of general interest, but I am not sure how it actually relates to this particular debate. We can have that about regulation and all the other matters.

1335 What I would say, as a former President of the STSB – and therefore for two-and-a-bit years sitting regularly with Guernsey Electricity – that I have no doubt at all in the confidence of the Board and of the senior management of that company. They are both excellent and they run a business in very difficult circumstances. We forget that in our previous States' Meeting, we debated the question of regulation and non-regulation. The reason that Guernsey Electricity is in more financial difficulty than it needs to be is because the States faffed around for years and years and did nothing and did not enforce, enhance, improve or rescind a resolution. So the States did nothing and it made Guernsey Electricity's task very difficult.

1340 When you actually look at the Annual Report and Accounts page 34, which is the page which has got the signature of the Chairman, Mr Hardman, and the senior executive, Mr Bates, on it, that shows that as at the end of September 2020 the *current* liabilities – and I will just concentrate on that – were £15.823 million; the previous year, they were £18.9 million. But against that, of course, non-current liabilities have gone up.

1345 When we actually look at the loan provisions, etc., loan commitments, they had a revolving credit facility – this is on page 58 of the Report:

The company holds a five year, £20m revolving credit loan facility with RBS International. This loan facility is for general working capital and capital expenditure purposes. The loan incorporates an option to increase the credit facility to £35m for the purpose of the future financing of key infrastructure expenditure and an extension to £22m under this option was exercised on 18 March 2019.

This is an interesting point, isn't it, when we consider the bond costs?

Interest costs for the commercial loan were at commercial rates of less than 2%. A commitment fee is payable on any undrawn amount in line with the terms of the arrangement. As at 30 September 2020, the company had utilised £16m of the loan –

– whereas at 31st March 2019 it had used £22 million of the loan –

The drawn amount has been classified as a financial liability ... [and] This facility expires on 2 October 2023.

It has also got a Term Loan facility, and it says:

During the period, the company entered into a ten-year, £15m term loan facility with RBS International, effective from 1st June 2019. The purpose of this loan facility was for the part funding of the replacement Guernsey to Jersey interconnector. Interest costs for the commercial loan were at commercial rates of less than 2%.

1350 Those of us who were in the States at the time remember, and it was a big problem for the STSB at the time, because all of a sudden the Guernsey–Jersey cable failed. If you remember, for months and months and months, Guernsey had to generate its own electricity at a significant cost – hundreds of thousands more over the period of time than if it had had the nuclear link – because

1355 that is effectively what the Jersey link is, to nuclear power. So the cost to the consumer – or to Guernsey Electricity, because it could not pass a lot of that on to the consumer, although it did get a temporary licence to do that from the States – was significant.

But note again:

... commercial rates of less than 2%. As at 30 September 2020, the balance drawn on the loan was £14.58m.

Finally, the States of Guernsey Bond:

During the period, the company entered into a twenty five-year, £13m loan agreement with the States of Guernsey. The purpose of this loan was for the part funding of the replacement Guernsey to Jersey interconnector.

– because the overall cost was well in excess of the loan it got commercially.

The interest rate for the loan is fixed at 3.625% ...

1360 So what is that? At least 1.625% *more* than the other loans, because we are saddled with this bond ... But, anyway, that is a different matter.

As at 30 September 2020, the balance payable on the loan was £13m.

That is what we are asked to note, that is what we should do.

I would just end by commending Guernsey Electricity for acting in a difficult market in difficult circumstances; and we, and our predecessor States, have not made that any easier.

1365 **The Bailiff:** Deputy Queripel.

Deputy Queripel: Thank you, sir.

1370 Sir, as Deputy Ferbrache just said a moment ago, the Proposition in front of us is: To note these Accounts and this Report.

1375 I am only too willing to do that but, in return, I ask the Board of Directors of Guernsey Electricity to note what I am about to say in my speech because, with the utmost respect, they need to hear it; and not only to note it, but to act upon it. I say that, because they seem to have lost sight of the fact that effective communication is the key to everything, no matter what it is, especially with your customers.

We see by looking at the photographs on pages 4, 5, 6, there are 11 directors on the Board, so I can only hope that at least one of them – or, even better, the majority of them – take note and act upon what I am going to say in this speech. I am going to start with some bad stuff and move on to some good stuff.

1380 We are told in the very first paragraph of the Chairman's statement on page 7 that:

Guernsey Electricity ... is owned by the people of Guernsey ...

So, surely, with that in mind, one would expect the Board of Directors of GEL to realise they have a duty and a responsibility to the people who actually own the company to communicate with them in the proper manner.

1385 I have an article here from the *Guernsey Press*, dated 20th July 2021, which reads: 'Guernsey Electricity bills leave customers angry and confused,' and that 'the Utilities' phone lines were jammed by Islanders who were seeking clarity on the increase in costs'.

I was one of those Islanders, sir, because I received a bill for £248 and, as far as I aware, I did not owe a single penny.

1390 Now, in relation to that, we are told at the bottom of page 13 that: GEL increased their tariffs by 6.8% in 2019, and by 4.8% in 2020.

At the top of the next page, we are told that the increases:

... will enable GEL to recover the last three years costs created by increases in external costs to import electricity and generate [electricity] on-island.

We are told that:

The increase associated with these historic changes in the price of commodities and foreign exchange rates do not recover other costs which have increased, or the need to maintain or replace assets.

The inference there is that there will be more increases applied to tariffs in the near future. I only hope GEL relay that to their customers in a more effective way than they did previously.

1395 If we look at page 23 of this report, we are told that GEL have 30,859 customers and, surely, communicating with those customers should not be a problem. Surely it is part of the day job. Every single one of those customers should be told exactly what the changes mean to them.

Now, if we look at the last sentence of the Chairperson's statement on page 7, we see he tells us that: Islanders can have confidence that GEL will continue to do what is right for the community.
1400 Surely, doing what is right for the community means communicating with them in the proper manner.

Sir, it is pretty obvious that GEL need a wake-up call, just like GFSC needed a wake-up call from the Assembly just a few years ago. I led the charge on that occasion, just as I am doing now. High-level strategies and fancy words in reports like these mean absolutely nothing when Islanders have to put up with this sort of treatment. The way in which GEL are treating their customers regarding communicating with them at the moment is not acceptable.
1405

Now I move on to some good stuff. We are told in the fourth paragraph of the Chairperson's statement that the replacement of the subsea cable ... took a mere seven months to complete, when normally a project of that stature would take two to three years to complete. It also came in under budget, which the CEO tells us in his Report 'was nothing short of outstanding', and I resonate with his view wholeheartedly.
1410

He goes on to tell us in paragraph 4:

The replacement of the cable was combined with a move to 100% renewable energy importation, which immediately allowed the island to continue progress on its energy transition journey; a huge positive for our community.

I was going to say I resonate with that view wholeheartedly, except Deputy de Lisle raised a few points about that earlier, that I am now a bit concerned about. Anyway ...

1415 But in commenting on the transition he refers to, I think it is really foolhardy – and I resonate with Deputy de Lisle – to spend £100 million on a second cable to France. I would much rather see us connect up to the tidal power plant that our sister Island Alderney will soon have off its shores. That would cost a lot less than £100 million.

I was pleased to see the CEO focus on that issue in his Report, in paragraph 10 on page 9. He says in that paragraph:
1420

To create a clear pathway for the energy transition journey, an early decision needs to be made on where and how the island wants energy to be generated.

He tells us:

We have plentiful sun, wind and tidal resources which we must factor into our decisions ...

Sir, picking up on that point, I can only hope our connecting up to the Alderney tidal power plant is factored in at some stage, because the last time I asked questions about that, in a previous Assembly, I was told discussions had not even taken place, which I found quite extraordinary, and made me wonder what on earth the Alderney Liaison Group actually talk about when they get together if it is not major issues like that? What is the point of having an Alderney Liaison Group who completely ignore major issues like that?
1425

The CEO goes on to tell us on page 10 of his report:

A direct [subsea] cable connection to France ... will almost double the size of Guernsey Electricity from a balance sheet perspective.

He says:

The cover without the second connection would remain the hydrocarbon power station.

1430 He tells us that, if that were the case, then GEL would need to spend almost £100 million on replacing the engines at the power station.

On page 11, he goes on to say that:

... generators require imported fuel to operate and this is ... [liable] to suffer a greater degree of ... disruptions as the world uses less and less hydrocarbon for energy.

1435 What I say to that, sir, and to my colleagues, through the Chair, surely all that cost and uncertainty could be avoided by linking up to the Alderney tidal power plant. We would have no worries then of being cut off, as Deputy de Lisle reminded us France threatened to do recently. I can only hope that my colleagues in the Assembly have a lot more influence than me, sir, are taking note of what I am saying in relation to our future energy policy.

1440 Sir, I take great comfort from the fact that GEL support our community in a number of ways. If we look at pages 16 and 17 of the CEO's report, we see a list of the initiatives they have undertaken, and I applaud the sentiment behind their distributing:

... 2,000 packets of wildflower [seeds] through the 'hedge veg' stalls of its employees ...

– and that –

Seeds of Change was a fun way of helping islanders reconnect with nature ... during the 'lockdown'.

1445 If we look at page 16, we see a diagram: we see that an acre of land, which is just over half the size of a football pitch, would have been seeded once all of those seeds had been sown, which is really good news for our biodiversity. I was also pleased to see, in their 'contributions to the community' list that GEL supported an 'Eat Drink & Be Local,' festival in 2019. And all credit to them for doing that because if we do not buy local, the reality is it is going to be 'goodbye, local.'

I just want to repeat that, sir, because I think it is an important message, and it is something GEL are championing: 'buy local, otherwise it will be goodbye, local.' We rely too heavily on other jurisdictions to supply us with things like electricity and the vast majority of the food we eat.

1450 Moving on to climate change – which, in my opinion, should be referred to as 'climate damage caused by mankind's greed and lack of foresight' – we see that GEL begin their 'Climate Change Statement' on page 20. It does not actually resonate with mine but then again, that is not surprising, because I have never heard anyone refer to climate change as 'climate damage caused by mankind's greed and a lack of foresight' except me.

1455 Now, if we look at paragraph 3 on that page, we see that: In January 2020, GEL took a major step towards a greener future – which is really good news. I thought so, until Deputy de Lisle spoke. He said GEL are misleading the community; and that concerns me because I was going to say I took great comfort from reading that paragraph. It says: The electricity we purchased from France since January 2020 is '100% renewable,' whereas previously, it was 'a mix of nuclear and hydro'. When
1460 Deputy de Lisle spoke, he challenged that, and I am thankful to him for doing that. I think we need to all take note of that; that is an important message to take note of. It is *not* 100% renewable.

Moving on, in GEL's mission statement on page 21, they tell us that:

[They] believe that the energy sector must take the lead in creating a greener and sustainable world.

1465 I take comfort from the sentiment behind that. (*Interjection*) But, of course, the ultimate goal will not be attained by laying a direct cable to France. There is a much greener and much more sustainable answer to our energy problem than that.

Sir, there is more good stuff in this Report I could focus on, but I am sure my colleagues have read the Report, they have seen all that good news and perhaps, when some of them speak – if anyone speaks after me – they will focus on the other good stuff that I could have focused on.

1470 Moving towards a close, the primary purpose of my speech is to comment on the Report and the Accounts and to alert colleagues to my vision of a sustainable energy supply, at the same time as giving credit to GEL for their supporting the community initiatives that they have supported; and also, thank the staff for keeping the lights on – especially those who work throughout the night, whilst most of us are asleep, and those who work in all sorts of weather, day and night, repairing and laying cables under our roads. I think they deserve special mention.

1475 I can only hope the Board of Directors take note of my wake-up call, a much-needed wake-up call, because as I said earlier, and it says in the Report: they are responsible for upholding the values and the standards of GEL. *They* are responsible – nobody else. Those directors – it says in the Report – are responsible for upholding the values and the standards of GEL

1480 Their standard of communication, their levels of communication, need to be improved and I can only hope, for the sake of fellow Islanders, it will be from now on.

In closing, sir, I want to inform my colleagues and everyone else listening on the radio and in the public gallery, I have contacted GEL to inform them and to let them know what I was going to say today, so this will not be a surprise to them and I only hope my speech does not end up being a soliloquy.

1485 Thank you, sir.

The Bailiff: Deputy St Pier.

Deputy St Pier: Sir, I shall be brief.

1490 As Deputy Ferbrache said, of course, the Proposition is only to note these Accounts. Today is 30th September 2021, these Accounts are as at 30th September 2020, so they are already substantially out of date and the position will have moved on substantially.

1495 The two points I wish to make are really in relation to the balance sheet. The net current assets, on page 34, as at one year ago today were £9.4 million; that comprised £4.9 million of cash and £14 million or so of receivables – in other words, money owed from customers.

1500 The reality is that if our friends across the water were, for some reason, to pull the plug on the plug of the cable to us – I am very conscious, of course, of ongoing tensions around fishing and the threats which have been made by French fishermen – of course, it would be necessary for Guernsey Electricity to commence on-island production, which would be significantly more expensive and would very quickly burn through the cash reserves of the company. It would effectively become technically insolvent very quickly and, of course, it will only cease to be out of that position by way of undertakings from the States of Guernsey, as shareholder, to provide whatever credit lines were necessary to keep it going. So I think an awareness of that risk, which is very real to the financial position of the company and, ultimately, the liability which would rest with taxpayers to keep the lights on, literally –looking at Deputy Queripel’s point – is real.

1505 The other point I just wish to draw attention to is the pension deficit line. It is only one line in the balance sheet but, as with all sets of accounts, it is the most complicated disclosure note – it begins on page 60, 61, 62, 63, 64, and 65. Now, I will challenge almost anyone in this Assembly to understand what that disclosure note is telling them; it is an immensely complicated disclosure. The whole purpose of the rules around accounting disclosures on pensions is to provide some kind of comparison between one company and other – which is all very interesting when you are dealing with public companies that are trading against each other on the stock exchange, but it is really pretty well irrelevant in the context of a company such as GEL; and, of course, is also irrelevant in the context of the States of Guernsey’s own accounts, which have the same problem.

1515 The movements that are produced by adhering to accounting standards – which, of course, must be adhered to – produce wild fluctuations which are extremely alarming. The reality is, what we need to focus on is the actuarial deficit, which is actually modelled on the *real* behaviours and

performance and the mortality and the investment performance of the fund, rather than a whole stack of assumptions which have been stuffed in those five pages of notes, which are largely irrelevant to the real performance of the fund. So I will always encourage Members, when they see these alarming reports about the movements of pensions in relation to the companies owned by the States – or, indeed, the States themselves – to park their concern and focus very much on what the actuarial position is, rather than the accounting position.

And with that, sir, I will cease to speak.

The Bailiff: Deputy Helyar.

Deputy Helyar: Sir, just really to support some of the comments which Deputy St Pier has made, and this is by no means a criticism of STSB or the management of GEL.

This is a business which is classically undercapitalised and there are two ways out of that problem. One is for the current shareholder to invest in it further and inject capital, because this is a very capital-intensive business. It has a lot of kit that needs fixing. Its grid is out of date and it needs to be more modern so that renewables can be traded. The other option, if we do not inject money into it – and we are having a debate about tax and this is not a filibuster, by the way, sir, to get us over the lunch break (*Laughter*) for the tax debate this afternoon. The other option is to issue new shares and sell them to the public. (**Several Members:** Hear, hear.) Now, if we were to do that, and some of the words that echo in my mind – they are from Deputy Trott from last year's budget debate – were to 'be bold.'

This is not a criticism of GEL, but a call to arms: it is time to rethink having a pipe to France, because a pipe does nothing but allow us to buy electricity from somebody else. During the election period, I spoke to lots of people – indeed, to people at GEL, from the management and from the Board – and the idea that the French might turn off the electricity was deemed absolutely preposterous. And it is in the front page of all of our newspapers, it is in *The Telegraph* this morning. This is a real issue. Our energy security and independence and our ability to generate our own electricity and renewable electricity is *really* important. (**Two Members:** Hear, hear.)

I think it is long since time ... I hear people saying, 'Hear, hear'. This is not just about this generation; it is about the generation sitting in the Public Gallery. We need to really think about: 'Is it right to invest £100 million in a pipe to buy electricity from a third party when we could be investing that electricity in locally generated renewables?' (**A Member:** Hear, hear.)

To Deputy Queripel, I am responsible for the Alderney relationship now and, I have to say, there have been lots of discussions on renewables and how we might join together, and GEL is working actively – in fact, not just with Alderney, but with Sark – to assist it. We have problems of scale all the way from Sark upwards through Alderney to Guernsey and, in turn, to Jersey.

I know Deputy St Pier has mentioned this several times in the *Press*, and I agree with him: this is an area where we should be working more closely with our colleagues in Jersey. Their model, which is a partly privatised model where the Government still controls the company, 51%, but they have private capital which allows the business to be run more independently of Government. It has sufficient capital to properly invest in its infrastructure; and it is an area where we *really* ought to be thinking of working more closely together.

So as I said to Deputy Roffey, this is not admonition of the management of the company. I appreciate that because of difficulties – particularly of regulation, which we have been discussing recently – the pricing and therefore the financial position of the company has been made quite difficult. Deputy Ferbrache alluded to that as well. This is a real time to have a rethink and be more bold in the way we move forward.

Thank you.

The Bailiff: Deputy McKenna.

Deputy McKenna: Thank you, sir.

1570 I agree 100% with my friend Deputy Helyar and what he is saying, as well as Deputy Queripel and Deputy de Lisle, and what has been echoed by Deputy Moakes in the last couple of weeks: that to spend over £100 million on a cable to France, where they could effectively hold a gun to our head, is not the way to go. (**A Member:** Hear, hear.) We could set up a wind farm with our friends in Jersey, with our brothers Alderney Representative Snowdon and Alderney Representative
1575 Roberts, using the Casquets and the Little Roussel. We have 10-metre tides, we have some of the finest tidal currents in the world. We could be supplying electric to Alderney, Sark, Herm, throughout the Bailiwick – Jersey, Guernsey. We could be selling our renewable supply to the UK and actually selling it to France. The Chief Minister said we should be aspirational, we should be inspirational, we should show entrepreneurship. This is our opportunity.

1580 Again, Deputy Helyar said, private and Government partnership – so it does not actually cost the States anything, because we have got the whole pitch around us and we can decide which part they can come in. There are plenty of companies – there are 97 companies globally that are doing it, there are 2,236 wind farms currently around the world, and 30% of the UK's electric is generated through wind farms. Deputy Moakes will tell you more about this.

1585 So it is *here*. It is not pie in the sky, it is not blue-sky thinking. It is *here* and we should be doing it. We should be asking ourselves, 'Why not?'

As Deputy Queripel and Deputy de Lisle, and my friends Deputy Helyar and Deputy Moakes, say, we should be getting a consortium of this brainpower together and doing it. Because this is our chance. We are saying we have got no money, the pension fund is gone, we are going to have to
1590 raise taxes. No, we do not! It is here. It is here for eternity. It is oil. It is electric that is hydroelectric power, tidal power, wind farm power, and it is here. And all who have spoken today, we have got to do it. I urge the Chief Minister and obviously Deputy Roffey from STSB, and our Treasurer, to say, 'Right, let's get together with the global powers that are already doing this' – with 2,226 wind farms globally. We have got to do it.

