



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Tuesday, 2nd November 2021

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

Volume 10, No. 29

ISSN 2049-8284

Present:

R. J. McMahon, Esq., Bailiff and Presiding Officer

Law Officers

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

People's Deputies

S. E. Aldwell	J. P. Le Tocq
A. H. Brouard	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	C. P. Meerveld
H. L. de Sausmarez	N. G. Moakes
A. C. Dudley-Owen	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	A. W. Taylor
M. A. J. Helyar	L. S. Trott
N. R. Inder	S. P. J. Vermeulen
A. Kazantseva-Miller	

Representatives of the Island of Alderney

Alderney Representative E. A. J. Snowdon

The Clerk to the States of Deliberation

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

Absent at the Evocation

Deputy C. P. A. Blin (*relevé à 9h 45*); Deputy V. S. Oliver (*relevé à 10h 54*);
Alderney Representative S. Roberts (*relevé à 10h 54*)

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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

CONVOCATION

The States' Greffier: Billet d'État XXI of 2021. To the Members of the States of the Island of Guernsey I hereby give notice that a Meeting of the States of Deliberation will be held at the Royal Court House on Tuesday, 2nd November 2021 at 9.30 a.m., to consider the items listed in this Billet d'État which have been submitted for debate.

Special Meeting

Billet d'État XXI

POLICY & RESOURCES COMMITTEE

1. States of Guernsey Annual Budget for 2022 – Propositions carried

Article I.

The States are asked to decide:-

Whether, after consideration of the States of Guernsey Annual Budget for 2022, they are of the opinion:-

1. To immediately transfer the sum of £5million from General Revenue to Guernsey Ports and authorise the Policy & Resources Committee to make a further transfer equivalent to the balance of its short-term loan facility as at 31 December 2021.

2. To agree that the annual tax-free lump sum limit for a pension scheme is set at £203,000 for 2022.

3. To amend the following provisions of the Income Tax (Guernsey) Law, 1975, as amended-

- (a) Section 73(1)(a), to provide that an interim assessment of a person's income in respect of a year of charge may, for the year of charge 2023 and subsequent years, be made prior to the commencement of that year; and
- (b) Section 81(1), to provide that the dates of the instalments by which tax is paid shall, in the year of charge 2023 and subsequent years, fall at the end of each calendar quarter rather than on the 30th June and 31st December.

4. That,

- (a) subject to the provisions of the Income Tax (Guernsey) Law, 1975 and to the provisions of this Proposition, the allowances claimable for the Year of Charge 2022 by an individual solely or principally resident in Guernsey by way of relief from income tax at the individual standard rate, shall be the allowances specified in the First Schedule to this proposition;
- (b) the allowances specified in the First Schedule to this Proposition shall only be granted to an individual who has made a claim in accordance with the provisions of the Income Tax (Guernsey) Law, 1975 and who has proved the conditions applicable to such allowances and prescribed in the Second Schedule to this Proposition have been fulfilled;
- (c) "Family Allowances" means Family Allowances payable under the Family Allowances (Guernsey) Law, 1950 as amended; and
- (d) "the Income Tax (Guernsey) Law, 1975" means that Law as amended, extended or applied by or under any other enactment.

FIRST SCHEDULE

Year of Charge 2022

Allowances claimable by an individual solely or principally resident in Guernsey by way of relief from income tax at the standard rate. In order to calculate the amount of the allowance, where the taxpayers are married or in a civil partnership, each spouse's income shall be considered separately, in accordance with the table below. All allowances are subject to the following conditions –

- (i) the allowances shall be pro-rated for a person who is solely or principally resident in the years of that person's arrival in, or permanent departure from, Guernsey, based on the proportion of time spent in Guernsey in the relevant year of charge in the same manner in which income is pro-rated by virtue of sections 5(3) and 5(4) of the Income Tax (Guernsey) Law, 1975,
- (ii) where a person is in receipt of a Guernsey source pension, which is liable to be taxed at source under the Employees Tax Instalment scheme, or a Guernsey old age pension arising under section 33 of the Social Insurance (Guernsey) Law 1978, then the pro-rating under section 51(5) and 51A(2A) of the Income Tax (Guernsey) Law, 1975 shall apply –

(a) from the commencement of the year of charge until the date of arrival (in the case of that person's permanent arrival),

(b) from the date of departure until the end of the year of charge (in the case of that individual's permanent departure), and

(iii) the totality of each person's allowances and withdrawable deductions are reduced at a ratio of £1 of allowances and withdrawable deductions for every £5 that that person's calculated income is above the limit of £100,000 (such limit being pro-rated in the year of arrival or departure, based on the proportion of time spent in Guernsey in the relevant year).