1595 Deputy Moakes said we only need 11 *windmills* to power the whole of Guernsey – it might be 12. But what I am saying is, look what we would be generating with Alderney and Jersey. Look what we could build, that infrastructure. Look what we could supply to the world. We have got to do it.

Two Members: Hear, hear.

1600 **The Bailiff:** Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir. I will be very brief.

I rise primarily to support my friend Deputy Helyar's comments, not least because not having to
1605 consider a cable link to France would make my job a lot easier in terms of international affairs, (*Laughter*) because the conflation of various issues is often a hindrance to forward thinking. But also, I agree totally with the idea of a partial flotation. I think the time has come and it is probably very much the time in which I think our local community would welcome such an opportunity to buy into our own local company.

1610 With regard to marine renewables: of course, there is huge opportunity here, not only to provide our own power in the future – linked in with other forms of renewable energy that might be generated on-Island – but also our neighbouring islands; and, potentially, we could use our cable link to Jersey to sell it to them as well in the future. And who knows? In due course, when we are generating enough, we may consider an appropriate direct cable link to France in order to *sell* in
1615 that direction.

However, we are not there yet, and this is always a timing issue. But – bearing in mind the financial situation that is evidenced here in the Accounts – we should try and do what we can *now*. I think the points that have been made, in order to ensure that our electricity supply, as Deputy Helyar said – not just for our current generation, but for the future generation – is enhanced and
1620 enabled. I think we should do everything that is within our power right now.

Thank you.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

1625 I rise in the perhaps forlorn hope of nipping an uninformed debate on future electricity strategy
in the bud. This is, of course, something that hopefully Members will know after our previous States
meeting, is coming back to the Assembly by Quarter 2 of next year. So all these issues will be able
to be thrashed out with the necessary information to make a properly informed decision. But I really
do not think that debating these kinds of speculative issues at this stage without the information in
1630 front of us is in any way helpful, and I really would urge Members to focus on the Accounts.

Thanks.

The Bailiff: Deputy Blin.

1635 **Deputy Blin:** Thank you, sir.

Bearing in mind what Deputy de Sausmarez has just said, and as a note to the Accounts: just
starting off, when Deputy Roffey spoke about the situation – saying it has been a good year but
with perilous financial accounts – it reminds me of the Assembly meeting when the debate was
going on about the removal of the independent regulator. This was all debated and argued and it
1640 comes to the conclusion that, to allow GEL to have the time to sort out the tariffs to ensure that
none of their clients get cherry-picked by the renewable energy businesses, that they need this time.

So it is at this point I really would ask that all of the messages that have been shared today,
including Deputy McKenna's plea about using more tidal energy and power, this is all dependent
on the length of time that the interim period takes to ensure that all the tariffs are brought to bear,
1645 that they are all in order, so that we can open up with the renewable technology. We are desperate
to start doing all the things we have been talking about.

Thank you.

Deputy Leadbeater: Sir, I would like to invoke Rule 26(1), please.

1650

The Bailiff: Rule 26(1), Deputy Leadbeater.

So those Members who wish to speak in debate who are still entitled to speak in this debate,
will they please stand in their places? *(Laughter)*

On that basis, Members of the States, is it your wish that we hear from the President of the STSB
1655 in reply to this debate? Take the vote and then break for lunch. Those in favour; those against.

Members voted Pour.

The Bailiff: Deputy Roffey to reply to the debate, then, please.

Deputy Roffey: Thank you, sir.

As Deputy de Sausmarez has said, we are going to have, in the not-too-distant future, a really
1660 major decision to take about what we do about energy security for this Island, whether or not it
involves fresh interconnectors to France, whether or not it involves enormous sums of money
replacing some of the existing diesel generators, where renewables actually fit into that pattern.
Today is not the day to do that. Today is simply asking to note the operational report and the
financial report for the period covered by these Accounts – which, as Deputy St Pier said is,
1665 regrettably, slightly historic anyway. Although it is going to be a fascinating discussion when we do
come to it, because what I gather is that we want to generate huge amounts of on-Island renewables
to export but we do not want a cable, so I am not really quite sure how those two go together, but
I am sure it will be able to be done.

A couple of specific comments I need to refer to. Deputy Inder wondered about how we had got
1670 to a situation where GEL was in the financial situation it was without it being flagged up and said

we needed a Public Accounts Committee. This has been flagged up time and time again. I remember my predecessor, Deputy Ferbrache, flagging it up to this Assembly in no uncertain terms. When I stood up here, standing for the presidency of STSB, I laboured the fact that we had to do something about it. In my update statements I have done that, and I did it again last time.

1675 The question then is: why wasn't anything done about it? I think the answer was already there a few weeks ago, that it is fairly controversial. The root problem has been dysfunctional and almost non-existent regulation.

I would say to Deputy Helyar, jumping around a little bit, I do not think we need to sell off part of the family silver, but those investors are going to want returns on their capital, I can tell you that. 1680 The reason that Guernsey Electricity Limited is undercapitalised is that it has been driven to that position by a lack of proper regulation. That is exactly the root cause, and thank goodness this Assembly made the decision a few weeks ago to start to put that right.

Deputy de Lisle, about the imported certification of energy. I think we dealt with this a few weeks ago. I only did A-level Physics so I am not really very good at this, but I know absolutely that 1685 electrons do not carry little flags saying, 'I have been generated at La Rance hydroelectric power' and 'I have been generated at whatever nuclear power station.' The point is that the European grid and electricity to France can only certify an amount of renewable energy that is actually created by renewable means and put it in. So the more customers that are saying, 'We demand certification that our electricity comes from this source,' the more has to be generated by those means and put 1690 in. There is a direct causal link. That is the point, and nobody is trying to suggest any more than that. But it is incredibly important.

Deputy Queripel: I am sure nobody was more embarrassed than GEL – although it does not actually cover the period in these Accounts, so it, really, is outside the area we are talking about. But, clearly, their new billing system threw up some gremlins and I think I was one of the ones ... I 1695 must admit I just paid up and hoped that it would be adjusted in due course, but I suddenly had a bill out of all proportion to what I had had in the past. I am sure that it is not my place, really, to apologise on behalf of GEL, but I will do so.

I have to point out that the price rises he refers to – actually, the tariff changes that he points out in there – are not underlying tariff changes. No underlying tariff changes have been made 1700 since 2012. They were temporary, three-year-duration increases to pay for specific events and the first one will fall away next year. So actually underlying tariffs are still the same in cash terms as they were nearly 10 years ago.

Deputy St Pier talks about the pension fund and the alarming change. He is right. But we are damned if we do and damned if we do not – or, rather, GEL is. International accounting standards demand that you put in a set of assumptions which means that companies' pension deficits do go 1705 up and down quite wildly. But if we do not follow international accounting standards, I am sure somebody else would have popped up on the floor of the Chamber and said, 'Why are you not doing this? This is a commercialised entity, it is a company. It ought to be actually following those standards.' The change in the discount rate and a few of the other assumptions this year – or the 1710 year in question – did throw up some quite alarming figures.

Deputy Queripel says that GEL needs a wake-up call. I do not think they do. I think they are awake, I think they are on the ball. I agree with my predecessor here, I think they have a very good Board and a very good management. What they need, and were starting to get from this Assembly a few weeks ago, is proper and proportionate support from this Assembly that, frankly, has let them 1715 down badly, I think, over the last 10 years and let them get into the situation that they are now. I think we can start to repair that. It is going to take some time. I think it can be done in a way that is not overly onerous on the consumer and the Island.

And, to all of those saying that we want to move towards a brave new world of renewables, I think everybody on STSB – and I think, actually, everybody on GEL – *absolutely* agrees with that, 1720 but you have to do it inside the right framework. But then I am slipping into the problem of debating something that is going to come later on.

I simply ask Members to *note* the Report of GEL and the Accounts for the period under consideration.

1725 **The Bailiff:** Members of the States, there is a single Proposition. All those in favour; and all those against.

Members voted Pour.

The Bailiff: I declare that Proposition duly carried and we will now adjourn until 2.30 p.m.

*The Assembly adjourned at 12.37 p.m.
and resumed its sitting at 2.30 p.m.*

COMMITTEE FOR HOME AFFAIRS

8. Amendments to Customs Law – Seizure and Disposal of Perishable Goods – Propositions carried

Article 8.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled "Amendments to Customs Law – Seizure and Disposal of Perishable Goods", dated 7th June 2021, they are of the opinion:-

- 1. To agree that the Customs and Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972 be amended to give effect to the proposals set out in section 4.1 of this Policy Letter;*
- 2. To direct the preparation of such legislation as may be necessary to give effect to the above decision.*

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

The Deputy Greffier: Article 8, Committee for Home Affairs – Amendments to Customs Law – Seizure and Disposal of Perishable Goods.

1730

The Bailiff: Hon. Members, if anyone wants to follow Deputy Inder's lead and remove jackets (*Laughter*) then by all means do.

I will invite the President of the Committee for Home Affairs, Deputy Prow, to open debate.

1735

Deputy Prow: Thank you, Mr Bailiff. Hopefully I will be brief and we can get on to something more taxing. (*Laughter*)

Sir, the recommendations in the policy letter seek to amend the Customs Law in order to carry out certain functions of H.M. Procureur or H.M. Comptroller to be delegated to appropriate Guernsey Border Agency officers in relation to the sale of destruction of certain ceased perishable goods. This is an important part of maintaining biosecurity post-Brexit.

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The States agreed the Bailiwick's participation in a UK-EU Trade and Cooperation Agreement, the TCA, in December 2020. Whilst the TCA included the Bailiwick in the Sanitary and Phyto-Sanitary SPS chapter, the importation of SPS goods – that is animals, plants and food – from the EU has changed and will continue to change during the phased implementation of the SPS border controls up until March 2022.

1745

SPS goods that are imported that fail to comply with the new requirements will need to be seized at the border. As COVID-related travel restrictions ease, these seizures are likely to increase as a consequence when plants and food are imported without the necessary documentation. The Committee identified a way in which to condemn certain seized perishable goods straight away rather than have to wait the normal one-month appeal period, as in the case in the Customs Law at the moment. This will allow the Guernsey Border Agency officers to deal with perishable goods normally by way of destruction soon after seizure rather than hold on to them for a month.

At the same time, and to provide future resilience and efficiency, it is also proposed that a provision be inserted for H.M. Procureur to issue concurrence for particular descriptions or types of SPS goods in advance of any seizure of any such goods. Otherwise the concurrence of items Procureur would be required on each occasion anything is seized. This would be unworkable if perishable were being seized on a frequent basis.

It should be noted that the proposed amendment will provide only the provision for H.M. Procureur to delegate and concur, not automatically offer it. So, in reality, nothing would change from the current position until H.M. Procureur agrees a delegation concurrence, thus ensuring the senior-level integrity of the process.

Sir, I would ask the Assembly to support this Ordinance.

Thank you, sir.

The Bailiff: Deputy Gollop.

Deputy Gollop: Sir, Deputy Prow is of course very much in his element with this kind of vital and important detail on Border Agency matters but little bits of it were a bit mind-boggling for me, if not perplexing, because we had the vision of poor H.M. Procureur or Comptroller having to be roused at any time in the day or night to question these goods coming in. But as it was animals, food stuffs and plants, you kind of had this vision of really smelly stuff coming in from France and Italy – whether it be cheeses or meats or whatever. Whereas, in the past, until we get this through – although it has not necessarily reached legislation stage yet – it had to be held for a month. Again, that was perhaps a difficult thing to do with this rotting food or whatever it is. Now it can be disposed of immediately. But hopefully it will not be live animals or pets or anything like that.

But I just wonder why Home Affairs considered that, post-Brexit, it was more likely to get this – not illegal, necessarily – but inappropriately imported food stuffs, plant stuffs and things, and how big of a problem it will be. Also why the legislation in the past was vague about whether it was a concordance, whether it was a discrete or whether it meant that every single item had to be approved and maybe we should be looking at other pieces of legislation to give greater discretion rather than tie up H.M. Law Officers' time unnecessarily. But I do support the principles of this.

The Bailiff: As no one else is rising, Deputy Prow if you wish to reply to what Deputy Gollop has said, you may do so.

Deputy Prow: Thank you, sir.

Obviously in reply to Deputy Gollop, this is more about the frequency and the occasions where these types of goods have to unfortunately become seized is likely to become more frequent. That is what this policy letter and the Ordinance are trying to achieve.

Thank you, sir.

The Bailiff: Members of the States, I will put both Propositions to you together, if I may. Those in favour; and those against.

Members voted Pour.

The Bailiff: I declare both Propositions duly carried.

LEGISLATION LAID BEFORE THE STATES

**The Parochial Elections (St Saviour) Regulations, 2021;
The Income Tax (Substance Requirements) (Implementation) Regulations, 2021;
The Limited Partnerships (Guernsey) (Striking Off) Regulations, 2021;
The Official Controls (Brexit) (Amendment) (Bailiwick of Guernsey) Regulations, 2021;
The Customs and Excise (Customs Export Declarations) (Amendment) Regulations, 2021;
The Companies (Incorporated Cell Companies) (Prescribed Classes) Regulations, 2021;
The Companies (Audit Exemption) (Amendment) Regulations, 2021;
The Parochial Elections (St Martin) Regulations, 2021;
The Parochial Elections (Vale) Regulations, 2021;
The Parochial Elections (Vale) (No. 2) Regulations, 2021;
The Medicines (Human and Veterinary) (Bailiwick of Guernsey) Law (Amendment)
Ordinance, 2021**

1795 **The Bailiff:** Can we lay the legislation next, please, Greffier?

The Deputy Greffier: Legislation laid before the States: 39/2021, The Parochial Elections (St Saviour) Regulations, 2021; 64/2021, The Income Tax (Substance Requirements) (Implementation) Regulations, 2021; 67/2021, The Limited Partnerships (Guernsey) (Striking Off) Regulations, 2021; 1800 68/2021, The Official Controls (Brexit) (Amendment) (Bailiwick of Guernsey) Regulations, 2021; 72, The Customs and Excise (Customs Export Declarations) (Amendment) Regulations, 2021; 73, The Companies (Incorporated Cell Companies) (Prescribed Classes) Regulations, 2021; 76, The Companies (Audit Exemption) (Amendment) Regulations, 2021; 77, The Parochial Elections (St Martin) Regulations, 2021; 86, The Parochial Elections (Vale) Regulations, 2021; 90, The Parochial 1805 Elections (Vale) (No. 2) Regulations, 2021; The Medicines (Human and Veterinary) (Bailiwick of Guernsey) Law (Amendment) Ordinance, 2021.

The Bailiff: Members of the States, we will note in relation to the 10 Guernsey statutory instruments that have been laid that they are laid at this meeting.

**The Medicines (Human and Veterinary) (Bailiwick of Guernsey)
Law (Amendment) Ordinance, 2021 –
Motion to annul lost**

To resolve, pursuant to Article 66(A)(1) The Reform Law, 1948 (as amended,) that The Medicines (Human and Veterinary) (Bailiwick of Guernsey) Law (Amendment) Ordinance be annulled.

1810 **The Bailiff:** In respect of The Medicines (Human and Veterinary) (Bailiwick of Guernsey) Law (Amendment) Ordinance, 2021 there has been a motion to annul submitted and therefore, in accordance with Rule 19(5)(a), I will turn to the President of the Committee that made the Ordinance, and that is Deputy Ferbrache, to open debate on it.

1815 **Deputy Ferbrache:** Thank you very much, sir.

In relation to this motion to this motion can I say, of course it is democratically brought and is allowed to be brought but it is really a patent waste of the States' time. Under Article 66A of the Reform Law as amended it provides at subsection 1.

Where, in the case of any draft Ordinance transmitted under paragraph (2)(b) of Article 66, the Policy and Resources Committee is of opinion that the immediate or early enactment thereof is necessary or expedient in the public interest,

the Policy and Resources Committee shall have power to order that the same shall be operative either immediately or upon such then future date as it shall prescribe ...

And there is a proviso that the States can resolve to annul the Ordinance.

1820 Article 66(2)(b) which, as I have referred to, or the previous paragraph which refers to that, allows P&R where it is of the opinion that the immediate or early enactment thereof is necessary or expedient to use its powers under Article 66A.

1825 The simple position is this: if the Ordinance is annulled and no other replacing legislation were made or enacted either by the CCA, Policy & Resources or the States, then the States would potentially have unlimited liability.

1830 In addition – and this is why the legislation, or the regulations, were initially made and then the legislation promulgated – the States’ insurers have made it quite clear that, until any particular vaccine is authorised, it will not cover any claims that may be made under the terms of the States’ insurance policy. And that is not retrospective. So therefore, if for example, you had vaccine A which was authorised today and it had been used for nine months before and there were claims for the nine months before, those claims would not be covered by the States’ insurance policy.

1835 Obviously I was aware that this Proposition or this annulment was being made, so I asked the Clerk, who ably serves the CCA, to give me details of when these vaccine regulations have been laid before the States. Because it has been quite clear from a very early stage that the Ordinance which is now being promulgated and which has taken the time, through no criticism of the Law Officers because it had to be properly drafted and considered, that this would be what was going to be intended. I will just give you some dates if I can, sir, via you, to Members of the Assembly.

1840 On 14th December 2020 the Emergency Powers (Coronavirus) (Vaccine) (Limitation of Liability) (Bailiwick of Guernsey) Regulations, 2020 were made by the CCA. On 15th December, i.e. the day after, the Regulations were debated by the States – or the States had the opportunity to debate them – under Rule 18, under which the Presiding Officer can give permission for these matters to be brought forward early.

1845 On 4th February, the Vaccine Regulations No. 2 were laid by the CCA because as we know, under the terms of the Civil Contingencies Law, Regulations can only have a limited period and if they are not brought within that limited period then they automatically lapse. So 4th February, on that particular day – and I had checked the position – the States had a debate in February 2021. They had a debate – it was one that was virtual because we were in the early part of the second lockdown which started on 23rd January of this year – and the States were given the opportunity to debate it. Nobody spoke, so the Regulation was approved. So the States had the opportunity *then* to discuss it in normal course, because these Regulations can be debated.

1850 Now, the next date that I have been given – that was 24th February, and I think I said 2nd February – 4th March, Vaccine Regulations No. 3 were made by the CCA. They were debated by the States in the sense under Rule 18 on 24th March. Regulations 4, 5 and No. 6 were made at various dates in April and May; and Regulation 6 was debated by the States again, under Rule 18, on 26th May.

1855 On 17th June and 15th July Regulations 7 and 8 were made. The reason why you sometimes jump before you come to the States is because of the 30-day rule about how long these things last, so the CCA sometimes has to remake them. Anyway, Regulation 8 was debated by the States under Rule 18 – or at least the opportunity was to debate, on 21st July.

1860 On 12th August Vaccination Regulations 9 were made by the CCA; on 7th September Vaccine Regulations 10. On 10th September Vaccine Regulations 10 were debated – the opportunity to debate, rather than debated – under Rule 18.

1865 So the States has had, before today, *several* opportunities to debate those and the substantive Propositions in the Ordinance do not alter that *at all*. It has been very clear – I think I have said it on various occasions when I have stood up to ask the States to approve the various Regulations, whether it is the general Regulations or these particular Vaccine Regulations. I have made it very clear indeed that in connection with the Vaccine Regulations in particular, that we would be bringing legislation – and this is the legislation – to the States as soon as possible so that we do not have to

1870 come back and forward to the States. Indeed, I said that Assembly in general and to Deputy St Pier in particular at the last States' meeting. What was that? Three weeks ago?

It is up to the States if they want to annul it. If so, the CCA will either have an emergency meeting and see if they want to make new Regulations under the CCA Law, or it will just leave it if that is the decision that is made, in which case the States will be at risk and the public of Guernsey will be at risk. It is a matter for the States.

1875 **The Bailiff:** I turn next to the proposer of this motion to annul, Deputy St Pier, although I note Deputy Taylor who is the seconder is not currently present, so I hope he has been tasked with arriving soon.

1880 **Deputy St Pier:** There is an alternate, sir.

The Bailiff: There is an alternative, alright. Deputy St Pier.

1885 **Deputy St Pier:** Sir, I am grateful to Deputy Ferbrache for providing the background to how we got to this legislation. Of course the Ordinance was made, as he said, by the Policy & Resources Committee exercising its powers under Article 66A of the Reform Law. Of course such legislation is normally merely laid before the States, as we know, which is without debate. But, as is made very clear in the explanatory note to this motion, it has been lodged and laid as the only way to force a debate and a vote on this important legislation.

1890 Deputy Ferbrache noted that the previous legislation, or the Regulations, had of course had the opportunity to be debated. Sometimes there were some comments and sometimes there were not.

So, the motion to annul is a blunt instrument but it is unfortunately the only one to hand. Of course the Ordinance, as he said and as the notes make clear, amend the Medicines Law which effectively permanently replaces the temporary Emergency Powers Regulations made by the Civil Contingencies Authority using its emergency powers and debated, as Deputy Ferbrache has said, and approved by the Assembly.

1900 My concern is that it would be perverse if this permanent replacement were not similarly debated and approved by the whole Assembly too. The new Part 7A of the Medicines Law, introduced by the Ordinance, limits the liability of the States and any other person of course determined by a court to be liable in respect of any death or personal injury suffered by any person as a result of receiving one of the Coronavirus vaccines. It effectively alters the legal norms in relation to legal liability by imposing a statutory cap or limit of £120,000 in the event of death or injury.

1905 Such legislation is undoubtedly – and I am sure Deputy Ferbrache will concede this in responding to the debate – a significant alteration in an individual's rights or remedies. It does and it needs, in my view, to be made by the whole Assembly, not merely by five Members in Committee. In the event that its provisions ever find application – in other words, if the cap is ever applied in future litigation – it would in my view be wholly unacceptable to the community for 35 Members of this Assembly to be able to step back and say, 'Well, that had nothing to do with us, we didn't have the chance to vote on it.'

1910 Sir, Article 66A of the Reform Law provides P&R with the power to enact Ordinances if they are of, and I quote: 'the opinion that the immediate or early enactment thereof is necessary or expedient in the public interest'. In respect of this legislation P&R exercised that power on 17th August. However, they did not do so with immediate effect and indeed the CCA, as Deputy Ferbrache has said, on 7th September went on to reapprove the Vaccine Regulations which this legislation is intended to replace. So of course it does beg the question: how necessary or expedient was it truly for P&R to use that emergency power on 17th August?

1920 When Deputy Ferbrache spoke on 10th September in the debate on the Regulations at the last sitting, he did say that the legislation was coming. He did not say that it had already been approved by P&R; and I, and others, were certainly left with a reasonable expectation that the legislation would be lodged for approval in the normal way. I am sure Deputy Ferbrache had no intention to

dissemble when he said what he said, and no doubt he had in mind this very process of laying the legislation before us. But I think it could have been clearer as to the route that actually was being followed.

1925 H.M. Procureur has very helpfully explained – and for which I thank her – that the use of Article 66A was driven in part by the timing of the meetings of the States of Alderney and Chief Pleas, whose approval is also required for this change in Bailiwick Law. The irony of course is that that route would have meant that Alderney would have approved the change in full session whilst the largest Island in the Bailiwick was merely doing so in Committee.

1930 The focus, understandable though it was entirely on process, ignores the political sensitivity that exists around this legislation. For many – me included – it is a sensible limitation of taxpayers' potential liability. The normal rules for damages could produce individual claims and settlements at numbers a considerable multiple of £120,000 depending on the individual circumstances of each case; and, in an Armageddon scenario, the Island could quite literally be bankrupted.

1935 There is, I think, a legitimate question and challenge as to why £120,000 is the right number. As I understand it, it is largely a subjective judgment but the Policy & Resources Committee may have more information on this point when they respond to this motion. But I think it largely follows what has happened in other jurisdictions. For some in our community they regard this legislation as evidence that the vaccine may be unsafe – failing which, no such limitation or liability, they might argue, would be needed.

1940 Their views, even if only held by a minority, should be heard and represented in this Assembly in debate. That is what this motion delivers, *albeit* I will be supporting the legislation and not the annulment in the vote; which I would request is recorded.

Thank you, sir.

1945 **The Bailiff:** Deputy St Pier, in the absence of Deputy Taylor who is seconding this motion?

Deputy St Pier: Deputy Queripel, sir.

1950 **The Bailiff:** Deputy Queripel. And is that going to be done in a written form, swiftly? *(Interjections)* Deputy Queripel, then, do you formally second that motion to annul?

Deputy Queripel: I do, sir.

The Bailiff: Thank you very much.

1955

Deputy Inder: I am just going to test the will of the Assembly about Rule 24(4) whether people want to debate this.

1960 **The Bailiff:** Will those Members who wish the motion to annul to be debated please stand in their places? We have got more than seven, so the motion under Rule 24(4) ...

That was my mistake. I will apologise to all Members. I should not have allowed Deputy Inder to do that because it is immediately after an amendment or sursis has been proposed and formally seconded, *not* a motion to annul. So that was out of order. *(Interjection)*

Who wishes to speak? Deputy Soulsby.

1965

Deputy Soulsby: Thank you, sir.

1970 I was not going to speak but then it all came back to me why we have got the motion to annul. Because I was trying to work out why Deputy St Pier would lay it. Then I worked out it was all because of how the Policy & Resources Committee approved the legislation. It came to Policy & Resources through HSC, because clearly this is HSC's mandate, and it is very clear that they wanted this to be approved quickly.

It came to the Committee and I actually made that challenge myself. I said, 'Why are we doing it this way? Surely we should be doing it in the normal way.' We were given advice, and I cannot remember if it was H.M. Comptroller or Procureur who was *[inaudible]* because that was a question I asked and I think the response that she gave us is the response that you have just had.

So that explains why we have done it. It is absolutely important that we do have this Ordinance and, on top of that, we did have all the papers to back it up as well. So the papers that HSC had were provided to P&R to give us assurance that we should be making that decision.

I hope that makes people understand that we were not power grabbing and wanting to do everything ourselves without coming to the States. It was purely those individual and specific circumstances.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

Transferring the provisions of the CCA Regulations to the Ordinance places them on a stronger statutory footing within the framework of the Medicines Law; and avoids the continuing reliance on the use emergency powers of the CCA and moves this incrementally towards business as usual, approaching the managing of the COVID pandemic response. The provisions only relate to COVID-19 vaccine that have received a temporary authorisation under Regulation 174 of the UK Human Medicines Regulation 2012.

Vaccines that have been granted a conditional or full marketing authorisation from the Medicines and Healthcare products Regulatory Authority, the MRHA, fall within the usual insurance arrangements of the States of Guernsey, as mentioned by Deputy Ferbrache. I think the idea is that instead of every 30 days you having to approve this and us carrying it on for another 30 days, this puts into the Medicines Law and, if you do not annul it – which I hope you do not – and it goes ahead, the commencement will begin when HSC will then put forward the provisions in the Medicines Law comes into force. If not, my suggestion would be that the CCA would have to continue to roll on month-on-month.

We are always saying that we want to try and move out of a pandemic response to a more normal business as usual. This is starting to fall into the business as usual so I hope you will reject – as Deputy St Pier himself said – this motion to annul.

Thank you.

The Bailiff: Deputy Haskins.

Deputy Haskins: Thank you, sir.

Apologies, that was my calculator. Not that I need that for this comment or question.

My main concern is that the Regulations are based on the thinking, or rather assumption, that the vaccines are voluntary; and of course they are and I hope they remain. But my concern is that, what happens if there are instances where these are not voluntary, for example, frontline workers, and they are mandated? Because this would essentially mean that you are forced to have a vaccination but you are also forced to accept the limited liability. That bit I would like some clarification on.

Thank you.

The Bailiff: Deputy Queripel.

Deputy Queripel: Sir, thank you.

I do not need to say a great deal. Deputy St Pier made it quite clear as to why this has been laid. What I will say is my colleagues and members of our community know that I have consistently questioned and challenged the COVID and vaccine measures laid before us in this Chamber since our first lockdown in March 2020. Not only have I questioned and challenged those measures, but

I have also suggested measures of my own, all of which have been rejected, sadly. But at least I was given the opportunity to do all that. That is a prime example of how democracy works and how democracy *should* work. There is no democracy in allowing this Medicines Law Ordinance to sail through with no opportunity to debate or vote on it.

No one is provided with the opportunity in the current circumstances and I wanted to speak, and I will be voting against if the motion to annul does not succeed. I am going to vote for it. It is all to do with democracy in my book. Everyone should have the opportunity to debate and vote and not a single Member of this Assembly has got that opportunity. So where is this democracy we all champion, in this case?

I have pretty much been a lone voice in the last 18 months challenging CCA and the measures for COVID and the vaccine until recently, when a few of my colleagues started to voice their concerns. I took great comfort from that. But I doubt if many will vote in favour of this motion, from the history of the voting of the past. I doubt if there will be enough of us voting in favour of this motion for it to succeed, but at least we will have all made a stand for democracy.

Sir, in closing, I would remind my colleagues through this to the Chair: if they do not support this motion to annul the reality is, as we have already established, that they are then agreeing that a person's life is only worth £120,000. I wonder if Members voting against this motion would feel the same way if they themselves, or one of their loved ones, has an adverse reaction to the vaccine.

Thank you, sir.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, sir.

I actually really appreciate Deputy St Pier and Deputy Queripel bringing this motion on the grounds of having an opportunity to have some further discussion on this really important subject. I still get the sense of pressure from our top Committee that any discussion of the subject is 'Well, why are you doing it now? You have already approved it on 15th December, we had a chance in February, in March ...' and so on.

But the vaccination programme only started in what? February, I think? The data that we are uncovering now, through systems such as the UK's Yellow Card system, are really only becoming available now and uncovering the reports we are getting. So there were no debates before, but it is now that we are starting to get the data to perhaps start asking some more questions. Having looked at the UK Yellow Card programme, which is the programme through which the UK authorities gather reports on vaccine injury basically from around England, the UK, Scotland and Crown Dependencies. So we fall into that wider programme.

There were over 350,000 reports of vaccine injury from the beginning of the vaccination programme and, off the back of it, I believe there were 10,000 fatalities directly linked to vaccines from the beginning of the vaccination programme. I have been increasingly contacted by very concerned Islanders that we are not having, as an Assembly, enough discussion on this; that we are not looking at and uncovering the facts that are emerging such as through the UK programme. So 350,000 cases for the whole of the UK divided by 1,000, that is 350 cases in Guernsey proportionately.

I do think those are quite serious numbers to start talking about. Just at lunchtime I got a call from a very concerned Islander who really asked us to take more proactive action in terms of asking the questions. So, because as an Assembly we have not yet had the discussion on how we move out of CCA powers, and what kind of ordinances and so on, regulations, we will have in place to deal with the pandemic, I think actually it is premature, probably, to pass this specific Ordinance through this manner.

So I do question the approach taken because we have not had the decision on how we move out of the rest of the pandemic. I do have the concern that we are putting this price tag, effectively, as well on the life of people and I would call for a wider discussion about the data that is emerging

2075 on vaccine injury from around the world, and especially what we are seeing in the UK and Great Britain.

The Bailiff: Deputy Blin.

2080 **Deputy Blin:** Thank you, sir.

I am also very appreciative to Deputy St Pier for raising this – and Deputy Queripel – on the merit of being able to discuss, which has probably been one of the very first times. The first thing I would like to say though is that the £120,000 maximum limit is not a figure where I think Deputy Queripel suggested is this: ‘Would you value your child, your family or your loved one like this?’ It is a figure which is across the UK and everywhere else. It is not a random figure.

2085 Deputy Kazantseva-Miller brings up a good issue on the fact that the Yellow Card system in the UK does show very high figures and also the £120,000 is not necessarily death. It could be damage, for which it is also very hard to define the level. So from the purse strings of Government it is a high risk but it is that definition of what vaccine damage is. As we do not have a Yellow Card system, as
2090 we are considering, or we are moving into vaccinating the younger children as well, and it is important to know how that extends.

Also I would have a question if any of these payments have been made out. Because we do not have a Yellow Card system, we are not aware of it and we do not even know the definitions –

2095 **Deputy Soulsby:** Point of correction, sir.

The Bailiff: Point of correction, Deputy Soulsby.

Deputy Soulsby: We do not have our own *separate* Yellow Card system. It probably would not be much value given the size of our population, but we are part of the wider UK Yellow Card system.

2100 While I am standing, I need to correct, I believe, Deputy Kazantseva-Miller about 10,000 deaths caused by the vaccine. I do not think that if you look at the analysis actually says that it says 10,000 people may have died following the vaccine. But that is very different and the analysis is different.

2105 **The Bailiff:** Deputy Blin to continue.

Deputy Blin: Thank you.

As I say this really, for myself, is just a sort of gratitude for the first time we are allowed to actually so share and debate. We all have a lot of concerned people contacting us but I, as an elected Deputy,
2110 do want to protect our Island, to support the CCA as far as we can for doing a great job. There are elements where sometimes one feels that people want to get to the point where it is removed all together. Well, quite frankly, I would rather it stays there maybe with some additional support but not remove it. It is to keep things in place so we know where we stand and just have that openness to share some of the –

2115 I will give way to Deputy Queripel.

Deputy Queripel: I thank Deputy Blin for giving way. He said the figure of £120,000 is the accepted figure in other parts of the world, it is the recognised figure in other parts of the world. But does he not agree with me, just because the figure of £120,000 is an accepted figure in other
2120 parts of the world, that we do not have to go along with other parts of the world?

Deputy Blin: This is one of those incredible comments in the sense that we always have the situation where sometimes we take something from the UK, sometimes we do not, sometimes we will want to create our own. For me, the premise is it has been probably done by ... I cannot think
2125 of the term for statisticians in insurance, but it will have been worked out and calculated.

The point is more so that it is where it is. The other point, as I say, I was trying to make is just that I am grateful that we have got a chance to express this a little bit and I hope that we will never take this further. But we have spoken to the situation.

I had really made my point earlier, so thank you very much.

2130

The Bailiff: Deputy Gollop.

2135

Deputy Gollop: Like some other Members of the Chamber, I have gone to meetings and been – lobbied is perhaps not the right word, but interested to meet people from different perspectives on the vaccination. I mean, my bias, although I am a little bit of a maverick in some ways, is actually to support very much the Director of Public Health, the Civil Contingencies Authority and the whole team who have done, not just for Guernsey but perhaps even on a global scale, really outstanding work.

2140

A friend on Facebook, for example – not one of the doubters, but in the other camp perhaps – forwarded me a few months ago effectively this ‘Have you got polio? Me neither. Thanks, science.’ Meaning thank you to the vaccination programme. Or diphtheria, pertussis, tetanus, measles, mumps, rubella, HPV, haemophilus, pneumococcus, hepatitis A, hepatitis B, varicella.

2145

To put the argument in a nutshell, from kind of a quote, is that Public Health for over a century has been going better and better in most countries of the world, perhaps all nations, because of the advance of science and the advance of the vaccination programme.

2150

That does not mean to say there have not been people who doubted it and there may have been occasions when – there have been occasions – when people who have had vaccinations have had bad reactions; and what we do need is a clear and transparent and fact-based, evidence-based discussion on every instance of people’s diverse reactions. I am sure Deputy Soulsby is right to question the figure of 10,000, but working out causal reasons for people and why they might be ill or die is extremely difficult.

2155

As my mother used to say, you could draw a curious link between poor health and wearing a bowler hat because all the city gentlemen who went up on the commuter trains and on the Tube train were unwell, and they all wore bowler hats in the 1950s. But of course that was not the reason they were ill. The bowler hat probably was not a factor.

2160

So identifying this is an extremely complicated art. But where I do share with Deputy Blin, Deputy Kazantseva-Miller, Deputy Queripel is for an ongoing debate of clarity, of perspective and putting across the facts and not being afraid to say, yes, on balance vaccinations are good thing but there will be people who may pay a price. We start to get into extraordinary complexity when you compare AstraZeneca with the other brands, and whether they affect people or not and whether some are better for older people, some are better for young people and so on.

2165

I am wary of capping liability for the States at this rate, because I think that it creates a precedent – but I can see why it was done. But I think the best position I could take on this one is to actually abstain from the vote and hope that we get more information from all sides as to whether there are harmful side effects from the different vaccination strains; and whether, therefore, we should in the interest of justice not necessarily restrain the courts to a maximum figure.

I will give way to Deputy Brouard.

2170

Deputy Brouard: Thank you very much, Deputy Gollop, for giving way.

As I have already spoken I could not come back on the ... I thought it was going to be quite a short debate, I had not realised that it was going to continue so I have a little bit of information and it really goes along with what Deputy Kazantseva-Miller mentioned.

2175

This is from one of our senior officials, whose name I cannot name, but it goes along the lines of this. The Yellow Card reporting site does *not* link at least 10,000 deaths to a vaccine injury since the programme began. It actually states in the section headed ‘Events with a fatal outcome’ at the end of section 3 that the MRHA has received 526 UK reports of suspected ADRs – which is adverse drug reaction – to the Pfizer/BioNTech vaccine in which the patient died shortly after vaccination;

with 1,075 reports for the COVID-19 vaccine AstraZeneca; 16 for the COVID-19 vaccine Moderna; and 28 where the brand of the vaccine was unspecified.

2180 The majority of these reports were in elderly people or people with underlying illnesses. Usage of the vaccine has increased over the course of the campaigns and, as such, so has the reporting of fatal events with a temporal association with the vaccination. However, this does not indicate a link between the vaccination and the fatalities reported. Review of individual reports and patterns of reporting does not suggest the vaccine played a role in these deaths. That is some 1,645. Doses
2185 administered exceed 91.9 million.