For the purpose of this schedule –

(a) calculated income is an individual's income net of deductions but gross of any withdrawable deductions to which that individual is entitled, and

(b) the withdrawable deductions are the following deductions –

- Pension contributions, namely
 - Retirement Annuity Allowance
 - contributions to an approved occupational or personal pension scheme over £1,000 (which aggregate amount shall not be withdrawn, and shall not form part of the 'withdrawable deductions')

- *Mortgage interest relief*

NATURE OF ALLOWANCE AMOUNT OF ALLOWANCE

1. *Personal Allowance** Tax at the standard rate on £12,175.
2. *Dependent Relative Allowance** In respect of each dependent relative - tax at the standard rate on £3,950 or on the amount of the contributions whichever is less:
Provided that if the income of the dependent relative (exclusive of any contribution) exceeds £8,225 the allowance shall be reduced to tax at the standard rate on such sum as remains after subtracting from £3,950 the sum of £1 for every pound by which the dependent relative's income exceeds £8,225.
3. *Infirm Person's Allowance** Tax at the standard rate on £3,950
4. *Housekeeper Allowance* Tax at the standard rate on £3,950
5. *Charge of Children Allowance** Tax at the standard rate on £8,275
6. *Retirement Annuity Allowance* Tax at the standard rate on a sum equal to the qualifying premiums or contributions.

SECOND SCHEDULE

Conditions applicable to the allowances specified in the First Schedule

Dependent Relative Allowance

A. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in the case of a child receiving higher education are:

(a) that the child in respect of whom an allowance is claimed -

(i) is the child of the claimant, or

(ii) is the illegitimate child of the claimant and in the year of charge is maintained by the claimant;

(b) that on the first day of August in the year of charge, the child is over the age of nineteen years and is, in that year of charge, receiving full-time instruction at any university, college, school or other educational establishment.

(c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2018.

(2) The expression "child" shall include a stepchild, and a child who has been lawfully adopted shall be treated as the child of the individual by whom he has been so adopted and not as the child of the natural parent.

(3) Where a couple are cohabiting as if they were married and either has a child in respect of whom a dependent relative allowance is claimable, either individual by a notice in writing addressed to the Director may elect that, for the purposes of the said allowance, the child shall be treated as if it were the child of that cohabitee.

(4) In computing the amount of a child's income in his own right, no account shall be taken of any sum to which the child is entitled as the holder of a scholarship, bursary or other similar educational endowment.

(5) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

B. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in any other case are:

(a) that the claimant at his own expense maintains or contributes towards the maintenance of a person being a relative of the claimant or of the claimant's spouse; and

(b) that the person so maintained is prevented by incapacity due to old age or infirmity from maintaining himself; and

(c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.

(2) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

Infirm Person's Allowance

(1) The conditions to be fulfilled to entitle a claimant to an infirm person's allowance are:

(a) that the claimant is by reason of old age or infirmity or by reason of the old age or infirmity of the claimant's spouse compelled to maintain or employ an individual solely for the purpose of having care of the claimant or the claimant's spouse;

Provided that the allowance shall not be granted by reason of infirmity unless throughout the year the claimant or the claimant's spouse was permanently incapacitated by physical or mental infirmity.

(b) if such an individual is a relative of the claimant or of the claimant's spouse and if the claimant is entitled to any other allowance in the First Schedule in respect of that individual, that the claim has been relinquished;

(c) that the claim relates to an infirm person in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.

(2) Not more than one allowance shall be allowed to any claimant for any year.

Housekeeper Allowance

(1) The conditions to be fulfilled to entitle the claimant to a housekeeper allowance are:

(a) that the claimant is a widow or widower.

(b) that in the year of charge a person is employed or maintained by the claimant solely for the purpose of acting in the capacity of a housekeeper for the claimant;

(c) if such person is a relative of the claimant or of the claimant's deceased spouse and if the claimant is entitled to any other allowance in the First Schedule in respect of that person, that the claim has been relinquished;

(d) that the claim relates to a housekeeper in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.

(2) A housekeeper allowance shall not be granted to any individual for any year in respect of more than one person.

(3) A housekeeper allowance shall not be granted to any individual in any year in which another person's unused allowance has been transferred to that individual or if that individual is in receipt of an infirm person's allowance.