Thanks, Deputy Gollop, for allowing me to put that forward. Thank you.

Deputy Gollop: Thank you very much.

2190 I think I accept entirely what Deputy Brouard has said but of course when we have heard tragically of the death to people from COVID, one also has to be aware that they would not have died without coronavirus. That is the stressing part of it. But of course if we had not got any coronavirus it is possible in some cases they would have passed away of other viruses because we have had less of other kinds of viruses perhaps. This is the hard part –

I will give way to Deputy Soulsby –

2195

Deputy Soulsby: I thank Deputy Gollop.

The point is that the work and analysis that is done in the UK does show that there were excess deaths through 2020 and 2021 from people specifically because of COVID, rather than other underlying conditions that would be expected over that period of time.

2200

Deputy Gollop: Yes, I think we can concur with that but applying that generic statistical argument to every individual case is testing and perhaps difficult for some people.

2205 But, again, if you look at the different brands or types of vaccine you have got the Pfizer, the Moderna, the Oxford/AstraZeneca, the one-shot Johnson vaccine. There are different ones in different countries, made in different ways. We will have to have a continuing debate on this and with boosters, maybe. So I think in that context we should not be limiting in a blanket way a liability; and perhaps the way for that would be a captive company rather than this kind of legislation.

I think until we know more we should be more neutral.

2210 **The Bailiff:** Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

2215 I think it is only right that we should have an opportunity, particularly at this juncture, to debate this issue. I do not think it is going to go away and I do not think we can exhaust it and probably this is not the right forum to do that sort of thing because we have not got papers in front of us and information. But I am sure, sir, like many others in this Assembly, I have amongst my friends at least one individual who has had his health seriously affected by the administration of one of the vaccines.

2220 I have also got someone who was pretty much an anti-vaxxer – who does not live in Guernsey – but who got taken very seriously ill with COVID and has been converted in completely the other direction that you need to get vaccinated. It is a very difficult position that we find ourselves in. I have travelled a lot in my time and therefore I have had to take vaccinations. I remember the first time that I went to Haiti I had to have a smallpox vaccination and a yellow fever vaccination, and I had friends who said you should not do that. The fact is, I would not have actually would not have
2225 been allowed to travel to Haiti if I had not done that.

The difference now is that we are in a situation where vaccines are being rolled out fortunately, in our jurisdiction, they are not being forced upon people, it is voluntary and I think that is an important point to make. But they are being rolled out very quickly to a much larger group of people who have taken it up than we have known in modern history. Coupled with the fact that at the

2230 moment there is no *long*-term evidence because they have been fairly quickly developed. At the same time, the vaccines have been developed from existing SARS vaccines, they are based on the technology there.

2235 But we live in an age, sir, where people have information far more easily at their fingertips than ever before and they do their own research. Whilst I do not agree with the phrase 'That's your truth and this is my truth', in a sense it is very difficult to make head or tail of the sorts of information that we get. We have already heard here of different interpretations that people have made on bits of information and people get very angry when they feel they are not being listened to. So an important part of it is listening to those who disagree with your own position.

2240 Sir, I do not *fully* agree with the statement I am about to make but Members will be aware of it. There is, I think, in a democratic society at least a need to pay attention to the maxim: 'the greatest good for the greatest number of people ...'. I think we probably ... I cannot remember who it was, I think it was a French philosopher, maybe Pinchot, I cannot remember, who added to that: 'in the long run' or 'for a duration of time'.

2245 We cannot do that because we have not got that ... We are not afforded time in this. We cannot *wait*, to find out. We have all got stories and know of vaccines that had serious problems in the past. So we are dealing with elements of risk. Ultimately, sir, we have to make our choices on that basis. So I want to continue to encourage people to have as much information as they can but ultimately to make their own individual choices. And if they make those own individual choices then we, as Government, just need to enable the best possible environment where they can make those choices freely and liberally and take responsibility for them. I think it is also incumbent upon us in
2250 that environment to say the liability that we have as a Government towards that needs to be limited in some way.

It is too a large degree an arbitrary figure. I do not align it to a figure on the price of a life at all, but I think we need to do that to be responsible as well. We are dealing with not black and white but shades of grey. It is ever thus in politics but it is particularly the case in this instance.
2255

I commend those advisors to the CCA and our medical staff here who have done fantastically in facilitating this. I at the same time acknowledge there are a number in our community, they may not be very many, but they have grave reservations about this and that should be acknowledged by us and respected by us; and they should have the freedom to choose *not* to engage in vaccines or in whatever future types of public limitations and issues we might come into.
2260

It does not have to be that. Face masks have been a problem for some people as well. We need to find ways in which we can honour those who have a slightly different approach. Ultimately – and I often say this sir – we are all people of faith. We have to put our faith in something and, as a result of that, we make our own personal choices.

2265 On that basis, sir, I come back to what I said to begin with. I value the opportunity that we have had to air this today and I think, going forward in the future, I hope that we will have more opportunity in lots of different forums to hear out one another and our different opinions on the way forward.

Thank you, sir.

2270

A Member: Hear, hear.

The Bailiff: Deputy Oliver.

2275 **Deputy Oliver:** Thank you, sir.

It was just a really quick question, and I am sure I have asked this before, and I am sure the answer is actually yes. But, once the vaccine has actually been approved, then this legislation will fall away because it is going to be part of the normal vaccination programme.

2280 **The Bailiff:** Well, if there is no further general debate, then I turn next to the President of the Policy & Resources Committee to respond to the debate before I turn to the proposer of the motion.

Deputy Ferbrache.

Deputy Ferbrache: Thank you, sir.

2285 Just in relation to Deputy Oliver's question, she has got it exactly right. Once the vaccine is formally approved, this provision does not apply. Hopefully that answers her question.

I am also going to answer Deputy Haskins' question before I turn to other matters. As Deputy Le Tocq has said, the taking of a vaccine is entirely voluntary. You do not have to do it. I cannot imagine any circumstances whereby if CCA or anybody else – and it would be the Policy &
2290 Resources, it would be a general debate in this Assembly to say people have to, it is a mandatory requirement. I cannot see that being passed. I just cannot see that realistically ever happening in a democratic society.

But let's just say that I am wrong – and I can acknowledge I am wrong when sometimes others cannot. But let's say I am wrong and the States did pass that kind of legislation – here is me being
2295 a lawyer now, rather than being a politician. I believe somebody in those circumstances where they have to be held down and have an injection put in them – I cannot ever imagine that happening, but let's just say it did happen – would we be able to say I should not be limited to, e.g. £120,000. That would be for a court to decide. They would have to decide whether the statutory provision was *ultra vires* or whatever it was. That would be for people far cleverer than a humble Guernsey advocate like me – (*Interjections and laughter*)
2300

But in connection with the general point, Deputy Soulsby has explained the context in which we use the powers under Article 66A. It was the Committee for Health and Social Care that asked us so to do. They were armed with the papers, they made that decision and asked us to do it. We looked at it, we considered it carefully and then we exercised our powers. Article 66A should be used
2305 sparingly, I have already read the words of it. Deputy St Pier has already referred to it in connection with that.

I have said many times, I have spoken publicly and privately to Deputy Queripel, that I respect his view to put forward the view he takes. It is not the view I share but I have respected his view. Where I do take a little exception was when he said, 'It is democracy, etc.' I am just as much a
2310 democrat, every much as bit of a democrat as Deputy Queripel. He has not got the high horse in relation to that particular provision.

As to whether vaccines are good or bad, etc. Again, as Deputy Le Tocq says, we should have the wider debate, we should continue to have that debate and we should continue to listen to arguments, etc.

2315 Can I just say – and this is my view, having sat in CCA for the last 11 months, having heard an abundance of medical evidence, having considered matters objectively – I believe the overwhelming evidence is that our vaccines are good and they do far more good than bad. That is not to say that some people do not get a reaction, that is not to say that some people do not die or suffer serious injuries and ailments as a result of having a vaccine. Sadly, when you are dealing with science it is
2320 never perfect, it is never 100% accurate, so there are sadly some people who have suffered adversely.

On the balance of that if we had not had the vaccine, instead of the millions and millions of people who have died and suffered throughout the world as a result of COVID, we would have had hundreds of millions and the world would have ground to a complete halt. (**Two Members:** Hear,
2325 hear.)

I do not think I need to say any more than that. We have had the debate. It is up to the States whether they want to annul this particular provision or not. It seems to be from the proposer that he does not, he just wanted it debated. He has had it debated albeit, as I say, there was ample opportunity to debate it previously.

2330 As regards the £120,000 figure, I just conclude by saying that it was not plucked from the air, it was a discussion that we had and it followed the equivalent provision under a statute in the UK. And, as Deputy Queripel says, we do not have to follow what happens in the UK but equally in this circumstance I cannot see any logical reason to enforce this.

Thank you very much.

2335

The Bailiff: Finally, the proposer of the motion, Deputy St Pier, has the opportunity to reply.

Deputy St Pier: Yes, sir. Very briefly.

2340

I think, with regard to Deputy Haskins' point about mandating the vaccine – and I certainly have heard Deputy Ferbrache's response to that – of course I think the UK has steered that way, for example, with regard to care workers in care homes. So clearly it has been – and we know, certainly, of a number of other jurisdictions where it has been a requirement. Obviously, absolutely, it is encouraging to hear Deputy Ferbrache say that he cannot imagine it being the case here in Guernsey.

2345

The objective of the motion to annul has been achieved, which was to force the debate notwithstanding Deputy Ferbrache saying that it has been debated before. The fact that this a permanent replacement of the legislation does warrant a debate and I do regret in a way that it had to be a motion to annul but that is all that was available.

2350

I really, just finally, pick up Deputy Le Tocq's point about the need to have that open debate and be seen to be having that open debate. I think it is about being seen to listen respectfully to those who do have anxieties, however legitimately founded or otherwise those may be. Without doing so, I think we run the risk of losing public confidence and actually feeding some conspiracy theorists around this. So I think it is important we have been seen to have the debate. It would not be in the interests of the community for that to have been the outcome.

2355

So yes, sir, I do request a recorded vote and of course those who wish to support the legislation should vote Contre and those who oppose the legislation should of course vote Pour.

Thank you, sir.

The Bailiff: Thank you very much.

2360

So, Members of the States, we go to a recorded vote on this motion to annul The Medicines (Human and Veterinary) (Bailiwick of Guernsey) Law (Amendment) Ordinance, 2021.

Greffier.

There was a recorded vote.

Lost – Pour 3, Contre 34, Ne vote pas 1, Absent 1.

POUR

Deputy de Lisle
Deputy Kazantseva-Miller
Deputy Queripel

CONTRE

Deputy Aldwell
Deputy Blin
Deputy Brouard
Deputy Burford
Deputy Bury
Deputy Cameron
Deputy de Sausmarez
Deputy Dudley-Owen
Deputy Dyke
Deputy Fairclough
Deputy Falla
Deputy Ferbrache
Deputy Gabriel
Deputy Haskins
Deputy Helyar
Deputy Inder
Deputy Le Tocq
Deputy Leadbeater
Deputy Mahoney
Deputy Matthews
Deputy McKenna
Deputy Meerveld

NE VOTE PAS

Deputy Gollop

ABSENT

Deputy Taylor

Deputy Moakes
Deputy Murray
Deputy Oliver
Deputy Parkinson
Deputy Prow
Alderney Rep. Roberts
Deputy Roffey
Alderney Rep. Snowdon
Deputy Soulsby
Deputy St Pier
Deputy Trott
Deputy Vermeulen

2365 **The Bailiff:** Members of the States, the voting on the motion to *annul* the 2021 Ordinance proposed by Deputy St Pier and seconded by Deputy Queripel was that there voted Pour 3, Contre 34, one abstention, one Member was absent and therefore I declare the motion to annul lost.

Deputy Ferbrache: Does that mean that the Ordinance is automatically approved or can I now ask the States to formally approve it if that is your...

2370 **The Bailiff:** No, it has been made and therefore it was approved already, but it has not been annulled. So there is nothing further that is required. It remains extant.

Deputy Ferbrache: Thank you.

POLICY & RESOURCES COMMITTEE

9. The Tax Review – Debate commenced

Article 9.

The States are asked to decide:

Whether, after consideration of the policy letter "The Tax Review" dated 20 August 2021, they are of the opinion:-

- 1. To reaffirm principle 5 of the Fiscal Policy Framework: "The aggregate amount of States' revenue should not exceed 24% of GDP".*
- 2. To agree that the Committees of the States are collectively responsible and accountable for ensuring that States expenditure is limited to the amount necessary to fund public services proportionate to the Island's size and population, and to endorse the intention of the Policy & Resources Committee to establish a sub-committee, comprising a Member from each Principal Committee, and charged with the identification and development of options to reduce expenditure or mitigate the anticipated increase in the cost of public services as set out in Paragraph 4.6.*
- 3. To agree that the existing Social Security contributions system should be restructured such that all contributors are assessed on the same definition of income with the same access to allowances and that the Policy & Resources Committee, in close consultation with the Committee for Employment & Social Security, should develop detailed proposals for the restructure to establish the rates, allowances and limits which should be applied under such a scheme.*
- 4. To agree that any restructure to meaningfully diversify the tax system requires the introduction of a broad-based Goods and Services Tax and that the Policy & Resources Committee should develop detailed proposals including the measures necessary to mitigate its impact on lower income households in the context of a restructured Social Security contributions system.*
- 5. To agree that, in order to secure Guernsey's long-term financial stability, it will be necessary to raise additional revenues but that no significant changes to the tax system should be implemented*

until the States Assembly considers, as part of the Government Work Plan debate in June 2022, a framework to co-ordinate the work streams that will achieve and fund an affordable government and public services proportionate to the Island's size and population, including the options for reductions in public expenditure and those that support growth in economic output.

2375 **The Deputy Greffier:** Article 9, Policy & Resources Committee – The Tax Review.

A Member: Hurray! (*Interjections and laughter*)

2380 **The Bailiff:** I am pleased to hear so much enthusiasm (*Laughter*) and I am going to invite Deputy Helyar to open debate on behalf of the Policy & Resources Committee.
Deputy Helyar.

Deputy Helyar: Thank you, sir.

2385 Some housekeeping before we start. As you kindly asked me to point out to the Assembly, the Propositions attached to this 'green paper' are capable of being voted upon separately and, accordingly, I would request formally that they are dealt with individually when it comes to voting and that we have a recorded vote on each of them, thank you.

2390 This debate is likely to be one of the most important of the term and I encourage all Members to please contribute constructively to policy development and share their views on this important subject so that we can take these into account in the next phase of work. The policy letter has been submitted under Rule 17(9) as a green paper. This has been done because we wanted to allow a broad debate on the policy matters under consideration and allow States Members to contribute further ideas which may require further analysis in the next phase.

2395 A document will be produced which summarises this debate and the themes which emerge from it. We will share this report with States Members for comment before the Steering Group is asked to progress the next phase of work. If any Member feels that there is not enough emphasis on an issue or that they would have spoken in support for a submission which follows on from their speech, they will have the chance to say so that it can be given due and appropriate emphasis at the next stage.

2400 Should Propositions 3 and 4 carry then there will be further work to plan in more detail. But we will also properly take into account the views of those who remain sceptical or doubtful and currently cannot approve a GST in the absence of, for example, more detail, accompanying plans or a strategy to address savings or to effect economic growth. Clearly, no Members are likely to wish to dismiss a proposal out of hand which would then lead to more income tax and social security impacting on the lowest paid and on middle-income households.

2410 Sir, more extensive public consultation is certainly required because there is an obvious lack of understanding or comprehension of the extent of the financial challenges which we face. A policy letter will be brought back to the States next July with detailed proposals and an opportunity for the States to accept, reject or amend the Propositions within in it. Please, I urge Members to take account of the fact that this is the start of a more detailed process rather than the end of one. It is very important for the future of this Bailiwick that we give these options a detailed airing.

2415 Sir, there has been a lot of misinformation on social media and within opinions reproduced in the media. So let's start by metaphorically at least shooting some foxes. (*Interjection*) The first one is that media reporting has unfortunately emphasised that this is all the fault of pensioners. It is categorically not anyone's fault that we are all living longer and healthier lives. And I hope that Members will agree with me that pensioners should *not* feel guilty about this all. In fact the peak funding issue will arise in 15-20 years' time when my generation will, hopefully, retire.

2420 The next fox, and it is a very important one, is the frequent comment dismissing GST out of hand on the basis that it is regressive. Yes, in its basic form it is. But this green paper suggests a means of implementation which includes reform of the income tax and social security system which removes those on lower incomes from those tax nets and reduces the strain on middle earners by

increasing their allowances. Those households would be better off under the GST than by increasing our income-based taxes. Just look again at figure 1 in your Billet. These projections are not theoretical, they are based on real families' data, not just theory.

2425 Thus, in their suggested form, these proposals, this green paper and its GST proposals are *not* regressive. There is already enough misinformation circulating without it being repeated in this Assembly during this debate. All three political Members of the Steering Group were *not* in favour of GST in their manifestos for precisely this reason. We would not now collectively be suggesting more research into GST if we believed, even half-heartedly, that the proposals were not the least

2430 regressive option and the best overall strategy for our economy.

The next one is the common observation that increased costs are all down to civil servants and waste, and that we can close an £80 million gap purely by cutting staff costs. Saving £80 million is the equivalent of terminating all Committee budgets except Health and Education. Or, if we might prefer, every cash budget being reduced by 20%. The public needs to understand, that is one-in-five nurses, teachers, police officers, firefighters, etc.

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I have no doubt, as with any large organisation, there is always room for efficiency and reducing costs, and we must demonstrate to the public that we all in this Assembly collectively mean business in that area. But we must also be honest that at the very root of this funding problem we simply cannot stop the clock ticking and people growing older.

2440 Let me start, sir, with perhaps the easiest and least contentious part of this green paper, which is Proposition 3 in relation to the reform of the social security system and something which I hope all Members will be able to support. Our system has evolved a very long way from its origins. How much you are now liable for depends on how you gain your income or rather how it is technically classified. So some people are liable on all their income, they get an allowance akin to the tax allowance, others are liable only on their employed or self-employed income but do not get an allowance at all.

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There are examples included in the policy letter – for those following on the radio it is at figure 6 in section 8.7 – which demonstrate just how large an impact these different treatments can have on someone's liability when earning effectively the same amount. Sir, these significant and unfair differences are frankly impossible for us as an Assembly to justify. We have an opportunity to restructure the contribution system into something which is more equitable. Adding an allowance for all contributors would make the system more progressive to the particular benefit of lower-income employed and self-employed individuals.

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Assessing everyone on the same definition of income would mean that people are treated equally, regardless of how their income is sourced. To balance the revenues, it would be necessary to charge a higher rate for employed and self-employed people to compensate for the introduction of an allowance. However, generally those with middle and lower incomes would be better off, those with higher incomes would pay more. If we then wish to raise more revenue via higher contributions, this is clearly a fairer basis from which to do it than the current system. Given these inequities, I hope all Members will support Proposition 3 and I indicate that we wish to see a reform of the system to something more progressive and generally fairer for all.