(4) "Housekeeper" means a person who is responsible by delegation for the management of the household, including arrangements for food, housekeeping expenditure and the care of linen and laundry.

Charge of Children Allowance

(1) The conditions to be fulfilled to entitle a claimant who is married or in a civil partnership to a charge of children allowance are:

(a) that in the year of charge the claimant, or the claimant's spouse, is in receipt of Family Allowances in respect of one or more children -

(i) on 1 January, or

(ii) on the date on which Family Allowance is first claimed in respect of that child in the year in question, whichever date is first relevant, and

(b) that the claimant proves that throughout the year either the claimant or the claimant's spouse is totally incapacitated by physical or mental infirmity and that a person is maintained or employed by the claimant for the purpose of having the charge and care of the child, and

(c) that neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained or, if the claimant or any other individual is so entitled, that the claim has been relinquished.

Provided that, for the purposes of subparagraph (a), the claimant or the claimant's spouse, as the case may be, shall be deemed to be in receipt of a Family Allowance in respect of a child in a year of charge if they are not in receipt of such an Allowance solely by reason of the amount of their income exceeding the maximum amount prescribed for persons to be eligible for the receipt of such an Allowance.

This proviso is in addition to and not in derogation from paragraph (4).

Provided also that, for the purposes of subparagraph (a), an individual ("X") shall be deemed to be in receipt of a Family Allowance in respect of a child in a year of charge –

(aa) only if X has made a claim for such an Allowance, and it is being paid to X in X's name, or
(bb) where X is an individual to whom the preceding proviso applies, only if such an Allowance would, but for X's income, be paid to X in X's name.

(2) The conditions to be fulfilled to entitle a claimant who is not married or in a civil partnership to a charge of children allowance are that in the year of charge:

(a) the claimant is in receipt of Family Allowances in respect of one or more children –

(i) on 1 January, or

(ii) on the date on which Family Allowance is first claimed in respect of that child in the year in question, whichever date is first relevant, and

(b) the claimant is not cohabiting with another person, except where –

(i) the claimant proves that throughout the year either the claimant or the claimant's cohabitee is totally incapacitated by physical or mental infirmity, and that a third person is maintained or employed by the claimant for the purpose of having the charge and care of the child, and

(ii) neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained or if the claimant or any other individual is so entitled that the claim has been relinquished.

Provided that, for the purposes of subparagraph (a), claimants shall be deemed to be in receipt of a Family Allowance in respect of a child in a year of charge if –

(A) they are not in receipt of such an Allowance solely by reason of the amount of their income exceeding the maximum amount prescribed for persons to be eligible for the receipt of such an Allowance, and

(B) in the case of claimants who are not cohabiting with another person, they are the principal carer of the child.

This proviso is in addition to and not in derogation from paragraph (4).

Provided also that, for the purposes of subparagraph (a), an individual ("Y") shall be deemed to be in receipt of a Family Allowance in respect of a child in a year of charge –

(aa) only if Y has made a claim for such an Allowance, and it is being paid to Y in Y's name, or

(bb) where Y is an individual to whom the preceding proviso applies, only if such an Allowance would, but for Y's income, be paid to Y in Y's name (but without prejudice to the application of condition B of the preceding proviso).

(3) The claimant shall have relinquished any claim to a housekeeper allowance or to an infirm person's allowance for that year.

(4) Where an individual has a child receiving higher education or a child aged 18 receiving secondary education, that individual shall, for the purposes of the preceding paragraphs numbered (1) to (3), be deemed to be in receipt of a Family Allowance in respect of the said child.

Provided that if there are two such individuals the charge of children allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that child.

(5) Not more than one allowance shall be granted to any claimant for any year.

Retirement Annuity Allowance

(1) The conditions to be fulfilled to entitle a claimant to a retirement annuity allowance or deduction under section 8(3)(bb) are that the claimant pays a premium or makes a contribution to a retirement annuity scheme or to a retirement annuity trust scheme approved under the provisions of section 157A of the Income Tax (Guernsey) Law, 1975 and of which the claimant or the claimant's spouse is a beneficiary.

(2) Subject to the provisions of the next succeeding paragraph the qualifying premiums or contributions, as the case may be, shall be the amount of any premium paid or contribution made by the claimant during the year of computation of the income of the claimant assessable for the year of charge.

(3) Notwithstanding the provisions of the preceding paragraph no allowance or deduction shall be given in respect of any qualifying premiums or contributions to the extent that, in aggregate, they exceed:

(a) 100% of the income of the claimant during the year of computation referred to in the preceding subparagraph, or

(b) any retirement annuity contribution limit for the time being prescribed by Regulations made by the Committee.