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Turning now to taxation. The issues that we are discussing today are not new. Successive States have known these financial pressures were developing for many years. The changes and the resulting financial pressures are already apparent. The number of people above pension age began increasing in 2011 when the first of the baby-boomers reached retirement age. Since then, the number of pensioners in Guernsey has increased by about 2,200 people. Over the same period, the number of people aged 16 to 65, usually referred to as the 'economically active', has fallen by 1,900, which has an impact on the amount of revenue we are collecting.

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As a direct result of pure demographics, between 2010 and 2020 the cost of paying States' pensions increased from £82 million to £134 million a year. A massive 63% increase alone in the last decade and, because we are all living longer, these pensions will have to be paid for much longer than would have been projected back in the early 1980s. Over the same period, the cost of providing

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health and care services has increased by £38 million per year and the pressure from these demographics is increasing.

2475 The funding and investment plan which we agreed this July includes an additional £3 million a year just to meet the cost of providing the same health care services to more people. That cost pressure will only continue to grow.

I expect many Members will speak on the subject of growth and saving costs and indeed a more aggressive management of the population policy to fulfil our economic needs and I wholeheartedly
2480 support such intentions. If we all work together very hard and much faster there are no doubt many things we can do to soften the economic impacts.

But the fundamental issue is we cannot stop people getting older or living longer. That is the one dial we cannot turn. It would be irresponsible for us to hope for the best whilst not planning for the worst because it could have a very significant impact on taxation for those who are working,
2485 and to our economic prosperity. The Funding & Investment Plan lays out a pathway to meet revenue and capital requirements to the end of this political term with recourse to borrowing and of course the use of reserves. However, we also clearly set out in that plan, and I quote:

A longer-term solution is required, and the provision of that solution will span the consideration of expenditure ... economic growth ... and raising additional revenues ... All three elements will be required to achieve a sustainable solution within the principles of the States' Fiscal Policy Framework.

Whilst our quicker-than-anticipated recovery from two lockdowns has improved the medium-term outlook by 2026, it remains the case that if we do not make some radical changes, when I hand
2490 over Treasury responsibility to my successor, it could well be the key to an empty cupboard. It is two minutes to midnight. We cannot delay action any longer on these issues.

I still believe, as I know do many other Members, that we must strive to do everything within our power to limit what we need to take from the pockets of households and businesses. It means that our efforts at controlling costs need to look beyond headcount and efficiency, and take a serious
2495 look at the services we provide and whether they are genuinely the best way to use public money; or whether we should do less, charge more, outsource, privatise or restrict access to services or benefits for those who can afford to look after themselves. It is for this reason that the policy letter proposes the formation of a sub-committee with membership from all Principal Committees to provide us with a forum to challenge and address these issues.

I know some Members have commented that these provisions are too prescriptive and I accept that as a criticism. But I hope that Members will recognise that joint working on these issues is vital and there will accordingly be support for the principles of Proposition 2, helping to demonstrate to the public, in particular, that we are collectively committed to ensuring we have done *everything*
2500 possible to examine where we can do better. It does not of course need to be fixed in stone. Other structures are possible and could be considered as alternatives and so all suggestions from Members are very welcome. But the principle of a joint commitment to the public demonstrating a frugal, saving mindset is important.

Now, sir, 24% of GDP is not a target but the limit on our revenues set in the Fiscal Policy Framework, which we are asking Members to confirm under Proposition 1. I accept it is not a perfect
2510 measure for many reasons, but it is a useful rule within which to contain the size of Government. It is important, in particular, that we set some form of limit or we only stand to overshoot it.

Corporate tax increases have been raised as a simple solution but they are anything but. Taxation of international services is a highly competitive area and one fraught with complex international rules and pressures. We do believe that the progression of the OECD's new framework for
2515 international taxation, which proposes an international minimum tax rate applied to large multi-national business – not all businesses – may provide an additional £10 million of revenue. But until the OECD completes their guidance, we do not know exactly what this will look like or what timeframe it will be applied over.

Any changes we make in this area must meet two critical criteria. Firstly, they must be
2520 economically competitive. Secondly, they must be internationally acceptable. Until we have clarity

on what the international rules will be and how both we and our competitors will need to apply them, we cannot make changes to the corporate tax system and at the same time be confident that we can meet these criteria or indeed remain competitive.

2525 Superficially, taxes on income are probably for most people the more attractive of the choice between consumption – GST – and income-based taxes. They are naturally progressive, they are easy to understand, and they seem fairer. But we already have the majority of our eggs in this basket.

2530 Almost two-thirds of our revenue has come from taxes levied against income or earnings. Because household incomes tend to be higher during people's working lives, this places a larger share of the tax burden on the working-age population at a time when that element of our population has been and, may continue to be, in decline. Taxes on income are also a strong feature in peoples' employment and new business decisions; and, for those who are more mobile, where they might choose to live. Taxes on income therefore have an important impact on Guernsey's competitive position and its economic performance.

2535 The Steering Group quickly reached the view that there is no scope for higher-earner rates of income tax. The income distribution simply does not support it. To raise £80 million, for example, would require every person earning more than £60,000 per year to have their tax doubled to 40%. Plus of course another 6.6% for social security for the employed, an effective rate of 46.6% of tax before fuel duty, TRP and other taxation such as alcohol and tobacco duty. For the self-employed, 2540 it would be some way above 50% of tax. These rates of taxation are not sustainable to reach the sums required and even a relatively small decline in the 6% of highly mobile Islanders already paying 25% of our tax could be catastrophic and would lead to even larger sums needing to be sought from the remainder of the *working public*.

2545 Sir, we are really in a very tight spot. By comparison, a GST has far fewer competitive implications. The evidence is that consumption taxes are so common, that people do not consider them when deciding where to live. Economically it is the stronger alternative, particularly if it can be combined with a reduction in income-based taxes as is proposed in this green paper. It provides us with an opportunity to diversify our tax base away from purely income-based taxes, gaining revenues from visitors to the Island, from those who enjoy living in Guernsey but support their spending by 2550 drawing on capital rather than income. With the addition of an international services entity scheme, similar to that now applied in Jersey, it would also increase the tax contribution of the finance sector and reduce the burden which would otherwise be placed on income tax.

2555 We remain, in Guernsey, almost unique amongst our comparators for having no consumption-based taxes. Introducing GST would not set us apart on the international stage. But raising our headline rates of income-based taxes would make us stand out like an uncompetitive sore thumb. In fact a sore thumb perhaps hit with a lump hammer.

2560 The three politicians on the Steering Group were all against GST at election time. We spent a considerable amount of time investigating this issue to satisfy ourselves that the regressive aspects *can* be suitably addressed; and we are confident that they can be. An increase in income tax allowances and a reshaping of social security can provide solutions which include a GST but still make the tax system overall more progressive.

2565 If well designed the proposals would actually improve the position of lower-income households without increasing income-based tax liability on higher earners to a point where it risks a competitive disadvantage. What is important here is that the system and the proposals as a whole are viewed in their entirety.

2570 Yes, there is also a cost to administer a GST but the evidence is that at the right level, it could be as little as 1p for every £1 collected. And this cost can be minimised by keeping GST broad and simple and by keeping a high registration threshold, so small businesses remain outside of the administration requirements. In Jersey, for example, this is set at £300,000 of turnover so that small business are exempt from the scheme, but there is no reason why this should not be set at a different, or indeed higher, level in Guernsey if we are able to proceed to the next stage and do the

planning. These same measures should keep administration as simple as possible for all small business.

The GST would also be applied to imported goods, evening out the effects on local retailers. In the UK and Jersey any parcel with a value of more than £135 is subject to VAT or GST, but on 21st September this year, Jersey published proposals to reduce this further to £60 and also to require registration of large offshore retailers who will then collect GST at source. If it is decided that we should move forward with more detailed proposals, we can establish what *de minimis* level would be appropriate for Guernsey.

GST has a known effect on inflation but in practice the observed effect is that this is short lived. Indeed anyone who has shopped in Jersey, at least in recent memory, will have noted that the prices are not significantly different as GST has been absorbed into UK retail mark-ups. For all of these reasons, not least that the GST widens our tax base without placing a heavier burden on those who are working and can demonstrably ease the burden on the lowest paid, the conclusion of the Steering Group is that if an increase in taxes is necessary, then the option of a GST should be included in the solution.

Turning then to the Propositions. I am eager to hear what Members have to say but if Propositions 3 or 4 are overwhelmingly defeated then the current view of P&R is that the work on those particular elements should probably not form part of the proposals placed before the States next July. However, there are two very important points I would like to make for the avoidance of doubt and these particularly relate to Proposition 4 on GST.

Firstly, if Members are uncertain about the inclusion of a GST in the way currently set out, but would like more time for consultation, more detail, or perhaps a different process and consider that GST might – not *should*, or *will*, but *might* – be an option if changes were made to the proposals or the level at which it is introduced, then Members should vote grudgingly for Proposition 4 at this stage and advise through the debate on the kinds of changes they would like to see made. Or, alternatively, express the fact that their mind is not yet made up and their vote is a reluctant yes for the purposes of better public consultation and more facts about the impacts of the implementation of a real system.

Members are *not* making the final decision at this stage. Everyone will still have a subsequent opportunity to amend or vote against any final proposals. And if there is an economic miracle or revolutionary plan for cost savings in the interim, then it may not have to be implemented as planned. But I believe we owe it in particular to the working public and especially those on lowest incomes in particular to put flesh on the bones of these proposals, or otherwise they alone will likely bear the brunt of additional taxation. Not visitors, not the finance sector, not those living off their capital and not the wider population. Spreading the load by GST is, in our view, the best way to see ourselves through.

Secondly, if Members decide overwhelmingly that they do not wish to see a GST as part of the solution, there will still be a need for proposals raising revenues to be brought to the States next July. If GST is not a part of the solution then what we come back with is likely to be largely based on income-based taxes. That is, we are likely to have to propose one or a combination of increases in the headline rate of income tax, the introduction of a health tax, and/or further increases in social security contributions to meet the majority of the target.

The risks that come with that are clearly set out in the policy letter but I will repeat them. Namely, almost two-thirds of our revenues already come from taxes levied against people's income or earnings. Further taxing income would not diversify the tax base but would introduce concentration risk into our system, making us more economically vulnerable to sudden changes, or declining incomes such as those experienced during the pandemic.

Taxes on incomes tend to place a larger share of the tax burden on the working population at a time when that element of our population has been and may continue to be, without our own input, in decline. Taxes on income are a feature in people's employment decisions and, for many, are a major factor in making decisions about where they might choose to live or set up business. Higher-

rate income taxes will put us at a direct disadvantage to both Jersey and the Isle of Man as well as other offshore jurisdictions.

2625 If for any reason we cannot stay within the 24% of GDP limit, which itself is going to be challenging, then income tax or social security would have to rise even further, setting us far apart from our nearest competitors. This is truly a doomsday scenario. Income-based taxes give no opportunity to raise tax from visitors to the Island or from those who support their spending by drawing on capital rather than income and nor does it raise additional sums from the finance sector.

2630 In summary, sir, higher taxes on income have a known direct impact on Guernsey's competitive position and its economy and equally careful consideration must be given to these risks as to the arguments against the introduction of GST.

Proposition 5 directs the Policy & Resources Committee to report back to the States following a period of consultation and engagement with detailed proposals to restructure the base based on the outcome of the votes on 3 and 4. I urge all Members to support this Proposition. It is unthinkable at this stage that Government kicks this particular can down the road. We need to deal with this matter and do so expeditiously.

This is the Assembly which needs to make these difficult decisions about tax, as it has already done in relation to Education and today in relation to quarrying. While we must aim to demonstrate to the public our commitment to minimise the amount needed, I would ask Members to please remember at the heart of this debate lies the fact that we cannot stop people living longer or getting older and pretend that revenue is not needed to deal with it.

We must not leave this issue to another Assembly to resolve because the impacts could become even more significant a risk than they represent to us at present. Sir, I look forward to a challenging and broad debate rather than a damp squib and commend all Propositions to the States.

Thank you.

The Bailiff: Deputy Inder.

2650 **Deputy Inder:** Thank you, sir. I am going to go first and fairly early.

I do not have a prepared speech and I accept that all Members of Policy & Resources have got quite a difficult job. I think we know that this has been coming down the tracks for a few years and it falls upon this Assembly to deal with some of the things we possibly needed to deal with in previous Assemblies, of which I was a Member so I am not shirking my responsibility, even though possibly I was not in a position necessarily to do anything about it. We are here, we are where we are today. I hate that phrase and we have to have an extremely sensible debate today and I do hope there is not going to be any politicising of this debate, as I think we have seen over the past few months.

But I want to start with some base assumptions. This is not me trying to be particularly smart but I would ask Members to look at executive summary 1.4. I have seen a variation of this tax strategy in a previous Assembly. I always knew that we were going to be down the road heading towards a version of GST and VAT. I think Deputy Trott and Deputy St Pier over the years have always forewarned us that this is coming and VAT was very much ... In fact I think maybe the framework for VAT or GST was agreed possibly two terms ago. So it is in place to be able to be created. When people create frameworks for things to happen, you can sure as damn it, things turn up and they actually happen.

I remember going to, I think it was – oh god I was going to use a name there – a number of senior officers who did a presentation to us in one of the rooms at Beau Séjour and something stood out to me. Deputy Roffey I am sure is going to respond to this bit. But I am fairly sure I heard that we were going to lose 11% of the workforce. I sat there and when people a lot brighter than me hang around rooms and start telling me things I generally nod in agreement because, like Deputy Ferbrache, I am a bit stupid. (*Interjections and laughter*) But the difference is when *he* says it, he does not believe it. (*Laughter*)

2675 It just seemed a bit queer to me. Because I was sitting there nodding and thinking 'Oh, blooming heck, if we are going to lose 11% everyone is going to retire.' Then you walk out of the room and you have got your head in your hands and you are thinking, 'Oh my God, 11%, 30,000 people working, that's 10%, that's 3,000 people aren't working.' Then, the more you think about, you think, 'Well, hold on a minute. If I run a company and I have got a part of that company that is broken up into faculties of 10 – let's play with 10% – if they retire, aren't I going to replace them?' But, according to Government, their basic assumptions I think are probably wrong.

2680 What they are effectively saying is that by 2040 we are going to have a depleted work population and their basic assumption that that will not be replaced is possibly wrong. Because I do not believe under the Population Management Law at the moment there is any actual physical population control. So we could end up with of course more expenditure because those people are retired, but those people aren't going to be replaced. None of the people ... In fact, I asked the same question of two of our NSMs who are actually *in* business. They are not talking about business. This is what they do on a daily basis.

2690 I asked them that question, I asked our two NSMs, 'You've got your businesses, people retire, you read this in 1.4 ...' Their response was, 'Well, you can ignore that because quite clearly we are going to replace them.' That means two things. If that is correct, and it says here in 1.4 – and I am trying to help here, I am actually genuinely trying to help – it says halfway down:

the erosion of the working age population as more people retire could place a downward pressure on revenues to the value of as much as £30m a year by 2040.

Pardon? (*Interjections*) I *am* right? That will be a first!

So, basically, what this assumption says by £30 million ... Now if that £30 million is included in the £80 million, you can basically wipe that out because those people will be replaced –

2695 Well, hold on, Deputy Gollop, there is no point – I am happy to give way.

Deputy Gollop: It is a complicated subject this about working population because, to a degree, I think activity in the economy and activity in employment is conditioned by the availability of suitable workforce. A classic example being there are loads of restaurants and cafes, one I even went in today, that have closed because there is nobody there to do the work.

Now, if we continue to have maybe a strict Population Law and not enough accommodation for people coming in, etc., we will see a decline in employment in certain areas and a decline in economic activity.

2705 **Deputy Inder:** Right, well I think in future I just simply will not give way because I was going to get onto that point exactly. I do wish politicians sometimes ... They actually need more NSMs on their Committees because these are the real people who are working in the environment. They are not playing at it. These are people we talk to on a regular basis that we test our policies with, because we are not the experts. And certainly with the greatest respect, Deputy Gollop, you are not in a position to be talking about your knowledge of the employment sector. (*Laughter*)

2710 Anyway, so moving on to his point himself, and this time I am going to refer to Deputy Roffey because Deputy Roffey has often said that we do not need any more population. If we have effectively a 3,000 decline in our employment sector and they are going to be replaced, that means we are going to have potentially, in simple figures, 3,000 retired and 3,000 replacements. That means 3,000 more in the population. That is what it means. So we can run around pretending that we are not going to have an extended population, we are not going to want it – It may look very popular indeed, but the reality is if we are not going to manage decline, because that is what we are staring down the barrel of, we are going to need more people working in the Island.

2720 So 1.4 is probably one of the most important paragraphs in this whole policy letter because it is probably wrong. It is quite potentially wrong. So that is actually good news. If you assume that we are going to replace that 11% of declining workforce with 3,000 people – and it will mean a higher population – we have suddenly written out £30 million in an instant, give or take.

Unless Deputy Gollop wants me to give way and correct me on that? I did not think he would. Oh dear. Deputy Helyar, I have been *[inaudible]* and he is going to bury me in one sentence, isn't he? (*Laughter*)

Deputy Helyar: No, not at all. The point of a green paper is we are supposed to allow people to say what they think, which is absolutely fine.

I just think that these reports have to be based on a set of assumptions and the assumption is if you do not have immigration, and you allow people to pass away because there are fewer of them, that means there will not be enough people in the Island to replace them. You can manage that, obviously, but that is something we need to debate.

Deputy Inder: That may be the case, but for these very clever economists, that we have got hanging around the States at the moment, to actually miss that whole point that they are almost likely to be replaced or we will be managing the decline of major parts of our economy, I think that has been quite fundamentally missed in that.

So if we consider ... And I would like to hear this, if States' Deputies who honestly think that they agree that we are going to have a declining workforce as they leave the workforce and no population, I would like to hear how you are going to manage that because we are staring at decline.

So you will have to assume that 1.4 is incorrect, they *will* be replaced and it is likely to mean a greater population. That is what it is likely to mean. Unless you just want VAT. Unless that is what you want, because we cannot have it all. We cannot have our ... I was going to say something else but we cannot ride two horses, or three or four depending on which day of the week it is. (*Interjections*) Could she? Deputy Trott says his wife can ride two horses but so can Deputy Prow's.

Anyway, I think that is quite fundamental and it also gives me some joy, because if I hope it is wrong, and it is wrong, that may get us out of a bit of a clause.

I am just going to move on to a few other bits and pieces. I think one of the problems with this document is actually that it is probably fairly dry. I have actually got another document in my hand and that is the Government Work Plan. I actually read this before I read the Tax Review because I wish pages 1 through to 35 were actually attached to the Tax Review because the Government Work Plan talks more about the environmental, the social, the governance but it is distinct from the actual dry document which is the Tax Review.