Transferability of unused allowances

- the allowances marked with an * in the first schedule are transferable between taxpayers in the circumstances described in paragraph (i) below
- the allowances with an ^ in the first schedule are transferable between taxpayers in the circumstances described in paragraph (ii) below,

and in all cases transfer is subject to the conditions detailed below.

(i) transfers between married couples or couples in a civil partnership

Any allowances due to an individual which are greater than the individual's own income may only be transferred to the spouse if at the commencement of the year of charge the claimant's spouse is living with the claimant as a married couple.

Provided that, should the marriage or a civil partnership end in the year of charge, by reason of divorce or separation, the allowance is proportioned on the basis of the number of days in the year of charge which precede that event, with the relevant proportion of any unused allowances prior to that event being automatically transferred.

For the purposes of this paragraph –

"divorce" means that the Court for Matrimonial Causes has made a Final Order on a decree of divorce or of nullity of marriage in respect of the marriage in question or that the courts of another jurisdiction have made a corresponding order in respect thereof, and includes an order for the dissolution of a civil partnership, and

"separation" means that the couple are living separately as fully and as completely as though they had never been married or entered into a civil partnership, as the case may be.

Provided that, should the marriage or a civil partnership end in the year of charge, by reason of death, the full unused allowance is transferrable.

Where there is an entitlement to transfer of an allowance under this paragraph, that allowance will be automatically transferred.

(ii) transfers between co-habiting couples in receipt or deemed receipt of Family Allowance, but not eligible for the charge of children allowance

Where the recipient or deemed recipient of a Family Allowance in respect of one or more children is not entitled to claim the charge of children allowance because the claimant is cohabiting with another person, the claimant may, in respect of the year of charge, by notice in writing addressed to the Director, elect that any unused part of the personal allowance to which the claimant would otherwise be entitled shall cease to be the claimant's and shall become part of the personal allowance of the person with whom they are cohabiting, such election, once made, to be irrevocable in respect of that year of charge.

For the purposes of this paragraph "cohabiting" means living with another person, as if they were married or in a civil partnership, throughout the year of charge and "deemed receipt" and "deemed recipient" of Family Allowance mean deemed by virtue of the proviso to paragraph (2) of Charge of Children Allowance above.

5. To approve the draft Ordinance entitled "The Excise Duties (Budget) Ordinance, 2021" and to direct that the same shall have effect as an Ordinance of the States.

6. To approve the draft Ordinance entitled "The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2021" and to direct that the same shall have effect as an Ordinance of the States.

7. To approve ordinary revenue expenditure for 2022 totalling £526.7million as set out in the table in paragraph 3.5 of this Report and the revenue expenditure budgets on pages 64 to 86;

8. To agree that the Alderney Gambling Control Commission surpluses received by the States of Alderney continue to be transferred to the States of Alderney capital allocation until such time as these arrangements are changed as part of the ongoing work to strengthen the relationship between Guernsey and Alderney.

9. To delegate authority to the States of Alderney to transfer from the States of Alderney capital allocation to the Alderney Economic Development Fund a maximum amount of £300,000 per annum.

10. To approve the following Budgets for the year 2022:

(a) Ports

(b) Guernsey Water

(c) Guernsey Waste

(d) States Works

(e) Guernsey Dairy

(f) Guernsey Registry

(g) Superannuation Fund Administration

(h) Committee for Employment & Social Security – Contributory Funds.

Compliance with Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees.

In accordance with Rule 4(1)(a), the Propositions contribute to delivery of the Government Work Plan 2021-2025 by including proposals to generate a real-terms increase in revenues of £1million and to allocate funding for delivery of the four priorities of the Government Work Plan framework. In accordance with Rule 4(1)(b), other States Committees have been consulted to establish and discuss their funding requirements in preparation of the revenue expenditure proposals.

In accordance with Rule 4(1)(c), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

In accordance with Rule 4(2)(a), the Propositions relate to the Committee's responsibilities for "fiscal policy, economic affairs and the financial and other resources of the States which includes: preparing the States' budget and submitting it to the States annually".

In accordance with Rule 4(2)(b), it is confirmed that the Propositions are supported unanimously by the Policy & Resources Committee.

The States' Greffier: Article I, Policy & Resources Committee – the States of Guernsey Annual Budget for 2022.

10 **The Bailiff:** I invite Deputy Helyar to open debate on behalf of the Committee. Deputy Helyar, please.