Had we put these together in some way, as a selling document, to explain where we want to be and are likely to be over a society, I think we would be in a better place. Deputy Helyar has asked us for some ideas and I am probably going to be the first one to pull a couple of headlines and they will not be good ones.

I think, I am fairly sure I am correct, that as part of a tax review, Policy & Resources were directed to come back and deal with the issue of taxation of motor vehicles. I think that is correct because I think the previous Policy & Resources had taken that from the old E&I, then apologised for not delivering it – Deputy St Pier is nodding away, here – then I think they were under direction to put it in part of the Tax Review and that is not here. That is not here.

If we are going to use the E, the S, and the G we need to tell people what we are actually doing as consumers. The simplicity of just actually putting VAT on something is not the way of dealing with consumerism. There are lots of things we could do. We could be talking to the public and – I am happy for Deputy de Sausmarez to correct me, but hopefully she will not – I think in the last debate we had on the matter of taxation, ignore the potential method, I think the figures were something like 50,000 motor vehicles in Guernsey along with about 7,000 motorbikes. Not registration numbers, around that. Well, that alone, back when we had a Renault Mégane – sorry about that, yes, it is a bit French, I will never do that again – I think I was paying about £160 for a standard saloon.

If we are really building cars in far-flung places, if we are driving them around the Island, if we are crashing them in Guernsey then sending them back, the real responsibility from an environmental point of view is taking responsibility for what we are doing. Literally, taking them

2775 from over the horizon, driving them around our Island – back to the debate that we had previously – and throwing them back over the horizon, does not mean they never existed. Some will say that was all wrapped up with the drop in the fuel prices. Well, *the game is up*. We are in serious financial schtuck.

I think, Policy & Resources, that could be sold to the people of Guernsey. I honestly believe that they could. They must –

I am happy to give way.

Deputy Oliver: Thank you for giving way, Deputy Inder.

2785 You do pay for a car to be imported into Guernsey. There is a certain amount of tax depending on the amount of emissions that the car gives.

Deputy Inder: Right okay, thank you for that.

2790 But I am there basically creating a headline and it is unlike me who, in one of my maiden speeches said I was against motor tax. But I think we are in a position where it is something we have to now really consider. If this about getting away from the idea of VAT, we have got to find other methods of taxation and I think something which is effectively a discretionary spend is something we may need to consider.

2795 Currently, so far, I have written off the £30 million off the £86 million; I have just added £10 million because every car in Guernsey at £200 is now ... I have now got it down to £40 million, Deputy Ferbrache. I am doing alright.

2800 On other matters of retail in itself, there is no two ways about it, our retail offering could be fantastic. It is in a beautiful setting, some of it admittedly is spread across the Island and it is under a serious cosh. VAT scares me and the retail sector has told us that. There are signs of a recovery and I think Members of our Committee have seen that as being led by the Guernsey Recovery Group. But I am sure any of our other Members – we have had a letter back from Mr Creasey and he has given us an indication why he is against VAT. But there might be a solution.

2805 Coming in, looking at the environmental responsibility that we have as well, you look at Amazon at the moment and it is one of the big players, it has literally owned the world's cardboard market to the point where it has even bought the future's market as well. Again, over the horizon we bring product into the Island because it is cheaper, more efficient or more ... It is not always cheaper, actually. That is the great lie about Amazon. I think the idea of home shopping is just easier for people.

2810 What *if* we actually took a real look at some of the products that came into the Island and had some kind of import taxation on products coming into the Island? I think Deputy Helyar will tell me there is something like 10,000 parcels we get in a day, they are wrapped up in cardboard, what do we do with it? We either burn it in the garden – no, of course we do not burn it in the garden – or we say reuse, recycle it but we do not, we just separate it and send it off to Sweden to be burnt somewhere else.

2815 Now, if you look at that circular nonsense of being made in China, sent to England, wrapped up in a factory in the middle of Kent somewhere, or wherever Amazon is, they send it to Guernsey, we then send it to some recycling plant and they move it to Sweden. Surely the E, the S and the G should really be considered in some way. This I think generally, Members of Policy & Resources, the trick of that has been somehow missed. You are looking for ideas and I have asked you to consider some ideas and I am first on my feet and those are the things we should be considering.

2820 Finally, sir – well, not really finally – I want to look at something called ... Just back on the car tax. Deputy de Sausmarez and Deputy Haskins would agree – once I have heard her, who will always get to their feet – that if we are heading to a transition and heading towards electric cars which would seem to be the way we are going, why on earth should all members of the public necessarily pay for it? That money that you raise through taxation, *some* of it could move towards paying for the electrical car infrastructure; and we cannot shy away from that because if we do not tax the car owner, *someone* is going to have to pay in some way shape or form. So the idea of raising revenue

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via car taxation to, in part, pay for some of the infrastructure, I do not think it is an unreasonable thing to consider.

Regarding, I think Deputy Brouard is sparring with me on this – and we do agree on many things, not all things, but we do agree on many things. I think it is something we need to do immediately and it is more likely to be a budget amendment and this is probably the bit where I am going to fall out with Policy & Resources. We have spent something like £80-odd million on COVID recovery between the two very – and I have said it before, they never listen, and Deputy St Pier never actually listens – but actually both CCAs did a damn good job.

Deputy St Pier under his leadership was writing the book as he went along and we effectively jointly, with consent of the two Assemblies, saved Guernsey's economy. But that was not for free and neither should we have just given it away. I genuinely believe that for budget, immediately, both Deputies Ferbrache, Helyar and the rest of Policy & Resources should look at some windfall tax. I am fairly sure, if not irritated, that some people have done remarkably well out of it and it would not be unreasonable for Policy & Resources – they are not going to get back the whole £86 million, we know £40 million of it is related to Aurigny itself – but it is not unreasonable, which could be sold to the public, that those who have done well, who have been absolutely saved by the management of both Governments ... Which, *miraculously*, the last Government was the worst States we have ever had, and *this* one has managed to be worst States we have had.

Well, actually I think – I would not go as far as saying the *best* States we have ever had – but, certainly, they took their responsibility seriously, we wrote from the public cheque book and we saved Guernsey's – certainly not the finance industry because it took not one penny. But we saved the hotels, the retail, many areas of the service sector. If they are now sitting here with bank accounts full of cash, I think it is not unreasonable for us to go looking for some of that money. That is not going to sort out your structural deficit but you have asked for ideas.

If it is not done directly by Policy & Resources – I can see Deputy Brouard nodding away – I hope I would get some support from this Assembly to look at a budget amendment. Because it is unacceptable that, once we have paid people out, we have looked after them, they should not be able to pay that back if they are looking at profit. So that is slightly different. So, sir, I am going to test something and this might be swinging the lead a bit too far.

Deputy Helyar mentioned OECD – oh, gosh, I cannot even read my own writing. It was the corporate taxation which could raise potentially up to £10 million. I do not think he is going to go for this but it is worth considering.

We speak about green finance, we talk about us as a jurisdiction, we are at a certain level where I think we could improve on ourselves. Could there be an argument that if Guernsey was the first place to adopt it – no, I can see Deputy Moakes shaking his head in horror at the moment, I was doing alright up until that point. But I do wonder if Guernsey could have been one of the first places to adopt it and make the argument that we are trying to act responsibly, we are trying to go first. I am sure if we wait for the last of the 160 countries to make a decision, it will probably never happen.

But I do wonder if we could not speak to the Isle of Man, Jersey, most of our competitors to see if there isn't something we could do in some kind of way to move us all towards the ... But I am not getting a lot of love from that idea (*Interjections*) so I will quit while I am not ahead. (*Laughter*)

In short, madam, I am not going to pick through absolutely (*Laughter*) – what did I say? (**A Member:** Madam) Oh, sorry did I? I am already in enough trouble!

But in short, *Members* – that is it, it is not madam, it is Members ... Who knows nowadays, Deputy Gollop? We are all amongst friends, so you can tell us! I am going to listen to the rest of the debate.

I do not like the idea of GST at all. It may be towards the end of the debate that I actually allow Policy & Resources to keep that tool in the box. We are going to hear from a lot more people about ideas today but that is effectively my offering. I think even if I personally allowed Policy & Resources to keep that tool in the box for them to carry on their investigation – I think Deputy Helyar said he would just drop it? There is no point carrying on with it. I cannot see myself voting for it because I think we can do more as an Island; and somewhere in that are some ideas for our senior Committee to think on.

2880 I will leave people with one thought. We have got a potential business that could do very well in Guernsey and of course it is not going to make up for all the losses. I was speaking to Mr Norman from the Guernsey Marine Traders Association. If we are going to create St Peter Port as a destination port, if we are going to expand the marshalling and look at tidying up certain areas to allow people to import boats into the Island over-winter, high value jobs, a different industry, ground rent, engineering and all that goes with it, he basically said to me that if you include VAT as part of our fiscal structure, that is effectively dead in the water.

2885 When our smaller businesses say VAT is a problem, it really is a problem. I would ask Policy & Resources to avoid that as much as possible and find every possible way of speaking to the community as he has discussed, but looking at more creative ways. Because VAT, I know it is unique and we are the only place that possibly does not have it, but so what. I like being unique.

2890 Thank you, sir.

A Member: Hear, hear.

**Procedural –
Motion under Rule 25 to go into committee –
Motion lost**

The Bailiff: Deputy Dudley-Owen.

2895 **Deputy Dudley-Owen:** Thank you, sir. I would like to move a motion, please, number 25 that the States sit in committee on the grounds that the matter being debated would be better considered, subject to specific provisions of the Rule.

2900 **The Bailiff:** Well, Members of the States, the motion will be put to you as to whether you are minded to sit in committee but I will invite any comments, very briefly, in particular from Deputy Helyar bearing in mind that if the States were to resolve to sit in committee, it would simply mean that Rule 25 would prevail whilst the States continued in committee. But when the States come out of committee – and you cannot take a vote whilst in committee – then we will be back into general debate. It would also mean that you would have the opportunity to listen to Deputy Inder again.

2905 *(Interjections and laughter)*

Deputy Helyar is there anything that –?

2910 **Deputy Helyar:** Sir, we did hold a briefing for States' Members on Monday and this was a topic of conversation at that time. I think on reflection the Committee talked about it on Tuesday morning at its committee meeting and we felt there would not be enough time for everybody to speak several times. That is the essence of the problem. Although I do accept that speaking in committee is perhaps preferable if people want to ask questions or bounce things off one another.

The only thing I would ask, sir, for your ruling, is would it be possible for us to go in and out of committee? Is it possible to go into committee, out of committee and back in again?

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A Member: And shake it all about!

The Bailiff: Yes, it does sound like the hokey-cokey, doesn't it? *(Laughter)*

2920 The motion would mean, if it were to be carried, that the States would sit in committee until such time as it comes out of committee. The notion that the States might then go back into committee after a time not being in committee would be rather a strange one because it would simply resume as general debate before there would be any votes at that point. But there could always be another motion to go into committee if it were though appropriate at that point.

Before I turn back to Deputy Dudley-Owen, is there any other Member who wishes to make a brief interjection at this stage about sitting in committee?

Deputy Le Tocq.

Deputy Le Tocq: Just to say, sir, I think one of the disappointments in this policy letter – certainly from my point of view, but I think other Members of P&R share it – is that we tried to put it as a green paper and I think probably green papers are not very common and people have misunderstood some of that. (**A Member:** Hear, hear.) To some degree going into committee might help underline that. I regret now, for example, that we have got Propositions that are so prescriptive because that is not common with a green paper.

So if we move into committee, sir, the one advantage I would say would be hopefully that we would get the idea that this is genuinely an attempt to make us understand the problem properly which, perhaps being able to speak several times, might enable that. But also to get some guidance for the future, *not* to make definitive decisions at this juncture.

The Bailiff: Deputy Moakes.

Deputy Moakes: I concur with that completely. If the intention of P&R is to get feedback from everybody else in terms of what ideas they have, what alternatives they have to GST, then I think the best way to do that is to open up debate, because if the last person that speaks comes up with the best idea then that is the end of the debate unless you are in committee.

Thank you.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

I am very sympathetic to the arguments but I think it is likely to have a material effect on the amount of time this debate is going to take and therefore I think it would be really helpful to hear from you about what might happen if we have not got anywhere near concluding this at the end whether, yes ... Anyway, I will leave it there.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: On the back of Deputy de Sausmarez's comment, I agree when I think if we are going to do it, it needs a cut-off time otherwise we can on forever and we will. I mean, we are a bunch of politicians we all want to have the final say. So I think if there is a cut-off time it will make it easier.

The Bailiff: Deputy Parkinson.

Deputy Parkinson: I do not think this is a good idea, sir, because there is a massive amount of public interest in the debate we are having, which is understandable. This is possibly the most important debate that this States' term will see and the public are inevitably curious about what we are thinking, what direction things are moving in.

I do not know how many people will be listening to the broadcast of this meeting right now but I suspect it will be a large number. It will be heavily covered in the media and I think it would be a disservice to the public for us to go into sort of a private enclave to share our proposals. (*Interjections*)

The Bailiff: Deputy Roffey.

Deputy Roffey: I think in respect to Deputy Parkinson he is maybe mixing up *in camera* and in committee. I do not think there is a proposal to go *in camera*. However, I do agree with him that it would probably not be a good idea to go into committee. I do not understand this, 'If we go into committee we can offer all of these ideas and not be troubled by the Propositions, but if we have a formal debate we cannot'. Well, why on earth not?

The normal rules of debate *absolutely* allow us to set out our stall and suggest alternatives and what else we think we can do. I think we could be here ... I think it is a big debate and if it takes two or three days, fine. But I think it could take two or three weeks if go into committee, frankly. Unless we come out of it prematurely, in which case some people will feel they have not contributed fully.

So I just think, use the rules we have got – I know in committee is in the Rules – but use the normal Rules of Debate and just be imaginative enough to put forward your ideas, sir, to P&R inside that structure.

The Bailiff: Before I invite anyone else to speak, one of the benefits of going into committee is by virtue of Rule 25(4), that a person who is not a Member can be called to speak.

But I do not know whether the intention would be that anyone who is not a Member might be brought in with a view to answering anything technical. I do not know whether that was Deputy Dudley-Owens' plan. What it does mean, which I have to say I quite like, is that under paragraph 5, the presiding officer shall determine the rules of debate (*Laughter*) and what I can indicate is that there will be no points of correction, there will be no points of order – because the Rules do not really apply at this point – and there will be no give-ways. So all of those will go.

If you go into committee, I will propose to take each of the Propositions in turn and invite comments on Proposition 1, Proposition 2, Proposition 3, Proposition 4, Proposition 5 and Proposition 6 in turn. (*Interjections*) That is simply so that everyone has their say on each of those.

But, if you want a more free-ranging debate, then my suggestion is that you do not go into committee. (**Two Members:** Hear, hear.)

Deputy Dudley-Owen, is there – or Deputy Ferbrache, if he wants to.

Deputy Ferbrache: Sir, I agree with Deputies Parkinson and Roffey. People are interested, I know it will be public, etc. Otherwise we are going to just carry on and on and on.

Deputy Helyar has said in his opening that *all* views will be taken into account. Everybody's views will be taken into account and weighed up, and indeed the Treasury team are listening and they are going to summarise what people say – I know there will be *Hansard* anyway. Those will be distributed to Members relatively shortly, we have indicated that, within a week or two, or three, however long it takes – as soon as it can be.

Otherwise, it is just going to be a formless debate and I really do not see the point of that. People will expect us to come to some kind of conclusion.

As Deputy Helyar has said, it is not going to be written in stone but they would if, for example, we hear 30 people say absolutely against GST, come what may, we would have to pull our fingernails out before we would ever approve it – well, then, we will stop all that. Because it would be pointless bringing back to the Assembly in eight or nine months' time something that the majority of the States will oppose.

But if it is a general indication, I think I am going to vote in favour of it. But I am doing it grudgingly. I am not going to vote in favour of it but I think the work should still be entertained. That allows the process to develop.

If it is in committee, fine. It will be formless. People will speak five or six times. I think there are some Members in here who might even speak 10 or 12 times. (*Interjections*) Yes, I am looking at Deputy Gollop. If we were really happy, and no wiser at the end of three, four, five days – I think it *will* be three, four or five days – than we would be if we had a structured debate.

The Bailiff: Deputy Dudley-Owen, is it still your wish to move the motion to sit in committee?

3025 **Deputy Dudley-Owen:** I would like to test but you have put me off it, actually. *(Laughter)* Sir, I do apologise, no one else did, but you did when you said how you would structure it. But, that said, the purpose of me suggesting this actually came from Deputy Haskins in the Tax Review on Monday, which was really helpful.

3030 I just felt, given that Deputy Inder, he sort of had a bit of a holiday air about him, to be honest when he was discussing this, in addition to Deputy Gollop getting up and interrupting him and I think somebody else – Deputy Helyar – asked him to give way as well. It just seemed to me that actually that you could start to tease out some of these misunderstandings if you allowed people to speak more than once.

3035 Certainly in regard to some of Deputy Inder's things that he was saying, he was making assertions and looking at the assumptions without actually realising that there are certain things behind those that he might be misinterpreting perhaps. It is just a way ... In committee we always come to a conclusion because we then resolve and move on. In this way we were able to have a bit more of a free-form conversation.

3040 But yes, please let's test this, notwithstanding the fact that you have said that you would seek to constrict in some way. But I would like to test that appetite please.

The Bailiff: So I am simply going to put the motion to you at this point, Members of the States, as to whether you are minded to sit in committee. Those in favour; those against.

Members voted Contre.

The Bailiff: I will declare that lost.

POLICY & RESOURCES COMMITTEE

9. The Tax Review – Debate continued

3045 **The Bailiff:** Deputy Meerveld.

Deputy Meerveld: Thank you, sir.

3050 This green paper asks us to endorse significant tax increases, whether that is a percentage of GDP and specific new forms of taxation in GST. P&R have done their job as a co-ordinating Committee responsible for ensuring that our finances are sustainable and sufficient to pay for the services and benefits agreed by this and previous Assemblies. This green paper from P&R also makes it very clear that our current financial situation is not sustainable.

3055 The stark choices this forces us to face are to introduce considerably higher taxes to pay for our existing services and benefits, plus those due to be introduced; or start limiting or eliminating some of the services and benefits currently valued by some people, and revisit previous decisions to introduce costly new initiatives, or a combination of the two. Regrettably, this green paper presents only one option for approval: significantly higher taxes.

3060 While tax increases are never popular with the electorate, unfortunately politicians often view it is an easier option than making hard decisions about reducing the size of Government. Tax increases also sets a precedent, enabling Governments to revisit taxes whenever the cost of Government exceeds revenue. I can envisage a situation where, supported by new taxes, the States of Guernsey continues to grow and future Assemblies are tempted to add a few more percent to GST to continue funding even more growth.

3065 I will be voting against *all* tax increases proposed here today. I will not be voting against tax increases because I do not recognise the seriousness of the issues. The introduction of the Zero-10

tax regime in 2008 created a structural deficit which previous Assemblies have failed to address, and it falls to ours to do so. I will not be voting against tax increases because I am trying to avoid or defer the difficult decisions but, rather, because I want to have a bigger debate about what our community wants from its Government.

3070 I am voting against tax increases because this green paper starts at the wrong point and asks the wrong questions. I will explain my reasoning in business terms, as that is what I know best. Whilst governments cannot operate exactly like businesses, large companies have many tried-and-tested well-proven methods for dealing with major issues like those we are currently facing. No company, other than a monopolistic provider, would or could simply increase the cost of their
3075 products or services because they need more revenue. Many well-known companies have faced potential bankruptcy due to increasing costs or falling revenue. Some who have succumbed to this type of crisis are now footnotes in corporate history.

Those who have survived have typically done so through rationalising and restructuring of their businesses to focus on their core competencies, and then have rebuilt their businesses from there.
3080 Let me give an example. In 1976, two college dropouts founded a company which was publicly listed in 1980. The founders of that company left in 1985 because of disagreements over the direction the Board of Directors were taking the company. By 1997, just 12 years later, the company was on the brink of bankruptcy following 12 years of financial losses. This resulted in one of the company founders returning as Chief Executive to turn the business around.

3085 That founder was forced to eat humble pie and approach the company's arch-enemy and largest competitor for an investment of US\$150 million to enable the company to survive. With that investment he rationalised and restructured the company to focus on its core competencies. Focusing on what they did best and closing non-core functions which distract or detract from those core deliverables. That company facing bankruptcy in 1997 was Apple – now the most valuable
3090 company in the world with a market capitalisation of over US\$2 trillion.

When Steve Jobs took back the reins of Apple in 1997 he took a top-down approach to rationalising and restructuring the company, focusing on the company's core competencies and ensuring they developed and delivered them well. He did not take a bottom-up approach and simply say, 'Let's charge the customer more.'

3095 I am voting against all of the tax increases proposed in this green paper because the States are being asked to approve potential tax increases to fund the huge and growing range of services and benefits provided by our Government, without first determining the size and style of Government which our community wants. We need to decide if we want a nanny state, a Government that endeavours to control or influence wide-ranging aspects of our lives through regulation, oversight
3100 and targeted spending funded by high taxes; or a nightwatch-person State, a libertarian Government which would preserve the rule of law but minimises its size and interventions requiring much lower taxes; or, what I would support, something in between.

Once we have made this high-level macro decision we can determine the range of service and benefits that is appropriate for our Government to deliver. In other words, its core competencies
3105 and deliverables. This will result in some very hard decisions having to be made regarding the services and benefits the States must deliver. Which services can be delivered differently, possibly by commissioning Douzaines, charities and companies? And, most controversially, what the States should stop delivering or funding.

Only through this difficult rationalisation and restructuring of services and benefits can we hope
3110 to make substantive savings to reduce the pressure to raise taxes. We cannot rely on rationalisation and restructuring the Civil Service alone to deliver the substantial savings we need. Successive Assemblies have undertaken this process to identify savings and it would be naïve to assume that there remain any low-hanging fruit where simple changes to the Civil Service structure will achieve savings large enough to offset all tax increases.

3115 The only way to make substantive savings is to completely change the way we deliver some services and benefits, with some being either limited or eliminated. Our community needs to be made properly aware of the dire financial outlook unless we do something, so that they can make

informed decisions regarding the size and style of Government they want and the price they are willing to pay for it. This will need some very difficult conversations with stakeholders when services or benefits they value are changed, limited or eliminated. But it is essential that they are had, to ensure the public understand the associated costs and levels of taxes required to finance them and that they may not be sustainable.

It is essential that these tough conversations are had openly with the public so that they fully understand the issues and the majority accept the decision to ensure that any changes we are forced to make are not overturned at the next election. The pendulum-swinging decisions to buy or not to buy a waste incinerator resulted in £11.6 million in contract cancellation penalties, as successive elections resulted in policy reversals. Pendulum swings on tax policy would be hugely more costly and damaging to our entire economy. Our community by majority need to endorse the style and size of the Government they want and the prices they are willing to pay for it. This top-down approach will result in clearly defining the size of Government we intend to develop.

This clear objective will enable us to properly plan a phased implementation to transition from where we are now and, just as importantly, clearly define limits to operate within going forward, hopefully limiting the gradual growth towards an ever more unaffordable nanny state going forward.

One thing everyone will have to understand and accept is we can no longer try to emulate the range of services and benefits offered by the UK or other governments because we simply cannot afford to do so. The UK has the sixth largest economy in the world. It has a central bank, the Bank of England, which can literally print more money through quantitative easing and can roll over £2.2 trillion worth of debt in the international debt market. Despite this the UK government itself is currently introducing the largest tax increases since the Second World War because the UK cannot afford their style and size of government even with the higher tax levels.

Yet, how many times have we heard the introduction of some service or benefit justified in this Assembly by 'We must have it because it is available in the UK'? This must stop. Some people have suggested just taxing companies or the rich. The UK has a broad tax base and a diversified economy in which most businesses sell their products and services within the UK and consequently cannot leave the country even if taxes increase; unlike Guernsey, where our finance industry and high-net-worth residents mostly make money selling products and services outside of Guernsey and can relocate to a lower-tax jurisdiction relatively easily.

As Deputy Helyar said, any changes to our tax regime must not compromise our competitiveness in relation to other offshore jurisdictions. I believe this financial crisis presents an opportunity to have the difficult debate regarding the style and size of Government that we desire, plus to understand the associated costs and levels of tax required to finance it. It allows us to re-evaluate everything our Government does and not simply ask 'Can we do it cheaper?' But also, 'Can we do it differently?' And even, 'Should we stop doing it?'

I will be voting against all the proposed tax increases and the Tax Review so we can have this difficult debate. I hope that other Deputies will join me in not supporting the Tax Review recommendations so we can discuss with our community the style and size of Government, the services and benefits it should provide and the level of taxation they are willing to accept to pay for it. After which, current and future Assemblies will have well-defined and publicly understood parameters with which to manage our Government going forward.

I believe this approach will result in a much leaner and more efficient Government that focuses on the critical services and benefits that our society requires with Douzaines, charities and private sector organisations commissioned to deliver more localised, specialised or focused needs rather than the costly full-service nanny state that we are currently developing. Some may be concerned that rejection of these proposals will result in significant delays in making decisions. But it should not. P&R can still return to the Assembly with a policy letter by next June, as proposed. Just one which details which services and benefits can be delivered differently or be curtailed alongside the levels of taxes required to fund this new style and size of Government.

3170 This Assembly can review and debate that policy letter as scheduled and then move towards implementation during the remainder of this term. Albert Einstein said:

In the midst of every crisis lies great opportunity.

The potential introduction of significantly higher taxes creates the opportunity to have a meaningful conversation about what we want our Government to be. I hope Members will reject these proposals to enable us to have a bigger conversation and turn this financial crisis into greater opportunities.

3175 Thank you, sir.

The Bailiff: Deputy Falla.

Deputy Falla: Thank you, sir.

3180 I had prepared a speech having read the green paper but, before I deliver it, I could not find a great deal to disagree with, with what Deputy Helyar said before. But my issue is that the way he presented it and what he said does not really identify too strongly with this, in my view. This is prescriptive, it has got Propositions in it that feel like a policy letter. It feels like if we go along with those we will be pretty much giving a nod to a direction of travel and what he has just said, his
3185 instruction is, this is more of a discussion, an input of ideas, a brainstorm. I am all for that. It just does not feel like this. *(Interjection)*

I absolutely recognise, sir, that there is a need to take action and this Assembly cannot duck some kind of remedy that will rectify what we are now told is around £80 million annual shortfall – the gap between the revenues raised from taxation and the costs of services and infrastructure, and
3190 the funding gap on the Guernsey Insurance and long-term care schemes. I recognise that the States'-agreed revenue limit of 24% of GDP in the Fiscal Policy Framework is inadequate to cover everything that the States need to spend without compromise.

But the problem I have today is that I am not convinced that introducing a Goods and Services Tax is something I can support at this time. And I am particularly unconvinced that the Policy &
3195 Resources Committee has fully investigated all the options before bringing this green paper to the States. If they have, then I do not feel that they have adequately communicated that to the Guernsey community, nor to States' Members, either in the consultation sessions for Deputies or in the policy letter itself. And it is, after all, a policy letter.

It has been called a green paper and I am told that green papers are an extremely rare creature
3200 in this Assembly. But a key feature of a green paper is that it cannot be amended during debate and, to me, this reads very much like a normal policy letter where we are being asked to decide or agree on 'principles' – principles that look very much like a set of policy letter proposals. In particular Proposition 4:

To agree that any restructure to meaningfully diversify the tax system requires the introduction of a broad-based Goods and Services Tax and that the Policy & Resources Committee should develop detailed proposals [for such a tax] ...

3205 If we, if I, vote for that this week, sir, we are pretty much voting for GST without the ability to bring alternative or amended proposals. When it comes back we will be expected –

Deputy Helyar: Sir, point of correction.

The Bailiff: Point of correction, Deputy Helyar.

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Deputy Helyar: I said very clearly in the introduction that there will be a policy letter in July next year and it will be capable of amendment and rejection.

Thank you.

The Bailiff: Deputy Falla to continue.

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Deputy Falla: When it comes back we may be expected to seal the deal. After all, we will have agreed to all the time and cost of developing detailed proposals and, by doing so, we may have reached the point of no return. It just does not seem right and I do not think it is what the majority of the Guernsey community wants, nor what business wants.

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Turning to the consultation on these proposals, sir, the Deputies' meetings to explain P&R's direction of travel and purportedly to invite questions, suggestions and challenge seemed very much to me like a *fait accompli* in favour of a GST.

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We had been told that all options would be looked at, but it just did not feel like that at the presentation given by officers. All roads led to GST. To quote a press release this week from the Guernsey Chamber of Commerce:

There will be a hole, it will need to be filled. This, we are told, is how to fill it. Not how to avoid the hole, not how to minimise the hole, just how to fill it. Minimising and avoiding the hole just do not seem to be in the States vocabulary, let alone given serious consideration as a solution. This, really is the singular problem.

A Member: It is.

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Deputy Falla: Sir, my name is kind of implied in this green paper, in the letter to Policy and Resources from Deputy Roffey as President of ESS, of which I am a member, and two of my colleagues of the ESS were on the working party. So ESS is signing-off a mitigating action, a restructuring, required to ensure that a GST would not disproportionately affect low-income households. But for me, sir, that's not an indication of my support for further exploration and perhaps the untimely introduction of GST. It is simply a safety valve that a restructure of social security would be part of the cost of that move, in addition of course to the cost of collecting the new tax, said to be in the region of £12 million.

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Although I am a believer in benefits for the less well off, I am not a believer in pushing more people on to benefits or increasing the dependency of those already on benefits to a greater level. As we all know there are people in our community who would rather soldier on in difficulty than apply for benefits. It is counter-cultural for them. We talked a lot about esteem in a recent debate. What about the self-esteem of those who will be pushed towards the benefits route as a result of GST?

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I cannot support this today because I am not convinced that no stone has been left unturned. And why does GST have to be the single fix for this shortfall? Could the answer not be a combination of stone-turning to produce the same result? A composite solution.

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Sir, I recently asked some Rule 14 questions of P&R to try to sense check whether my lack of conviction could be justified. Specifically, I asked questions around the value of the States' assets in particular, property, and any income generated from property. Also I asked whether any minority flotation of Guernsey's utilities had been considered. In essence, sir, I asked: are we sweating our assets robustly enough?

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In relation to our property holdings, I was told that the insurance value is £1.8 billion while the commercial value of the property had yet to be determined. Fair enough, but hopefully this long overdue process will be completed soon, and we are told in the first six months of next year. I was told that the income from letting property surplus to the States' requirements was around £3 million per annum.

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While I appreciate that any negotiations in progress towards selling or letting States' property may need to remain confidential, and while I trust that Deputy Mahoney is working hard in this area, this response does lead to further questions as, given the property rationalisation programme, the increase in civil servants continuing to, or being given the option to, work from home and several large States' buildings frankly resembling a ghost town, £3 million per annum sounds surprisingly low. I know we are not a business, sir, but I suspect that if a commercial board was given a £2 billion

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property portfolio with more than 500 properties to manage they would be seeing a much bigger return.

When it comes to the utilities, I must make clear I am certainly not looking to sell off the family silver. I am not advocating or proposing that. My point in asking the question was to determine whether this had even been looked at in the number-crunching exercise. I was not advocating or proposing that the States should turn over water, electricity, the dairy and other services to commercial enterprise in order to receive a one-off windfall. But I would like to have known whether even partial, minority-holding flotation of some of our utilities had been explored. I was told no, it had not: and, furthermore it could not because it is now not in the Government Work Plan.

Sir, I know that comparing ourselves with Jersey is not the way to win popularity in this Assembly but my question was partly informed by the Jersey Electricity experience. Ordinary shares in Jersey Electricity Company were admitted to the London Stock Exchange in February 1964 to help fund the construction of La Collette Power Station. Fast-forward to today and over the past five years, Jersey Electricity plc's stock price is up 42%. JEC's share price has outperformed the FTSE 350 Index over the same period by some 22.4%. This is in addition to a dividend stream consistently increasing year-on-year at broadly RPI levels.

Jersey Electricity plc's cumulative annualised growth rate over the past five years has been 7.3% while that of the FTSE 350 Index has been 3.6%. Over the past year, Jersey Electricity plc's stock price performance of 26.3% has outperformed that of the FTSE 350 Index by 3%. On a year-to-date basis, Jersey Electricity plc's stock price performance of 13.7% has outperformed the FTSE 350 Index by 1.8%. Sorry there are a lot of numbers in there but I am trying to make a point.

Regarding property assets in Jersey, Jersey Property Holdings (JPH) is responsible for the Government's property portfolio. In 2014 following the incorporation of Andium Homes, the States of Jersey issued a £250 million unsecured public-rated bond to provide financial support for the Island's social housing providers. The majority of the funds raised have been used by Andium Homes to bring the housing stock up to 100% decent homes standard and commence construction on a number of significant projects with the aim of delivering 3,000 new affordable homes by 2030.

Regeneration of States' land assets is predominantly managed by the States of Jersey Development Company (JDC) who make their own financing arrangements with local banks. Andium Homes make an annual payment to the Government of approximately £30 million. So JDC reinvests the majority of their profits into new regeneration projects and have from time to time also paid a cash dividend.

Sir, I reiterate that I am not necessarily advocating selling off the family silver but I would like to think that such options as a minority flotation had been looked at, considered and evaluated as part of this process. One of the stones to be turned. (*Interjections and laughter*) I am sorry, it was recently noted that I do not make very long speeches. (*Interjections*)

Then there is Aurigny, sir, (**A Member:** Oh!) which we are about to be asked to recapitalise and which costs the island tens of millions per year. This is a debate for another day, and I would love for the new CEO and his team to be able to turn our airline around, but I do question whether the risk outweighs the benefits in the new aviation landscape in which we find ourselves post-COVID.

We bought Aurigny largely to guarantee slots at an increasingly busy Gatwick Airport, to safeguard a lifeline route to London which we all recognise as invaluable, whether for business or leisure. Is it still essential that we continue to own this costly organisation? Do we know for certain that there are not other airlines who would willingly service Guernsey, with or without a runway extension? If we could put a final end to the financial liability that Aurigny has been for the Island that would go a good way towards addressing this deficit. Another stone, in this case a millstone, to turn over.

We are told that we are unusual in not having a sales tax. We are one of the few places in the world not to have one. I say it is one of the few true differentiators and *vive la difference*.

Sir, some of the potential solutions I have mentioned may be unworkable, but I fear that they may not even have been considered. Instead, we are being told that GST is the answer. I am not an

economist, sir, but I would like to be convinced that there has been a comprehensive thought process before making such a momentous decision.

3315 I have not even mentioned the obvious and difficult solution of tightening our belts, which has already been referred to several times today. Committees making cuts from their budgets. Again, in the private sector this sort of belt-tightening happens from time to time and, after the initial shock of being forced to take the hatchet to an operating budget, life goes on.

Proposition 2 calls for a sub-committee of committee representatives to identify where savings can be made. It is not easy; it might be painful; but we need to do it. Another stone.

3320 That includes another of Deputy Mahoney's tasks: to put the public sector workforce under the microscope. Challenging the need for so many high-earning employees, championing the better use of systems and a move towards realistic pay and conditions, as the private sector has to do in challenging times.

3325 Talking of the private sector, sir, I have already mentioned the Chamber of Commerce but here is what the IoD had to say earlier this week:

... We would urge Deputies to ensure full consideration of actions that could stimulate economic growth and opportunities for increased efficiency via public service reform are given appropriate consideration as part of this process.

And the IoD further stated that it was:

... crucial that any domestic tax reforms are considered in the full context of international tax developments, specifically the OECD and EU ongoing actions in respect of the potential implementation of global minimum corporate tax rates.

They add:

We would encourage all involved to ensure that opportunities to raise revenue via growth and save money via efficiency are assessed to the greatest extent feasible before setting the wheels in motion with measures that permanently alter our fiscal landscape.

3330 Some might accuse this speech of being populist. There are various definitions of populist but, if that is what I am being, then I really make no apology as I was elected by people and that is who I am striving to represent.

Deputy Helyar has said that all suggestions are welcome and I am really glad to hear him say that. But I just question why that was not the basis of the consultation *before* bringing Proposition 4 to this Assembly which, if agreed, will potentially in my view take us irreversibly down the road towards GST.

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The Bailiff: Deputy Gabriel.

Deputy Gabriel: Thank you, sir.

3340 First off, a small declaration. Tax and economy is by no ways one of my specialties although I have always paid income tax. (*Laughter*) About four or five years ago I was employed in a non-financial services role and, along with most of the people I worked with or came into contact with, thought I was muddling along okay. My wage was not earth-shattering but it contributed to the monthly mortgage, because I was lucky enough to own a house – or pay the bank that owned the house – and the monthly expenses, and made a small amount of savings. I suppose I was one of

3345 middle Guernsey.

3350 Through the various media channels I thought Guernsey plc was in an okay position. I thought ourselves lucky when I read or heard the Channel Islands News and that Jersey was having a GST rise. I did think to myself and chatted amongst my work colleagues, 'We are lucky, aren't we, not to have that burden or noose around our necks?' Fast forward a few years and I write my manifesto based on some of those thoughts and, having done some research, I suspect others did this in a similar manner too.

I know now that we are not in such a rosy position and I was led, or perhaps a blinkered choice, to believe. So I find myself looking at the green paper which to me in some areas does seem like a policy letter. Proposition 2 asks that we ensure that:

States expenditure is limited to the amount necessary to fund public services proportionate to the Island's size and population ...

3355 To me there are a few missing words in this statement: 'Necessary to fund public services proportionate to the Island's size and population' but to an agreed standard. In my opinion not all services need to be the Guernsey gold-plated we have become used to buying or the States' administration seems to have purchased, or have been sold.