Deputy Helyar: Thank you, sir.

15 In December 2020 I delivered my maiden speech presenting the 2021 Budget Report. My opening remarks included the words, 'There is no disguising this is not the Budget anyone would wish to be presenting, particularly as a maiden speech.' This year's Budget is, however, a great deal better than we could have reasonably expected.

Last year's Budget originally forecast a full year deficit of £22 million in 2021. This estimate worsened significantly to £33 million following the second lockdown, reducing to £5 million in the Budget Report which was issued recently. I am delighted to be able to advise today that the latest forecast is for no deficit at the end of this year, or rather a breakeven position in 2021. This improved outturn is primarily due to a combination of some exceptionally high levels of Document Duty receipts in recent weeks and a higher than anticipated reduction in forecast revenue expenditure. Of course, this refers only to our net revenue position – that is to say the difference between our income and our expenditure. There has been no surplus to enable us to put money aside to fund our substantial capital programme. Nor does it include the combined £31 million of operational deficit in Social Security funds, which is budgeted separately.

Sir, despite the time of year, the Budget contains no fireworks and it is without precedent in recent years in there being no amendments, but there is a very good and indeed deliberate reason for that. Members, not just P&R, have invested a great deal of time studying and assessing priorities for this term and the expenditure required as part of the Government Work Plan process, including how much tax this Budget would look to raise. That is why there are no surprises in the revenue raising proposals. The content and the cost have already been extensively negotiated and discussed, and largely agreed. This Budget therefore represents the very essence of consensus, something which has been sadly lacking in Guernsey's Government for many years. That is not alchemy, narrative or spin; it is doing things differently and, frankly, in my view, not perfect but certainly better. There has been far less internecine fighting for an extra piece of the cake by amendment. All Members know exactly what the objectives of each Committee are and how much they are likely to cost, so there is less worry that particular initiatives will go unfunded. P&R and Treasury can now focus more on value for money issues rather than playing the referee in prioritisation of different Committees' proposals. Now it is time for us to start to deliver on the initiatives in the Government Work Plan in the knowledge that we can all look forward, rather than waste time jockeying for position.

Sir, it would be deeply jaundiced, perhaps even wilfully dismissive, for anyone to describe the forecast for the end of 2021 as dull. A combination of an accelerated recovery and increased revenues have entirely absorbed the impact of the second lockdown, including over £20 million of additional expenditure on business support measures, £12 million of ports losses, plus eliminating the budgeted deficit of £22 million. This represents a truly exceptional swing in performance without precedent in any Guernsey historical economic information which I have been able to research. To provide some context, both the UK and Jersey have published their 2020 GDP or GBA estimates, showing contractions in both jurisdictions of 9% or more. The provisional data for 2020 in Guernsey suggests that our own contraction was less than half of this number. Further, the Office of Budget Responsibility forecasts that the UK's economy will not return to pre-COVID levels until the turn of the year, a position that our tax and employment data suggests Guernsey achieved some months ago.

Whilst 2021 is undoubtedly very positive news, I must, of course, temper this with a note of caution and reality for our future. Our income position for this year and next year is very much improved with a forecast surplus of £22 million next year, but this is not expected to translate to an ongoing improvement in long-term performance. Whilst the Budget is significantly better than expected, there are, of course, risks to delivery.

After more than a decade of relatively benign inflation, the inflation risk highlighted in the Budget Report is becoming more apparent, driven by ongoing issues with global supply chains and international shipping costs, and locally with issues associated with a shortage of labour supply. Our most recent forecast is that inflation may exceed 4% by the end of this year, and how quickly this recedes will depend on macro-economic factors which are largely beyond Guernsey's control. Higher levels of inflation are likely to place pressure on both Government and household budgets and will threaten those carrying high levels of variable rate debt.

Another key risk is, of course, COVID. Either a further period of – God forbid – lockdown or the resumption of travel not continuing as planned would have a further impact on both States'

70 revenues and expenditure, in particular for general revenue income and the costs associated with the ports and, of course, Aurigny. We are also facing accumulating cost pressures in other areas, such as addressing the waiting list for health treatments, which has increased significantly as a result of lockdowns, and the ongoing costs of other pandemic-related measures. There will also be as yet unquantified costs for living with COVID as we move further towards a new normal.

75 It is important to restate that the significant longer-term fiscal issues identified in the Tax Review remain: the need to support health and social care services for a larger number of older people, the need for ongoing and sustainable investment in infrastructure, and the vulnerability of the income-reliant tax base to a potential decline in the workforce as a result of changing demographics.