3360 Not all the population need or want all of the services all the time. Some may want a basic service and the ability to top-up that service when needed. For example, nearly all of us, I imagine, take advantage of the health care grant of £12 made available to us for GP visits and top-up the rest ourselves or take out an insurance premium to cover those fees. Can this premise not be extended to other services? I understand that of course some services are funded by all and not used in their entirety, as the many contributions iron out the peaks that some users may incur. But, for me, it is indeed food of thought.

3365 Alternatively but along the same lines, if our population were presented with a sliding scale of expenditure for services this, too, could be another option and the green paper sort of draws on this. For example, a 1% in income tax could fund a state-of-the-art sports facility; a 2% increase, a dedicated ferry service, etc. It is essential that we as Government though recognise that we have an obligation to the population to use their money efficiently too, as well as generating long-term sustainable, flexible economic growth and having enough restraint alongside the public service reforms we have been promised.

3370 The paper also lays out that the 24% of GDP is an achievable target – and I hope I heard Deputy Helyar correctly, but please do ensure that this is a limit not to be exceeded, rather than a target to be met. One of the paper's aims suggests we need a better, more resilient and profitable economy. To address this we need to attract those that are wanting to settle in Guernsey and do business here. Deputy Inder, his Committee and his team of officers I believe are doing a great job.

3380 Can we go further than that, to target a specific demographic to mitigate the predicted financial disaster with the current population, housing and space availability and constraints? Maybe that is a debate for another day, too.

Talking of relocating, GST may put off some tourists and others looking to relocate. The States' Treasurer informs me that the current income tax take is approximately £270 million per annum. But do we want to be like Monaco and abolish income tax and have a simple across-the-board GST?

3385 I questioned this the other day and to replicate the £270 million in a simple GST would, by Treasury sums, come to a GST of 40% based of course on current consumer rates which could of course diminish. I am sure that a 40% GST will make anyone's eyes water. Individual's income may increase due to not being taxed at source by an employer and while it is all now disposable, that income, some will have to make careful choices where and how they spend it.

3390 I have attended a few briefings and it has become clear to me that income tax restructure to transfer some of the burden on to the top 5% of earners is not desirable, as they pay 25% of the whole tax take. So, using the £270 million, in my rough maths that is £67.5 million between them.

3395 We are told that some of these 5% are mobile high-net worth individuals who could relocate at the drop of a hat. I have to ask myself: why did they move here in the first place? Was it the narrow roads, the lack of NHS, the lack of commute to the city, amongst other things? Or was it a low tax jurisdiction and small but nimble way we can adapt? Or the highly regulated and respected financial regime in place? Would these 5% really move if we decided to ask them to help fund the increases we desperately need? It may be a risk, but I think it is an acceptable risk that we should seriously consider.

3400 But of course if that risk is too great – and Deputy Helyar has already asked that we put some ideas out there – how about removing the tax caps and putting in a stepped income-based tax

system? If your income is up to the median wage of £35,000 per year, tax that at 20% and then step it up with bands in between and have no caps. Of course, there has been much talk of the dreaded GST, so I am hoping that the key points which appear to be misheard or just not communicated by P&R, or just not communicated at all by our media will be addressed and myths are busted in their public engagement sessions.

I had to pretty much do some digging into the green paper – after all, it is the public's money we are spending. So those key points, I hope they will address; and I am stood up early so that perhaps if I have got the wrong end of the stick then I can be corrected. But I hope that definitely Proposition 3 is carried out and that Members will vote for it. And that P&R ensure that Employment and Social Security do review the social security benefits system and make it more equitable, and a level playing field for the numerous types of benefit available; and that all contributors are assessed on the same definition of income with the same access to allowances so that they are restructured and establish that the rates allowances and limits are equitable for all.

I also hope that P&R will communicate that, if a GST is introduced, that annual turnover threshold of say £300,000 per year, or less, will not impacted. Also – and Deputy Helyar did nod to this in his opening speech – that small changes, or perhaps even read increases, to differing aspects of Islander's lives such as TRP increases or duty increases such as Jersey has done, will have very little impact when it comes to the long-term strategic direction our income needs to take. For example, a 3% rise in excise duty rates on alcohol and tobacco will not raise £80 million.

Again another key point I hope he addresses and it is communicated in the engagement sessions, that there would be a proposed increase in income tax personal allowances, and the proposed restructure of social security contributions would act in the same manner as the income tax personal allowance. Also that there could be a proposed increase in the States' pension which could be considered to mitigate any anticipated inflation rises due to the introduction of a GST.

I think, whenever you say GST, there is a lot of nervousness and a lot of scared people out there. But I do agree that an increase may be needed. How that is funded is the conundrum and we must all grasp the nettle and not put off this decision; or even have, let's face it, a referendum.

We have, let's face it, put this off for far too long. In the words of our Treasury Minister, Deputy Helyar, earlier, we are at two minutes to midnight so we must decide before midnight strikes. But that decision must be the right one, the correct one for our Island, our people. It must not affect them adversely, it must not discriminate but be fair, based on their ability to pay.

The decision we take will affect the future of our Island and how prosperous it is, and its people are, for a significant time to come. Now is not the time just to decide for decision's sake, or just to say save a few figurative pounds here and there, or to get us back in the black for the next five years. We must take this decision correctly with the right evidence, the right forethought to ensure our Island nation survives and prospers. I was against a GST when I wrote my manifesto over a year ago but I may be persuaded to begrudgingly change my mind.

I may be one of Deputy Helyar's reluctant yesses if – and only if – the low, middle and non-earners are taken into account so that they are not adversely affected; and income tax thresholds, caps and allowances are reassessed. It is essential that on paper this regressive type of tax does not have an adversely negative effect on our Island nation.

The introduction of a GST as designed and intended will affect everyone as it spreads the burden. Let's not forget that. It *will* affect everyone. 'Everyone' includes the less well-off. Some single-parent families, those on a limited or fixed income, some pensioners who may well be asset rich but cash poor. These will be the people we will be affecting. It will affect everyone.

Thank you.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, Mr Bailiff.

I welcome this debate which, in my view, is long overdue. Fiscal policy is a Government fundamental and cannot be avoided.

Sir, last term, in my opinion, we only skirted around it and we certainly did not get to a point where we can have the very difficult conversations needed. I also believe the green paper approach chosen by Policy & Resources is the right kickstart for it. It is not good enough to simply have a cycle of annual budgets and accounts presented to this Assembly, and for the rest of the year agree Propositions which add cost or drain stretched resources.

Sir, I have supported the Government Work Plan process, which the States has put in place early on in this term. I do not need the money tree lecture, we have set out what our priorities are and, as best we can, identified the spend needed to recover the economy and to govern responsibly. But what has been lacking is the same cohesion around fiscal policy to provide the efficacy to deliver by Committees and the resolutions made in this Assembly.

Section 1.8 resonates with me where it calls for 'a significant amount of fiscal planning'. However, sir, I do note Deputy Inder's point around where we have subsidised and used public money to aid the economy, whether there is some sort of case to try and claw some of that back.

Sir, I think the bottom line around the policy letter can be found contained in the executive summary which says, to 'achieve and fund ... government and public services proportionate to the Island's size and population'. Deputy Gabriel has rightly, I think, referred to that. That has got to be right.

However, we as a States must realise that proportionality test, we are a separate jurisdiction and enjoy a very wide degree of independence, including tax autonomy which has allowed us to prosper. The ability to exploit opportunities and to punch far above our weight – this comes with cost. Not only money but a need for resources with the heavy international responsibilities that come with it. Government here combines the central government role with a local government mandate, which is separated out in the UK, and even to some extent funded differently with local council tax.

Sir, we must take our responsibilities seriously and ensure that our major industries, which allow our levels of prosperity, are both supported and are sustainable. In trying to achieve this the policy letter makes scary reading: a £54 million general funding gap, even with annual savings of £10 million.

Then there is the matter of the funding gap in the Guernsey Insurance and long-term care schemes, making what we are told is a combined total of £87 million.

We are also told at 4.3 by way of illustration that the scale of cuts to meet the funding gap – and Deputy Helyar has alluded to this – would be the equivalent of the entire budgets of the Committees of Economic Development, Environment & Infrastructure, Policy & Resources, Home Affairs, the Scrutiny Management Committee, the DPA, STSB, the Courts and the Law Officers.

Now, sir, I have heard some well-articulated challenge to these figure from emails, very gratefully received from the public and fellow Deputies. And of course the jury is still out.

But to suggest there is not a very serious funding gap would be irresponsible to the extreme. So would avoiding taking remedial action as previous States have done. As a Government, unfortunately, we must accept that we need to consider our Fiscal Policy Framework to increase revenues to the limit of 24% GDP.

Perhaps the only real outstanding issue is to find the extent and the how. But, sir, in conducting that consideration we absolutely must take into account expenditure. The right size of Government, as Deputy Meerveld has alluded to, and growing our economy before we embark upon the journey to increase Government revenue. Sir, this is very difficult stuff. But it needs to be done before we try to persuade our population to pay more.

The taxpayer must be convinced that this is absolutely the only option to sustain a decent provision of services – health, public services, pension provision, long-term care and so on. If these provisions are allowed to deteriorate to an unacceptable level in a population who rightly demand a high standard of services, the public debate will soon turn if we start to perform unfavourably compared with neighbouring jurisdictions. And labour pressures will actually exacerbate through emigration.

Sir, I would like to move on now to expenditure reduction. I have already alluded to how difficult this is and the desire to protect frontline services – the teachers, the nurses, law enforcement and

many others who make up the vast majority of public services, and who need sustainability to fulfil our international obligations to allow us to remain a self-governing Crown Dependency. But because this is difficult does not absolve us from ascertaining what size of Government we need and to challenge all expenditure.

I therefore fully support the recommendation at 4.6 setting up a sub-committee with a Member of each principle Committee looking at options to reduce expenditure. In the case of my Committee, sir, I am very pleased that we have nominated the very able Deputy Mark Leadbeater to this important task.

The policy letter, however, seems to concentrate on general revenue but I suggest we also scrutinise capital votes beyond what the States have rightly achieved through the Government Work Plan. Sir, in my experience there are some outstanding so-called minor capital projects. Some were agreed five years ago or longer, and some of these are not even open, or being worked on. Others are nowhere near completion but proceeding at glacial speed. Some are almost complete, but some money remains allocated, and need to be closed. If you add this all up over the whole capital allocation, potentially sizable unspent money could be returned to the centre either for savings or to progress other more urgent matters.

Frankly, if a capital project has not been completed in good time, is the spend necessary, or the project the right one for today's needs? However, sir, I must say to provide balance, many projects are of course dealt with efficiently, on time and on budget. Sir, I would ask P&R to look at the feasibility of a closer review, a matter which I believe was a subject covered by former Deputy Green's scrutiny committee last term.

So, where else is there any other headroom? Public sector reform, which is mentioned at 1.22. Again, this is a sorry legacy. In my view, this was not politically led by Policy & Resources last term. Mostly spin and lacking in detail and to some degree it was left to the turkeys arranging Christmas with no delivery of anything meaningful achieved. It also sadly lacked political engagement with Committees. There are lessons learnt. I again offer my support to P&R and in particular to Deputy Soulsby who has started to give that leadership, and engage, so that expectations are managed and options are deliverable and sustainable without shooting any golden geese, if you pardon my Christmas dinner analogy.

This leads on to the question of the economy and the brief analysis found in sections 2.1 to 2.5 and 5.1 to 5.6. Sir, I tend to agree with some commentators that this opportunity might be undersold and delves a little too much into the inhibitors rather than the advantages Guernsey has to offer. I know, because I work closely with them, that my colleagues in Economic Development are doing some really good stuff. They are promoting finance, tourism and contributing to Skills Guernsey amongst other things. But I will leave that Committee to elaborate and in fact Deputy Inder, in his entertaining style, has to some extent started to do this.

By way of example the policy letter talks of barriers to attracting people to Guernsey and references the housing shortages. But we must remember this barrier also applies to local residents who we must retain.

Trying to fund and secure an affordable home: I agree with the challenges outlined at 2.2, outlining the workforce issues and the labour supply and the perfect storm created by the combined destruction of COVID and post-Brexit visa requirements. But, sir, the work has started to address this. EU and EEA nationals who have a work permit route to work in the Bailiwick, which they cannot attain through the UK's point-based system. Furthermore, and crucially, under the auspices of the Government Work Plan, a cross-Committee review including P&R, Economic Development and Home Affairs into immigration and population management is under way; and, also, there is a Housing Action group now in place.

The Tax Report, in my view, also needed to fully acknowledge and balance competing realities. As quoted the wording of Propositions 1 and 2, these work streams must absolutely recognise again the pressures on public services when combined with a fiscal policy that is 'proportionate to the Island's size and population'. I make no apologies for repeating that. I recommend to the Assembly that all Members support these initiatives and feed in their ideas.

Finally, sir, I turn to raising revenue and perhaps where Members' manifestos might need to be put face down. Because I do not believe many were urging raising taxation to 24% of GDP. Nobody, sir, including Deputies wants to pay more tax; and, as already said, the public have a right to be convinced there is no other viable alternative and that tax will be spent wisely on maintaining core services rather than ideologically driven aspirations (**A Member:** Hear, hear.) that we frankly cannot afford at this time.

The policy letter does, rightly, point out an uncomfortable truth that our fiscal policy is heavily reliant on personal taxation. The OECD is quoted in relation to corporation taxation but I would also highlight that the OECD recommends that small jurisdictions should spread the tax burden and not be reliant on limited tax options. It notes consumption tax on vehicles to do this. Furthermore consumption tax is applied just about everywhere in the world, including Jersey, which is now well established there from 2007. And, despite comment to the contrary, efficient from a revenue-raising position.

I would also mention the Isle of Man which has the same VAT arrangements as the UK, so a full 20%. However, I will say a bit more on this subject in a second.

This paper explores some options and gives us a steer as to the view that P&R is favouring. Nothing wrong with that and, as I have said, the green paper is the way to do this.

Sir, please may I first explore the concept of Guernsey being a low-tax jurisdiction?

May I suggest that this is somewhat subjective depending on a lot of disparate criteria, not least the cost of living is generally high; for example, house prices. Excise rates have steadily risen over decades. Alcohol, tobacco and fuel are no longer cheaper than the UK. In fact, sometimes more expensive.

Sir, I note a very respected tax expert is quoted in yesterday's media as saying 'People that are earning below £50,000 a year, it is very marginal as to whether they would be better off here or in the UK as a result of tax.' It is *them* that we are taxing every which way and fiscal policy must address this.

Sir, I will go back to the OECD's recommendations for small jurisdictions. I was very interested in Deputy Inder's ideas around exploring all sorts of tax options, even if they do not in themselves raise a lot of revenue. Sir, we have a revenue service structure and all taxes will take in more than the cost of administering them. So I think environmental taxes, taxes on vehicles, all these options also must be explored. Interestingly, sir, indeed zero-VAT, Deputy Falla has raised this and it is an interesting one. In theory it is very attractive.

Like the Isle of Man and like the UK, we are 20% better off on everything you buy. But that is absolutely not the reality. If you and cousin Emile, who suddenly moved to the UK, took a selected basket on a tandem shopping trip – you in St Peter Port and he in Manchester – I bet you would not get anywhere near a 20% advantage. I venture to suggest most prices will be scarily similar. Indeed some UK stores might be identical and a few more.

'Transport costs', I hear the shopkeeper say. But, sir, the sums do not add up and they nowhere near account for the 20%. So who gets the low-tax advantage? I really believe that this is a piece of work that needs to be undertaken.

We need to analyse the Jersey situation. When they first introduced a level of 3% GST back in 2007, some commentators have expressed a view that it was often absorbed, insinuating that as UK retail prices were a commonplace benchmark, there was sufficient headroom to do so. I believe Deputy Helyar has alluded to this.

But this needs to be bottomed out. If we are to contemplate a GST we must ensure that a tax advantage still exists. We need to explore ways of ensuring we do not pay the equivalent added to the 20% – which does not go to the UK government, and does not go to the Guernsey Government – before we add a further 5%.

This leads into an observation made at 9.7 that, once introduced, it may be treated as other indirect taxes and raised annually. This must be a complete red line as would any suggestion of an 8% rate, in my view sir. The other red line must be that we would have to have strong anti-regressive

measures, mitigating the effects on low-income earners; which, to be fair, are contained in the paper and have been outlined by Deputy Helyar. But this does need more scrutiny.

3610 But, sir, my biggest reservation with regard to GST is the administrative burden and the additional cost, especially to small business. The policy letter talks about exempting small businesses and *de minimis* levels of £135 on import. I think we really need to study this aspect in detail as we need to protect local industry and discourage internet sales where possible and all the packaging that comes with it, that has already been mentioned.

3615 Through you, sir, I will ask Deputy de Lisle to cover his ears because I am going to talk about TRP. Actually, perhaps all I will say (*Interjection*) is I understand we pay averagely less than the equally unpopular equivalent tax, the Council Tax in the UK. But I again go back to Deputy Inder's suggestions around looking at environmental taxes, looking at motor tax and perhaps other taxes, although the returns would be small, but they could all add into the mix and perhaps lessen the impact of any GST.

3620 Sir, the people have rightly discussed these contributions to social security and all the already highlighted structural issues to maintain pensions, health care and long-term care. I do not see any way out but to bite these bullets and I am pleased that the methodology does include ideas around ability to pay. The only comment that I can helpfully make to this debate in this regard is that, whilst
3625 I accept contributions must rise, I will not vote for any proposal which forces pensioners who have worked and contributed all their lives, struggled to bring up families with a mortgage to sell their houses (**A Member:** Hear, hear.) to pay for long-term care. Sir, another red line for me. (**A Members** Hear, hear.)

3630 My final comment on raising tax revenues relates to the Corporation Tax outcome and exploring other options outside of what we must do to satisfy the OECD. I would ask P&R to come back in much more detail and evidence that all bases are covered. I completely get and support that we must protect the finance industry at all costs. But are we sure that we cannot raise more from business generally and spread the tax out? Businesses also benefit greatly from the many services provided, the Island's infrastructure and its continued maintenance.

3635 Sir, I again endorse the green paper approach and the opportunity to comment and ask questions. We need to ask: what size of Government do we want? How do we resolve the headroom debate regarding the contributions system? How do we manage the pressure on public services and housing? Then the Assembly might be in a better place when this comes back to the Assembly to consider raising tax to the 24% of GST.

3640 This is difficult stuff. Sir, we *all* need to contribute. Put aside political point scoring and work together. We cannot just leave this to P&R.

Thank you, sir.

3645 **The Bailiff:** Well, Members of the States, normally we would now be adjourning but I am being encouraged by those sitting around me to test your appetite to sit a little bit late to try and make a bit more progress.

The proposal I am going to put to you is that we sit until 6 p.m. or shortly thereafter, but not much thereafter, so that we can have at least one or perhaps two more speeches. Those in favour; those against.

Members voted Contre.

3650 **The Bailiff:** I declare that lost and therefore we will adjourn the meeting until 9.30 a.m. in the morning.

The Assembly adjourned at 5.35 p.m.