80 To reiterate what I said only last month, in the absence of economic growth, actively managed population increase or cost-cutting on a very substantial scale, Guernsey's economy faces certain decline in business competitiveness as a result of high income taxes and Social Security rates amongst a declining population; the alternative, of course, being to widen our tax base and soften the economic impact by the introduction of some form of consumption tax. Following the recent States' debate on the Tax Review Policy Letter, work is ongoing to report back by July 2022 with the detailed proposals for a restructure of the tax base and its phased implementation thereafter.

85 At this point it is an opportunity to update Members on Corporate Income Tax, which continues to be subject to ongoing discussion. Guernsey, along with 135 other jurisdictions, has continued to refine the agreement on the OECD's proposals to reform the International Tax Framework. These proposals will ensure that the largest multinational enterprises, being those with a revenue of at least €750 million, will pay a minimum effective tax rate of 15% on their profits. In the latest
90 agreement, reached only last month, there is a detailed implementation plan, which includes the ambitious timeline for bringing all of the remaining technical and practical issues to conclusion during the remainder of 2021 through to mid-2022, so it is going to be an exceptionally busy period from now until the middle of next year.

95 As you can imagine, this OECD initiative is a major change to the International Tax Framework as well as the global political landscape. Frequent detailed technical discussions are ongoing and our officers from Guernsey are participating directly in these OECD meetings. Because this initiative is still being developed, it does mean there continue to be areas of uncertainty about precisely how the rules will apply in practice. It is expected that this will bring in some additional tax revenue, but its level and timing remain uncertain. At this stage, however, it appears very unlikely to be a silver
100 bullet for covering all of our growing costs.

Now is probably, perhaps, not the right time, given our fishing negotiations, to be quoting Napoleon Bonaparte, but he did say the most important characteristic he looked for in a good general was luck. But it would be far from true to describe the 2021 outturn as purely the result of luck. Thanks to overwhelming public support and teamwork across Government, the second
105 lockdown incurred just under half the expense, due to lessons learnt from the first. The release from lockdown was faster and the extent and period of business support shorter, leading to significantly reduced costs – about £26 million – all of which has enabled Guernsey to bounce back faster and avoid the need to pull further on reserves or borrowing. We estimate that the Visitor Accommodation and Visitor Attraction Support Schemes will cost approximately a further £2 million
110 in 2022, until their intended closure at the end of quarter 1, which of course will remain under review as circumstances and trading conditions change.

In conclusion, sir, as I have already said, there are no fireworks, but given our new combined Government planning process, that is what was expected. This is a Budget with both good and bad news. The bad news is that despite a spectacular and probably unique reversal of economic fortunes,
115 our structural funding problems are not going to go away. The good news is that, for the time being at least, there is no more bad news.

Sir, Policy & Resources Committee unanimously and wholeheartedly commends the 2022 Budget Report to the States. Thank you.

120 **The Bailiff:** Thank you very much.

Deputy Blin, is it your wish to be relevé?

Deputy Blin: Yes, sir.

125 **The Bailiff:** Thank you.
Deputy St Pier.

Deputy St Pier: Thank you, sir.

130 I have a number of questions, and if it is easier I will happily share my questions with Deputy Helyar to assist his response to the debate; and, of course, if he is unable to get responses to the questions before the debate ends, as it may be a short debate, I would ask for his reassurance, in responding, that he will supply these in writing to all Members within seven days.

135 Whilst Deputy Helyar noted, when opening, that this year's excellent strong revenue performance is not indicative of long-term expectations, and I share that view, the shortage of workers in the economy does beg the obvious question as to what our Income Tax receipts would be if all those 1,500 to 2,000 vacancies were filled.

140 Sir, I want to start by drawing attention to what I think is a minor error on page 18 at paragraph 3.14. The text refers to a COVID provision of £8 million, and everywhere else, such as the table at paragraph 3.5 and the breakdown of provision at paragraph 3.43, refers to £6 million. I assume, therefore, that it is this latter which is the correct one, but I would be grateful if Deputy Helyar could confirm that when he sums up, or explains what I have missed that actually reconciles those two numbers.

145 For ease, I am going to largely just run through the Budget in the order of the Report, starting with the table at paragraph 1.21 on page 5, which shows that planned savings to be delivered in 2021 – which was a pretty miserly budgeted £7 million, 1.5% of total spending – is likely to fall woefully short of £1 million, and the budget next year of £3.15 million on page 19 is, I would suggest, very unambitious and disappointing. Similarly, the capital income from the sale of States-owned properties of £1 million in 2021 and only £3 million in 2022 is a far cry, I would suggest, from expectations set a year ago, giving no indication of confidence that anything substantial is
150 happening with property.

Next, at paragraph 1.31, on page 7, the anticipated underspend of £5.5 million for 2021 is noted. This is a recurring theme and I think that that actually has been the outturn for every year in which I have been closely involved with the States. At one level, this prudence in planning and budgeting is, of course, welcome, but it really should not happen year in, year out, and it is, in my view, time
155 that a bit of analysis was done, going back say 10 years to see what the average underspend is, because this might just give the States a bit more wiggle room in future Budget planning and when thinking about tax increases, if they are needed. And so my question is: will Deputy Helyar undertake such an analysis?

Deputy Helyar mentioned the ports, and at paragraph 1.47 on page 10 we see that we are
160 extending an additional £12.5 million to the ports, for obviously very understandable reasons, given their lack of trade in 2021 because of COVID, but this, of course, is on top of the £5 million lent last year, and as I said during last year's Budget debate, there really is not a cat in hell's chance of that loan being repaid. We will at some point, like we did just a few weeks ago in this Assembly with Aurigny, need to write that loan off in order that the businesses are not overburdened with debt in
165 the future.

At paragraph 1.49 we see that a similar picture is emerging with Guernsey Waste's loan, which is also being increased next year, by £900,000 to £5.6 million. Paragraph 1.50 refers to the work that the STSB are doing on a long-term pricing strategy, which was referred to during debate, I think, in December last year, and when Deputy Helyar responds perhaps he could advise whether that
170 strategy is expected to be capable of funding the repayment of that £5.6 million loan, because if not, then of course that will need to be written off at some point in the future, too.

Sir, the inaction on bringing forward the overdue proposals on replacing motor fuel duty is really starting to play out at pace – as, of course, electric vehicles are increasingly entering our roads – with a £300,000 fall in duty budgeted next year despite a 4%, or 2.9 pence per litre, increase in duty.
175 This is unsustainable and swift action is needed now.

Sir, a decision to only increase domestic TRP by 4% in paragraph 2.30 is, in my view, short-sighted and will come back to haunt the Committee when they try and present a coherent tax base as part of the phase 2 of the Tax Review next July. Property taxation will inevitably need to play a significant part in that new base and every Budget that slips by without recognising that inevitability
180 is a wasted opportunity to ease the adjustment.

In the table on page 19, membership, note that the P&R formula-led budget in the middle of the table is only increasing by £10,000, or 0.5%. That line refers to States' Members' pay and implies, to me, that Members will be expected to forego any increase in line with median earnings for a further year.

185 In paragraph 3.13 on page 20, an additional £634,000 funding is budgeted following the Special Educational Needs Review published earlier this year. At that time, Deputy Ferbrache said:

I know the Committee *for* Education, Sport and Culture is currently looking at decisions it can make to free up additional resources. This is crucial because it is clear to everyone that the States does not have a magic money tree.

So, could Deputy Helyar, when he sums up, set out what decisions the Committee *for* Education, Sport & Culture took to free up any additional resources? Or did, as I suspect, Policy & Resources have to find the magic money tree at the end to fund all of this additional spending?

190 Turning now to Appendix 5, starting with note 4 on page 61, 'Pay Costs by Pay Group', this is increasing by 6.5%. Given the only pay group to receive any pay rise in 2021 was the Agenda for Change Group, which is broadly nurses and those working in the care sector, this does imply an increase in staff numbers rather than pay rates. So, can Deputy Helyar advise the budgeted increase in staff numbers for 2022? Can he also confirm that the 5.2% increase in the Crown Officers' and
195 judges' pay line to £1.8 million relates largely to the backdated pay rise in 2021? If not, what is the reason for that change?

On page 65 there is a 21% increase to £1.9 million in the Chief Executive's Office. However, we were recently advised, in Rule 14 responses to Deputy Kazantseva-Miller, that – and I quote – 'once implemented, there will be an overall reduction in pay costs'. So, what is the reason for the £350,000
200 increase next year in budget for the Chief Executive's Office?

On page 79 the budget for His Excellency and his Office is £847,000. Sir, by convention, the Crown did not pay taxation levied on its subject. However, as Members may recall, in Her Majesty's *annus horribilis* – 1992; the year of the Windsor Castle fire and two royal marital breakdowns – she volunteered to pay Income Tax and Capital Gains Tax in the United Kingdom, which she has done
205 since 1993. That change in convention 30 years ago has not yet been reflected locally and Her Majesty's representative's salary remains exempt from Income Tax by virtue of section 1 of the Office of Lieutenant Governor of Guernsey (Salary and Official Expenses) Law, 1972. In 2020, the last Committee began the process by which that exemption would have been removed ahead of the new Lieutenant Governor being appointed this year, but that process was not concluded by the new
210 Committee, and therefore the new Lieutenant Governor has been appointed on the basis of the extant Law. Sir, I will shortly be writing to the Committee – and of course I will share that with Members – to seek their undertaking that they will recommence the process to deal with this anomaly ahead of the next appointment, which would, in the ordinary course, be expected to take place in 2027.

215 Finally, sir, on page 100, the Committee *for* Employment & Social Security is budgeting for a 7% reduction in contribution income in 2022. How is this consistent with the forecast for Income Tax to be broadly flat next year?

Thank you very much.

220 **The Bailiff:** Deputy Inder.

Deputy Inder: Sir, just briefly, as Presidents we only really are focused on our own Committees' budgets, but as Deputy Helyar said in his opening report, he has had a bird's-eye view of the hard work that all the Committees have done to get us to this point, so in that regard I accept that and I congratulate all Members of this Assembly who have focused themselves on efficiencies and making changes.

Particularly I would like to thank my Committee. Even though we differ sometimes in personality and probably politics as well, at least one thing we do understand is waste and efficiencies. It was absolutely ridiculous that we, as a Committee, had a £1.6 million marketing and tourism spend, most of which was airtime and media placement, with effectively something north of an £800,000 employment bill. I was running accounts that size when I was 25 with three people, and that has been going on for years and years. It is easier for us because, obviously, in the world of advertising and marketing it is far easier to make efficiencies. When you start looking at areas like Health, DSS and the like, real people get impacted very quickly with reduced budgets, so in that regard I am grateful for the Committee's support on reducing our budgets and finding efficiencies, but I think next year we could go somewhat further.

Deputy St Pier has missed the bits they always miss, and those are the contracts we do not really have control over. I would like to draw people's attention to page 20 and I would ask Deputy Burford and her team on Scrutiny to have a bit of a listen to this one:

Partnership contract with Agilisys Guernsey Limited for the delivery of States' IT services including the provision and maintenance of the States' IT infrastructure and support services, support for Public Service Reform transformation programmes and delivering a programme of approved economic development initiatives.

What economic development and initiatives? What public service reform? What has Agilisys been doing for the past two years with public money? We need a proper scrutinised process over that Agilisys contract because we do not have real oversight over it. There are very few people in this States who have had any sense of rolling out large contracts, have any understanding of contract management, and, to be perfectly frank with you, there are not too many people I have seen within the organisation that have a real understanding of what is going on there. Everyone who has had experience of IT delivery – I can imagine it is Home Department, I can imagine it is Health, I can imagine it is probably ESS as well and us in my previous life as SACC – was wholly unimpressed with the Agilisys contract, so somewhere in that ... Deputy Helyar, we have a problem looming because we are going to roll and roll this. And still today – I have said it before – we talk about Digital Guernsey. Deputy Kazantseva-Miller at the last meeting produced the Digital Framework and she spoke to us over the fibre policy letter, but I have absolutely no confidence in that company whatsoever. I will say it now, I will say it loud: I am extremely worried that over the next 10 years we are going to come back and look at this and I am going to be wearing my 'I told you so' T-shirt – and the last person you want on this planet is Neil Inder wearing his 'I told you so' T-shirt.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, Mr Bailiff.

I would like to thank Deputy Helyar for his very clear opening. In particular, I endorse his call for this Assembly to work together in these very difficult times on fiscal matters and on budgeting.

I also agree with Deputy Inder around the need for a very close scrutiny of the Agilisys contract. I think the need to transform and the use of IT as we move forward is absolutely fundamental in making savings and producing an efficient Government, and certainly the Committee for Home Affairs is still reeling from the HMRC report amongst the worst IT we have ever seen. I think I agree with Deputy Inder. From my experience on the Committee for Home Affairs, there is an enormous amount of work to be done. Promises are made but I think the Committee is looking for delivery and I stand behind Deputy Inder's call for a Scrutiny review of that contract. I think that would be helpful to my Committee and I also think it would be very helpful to P&R and obviously helpful to Economic Development.

Sir, I mainly rise to speak to the Committee *for* Home Affairs' Budget submission to the Assembly.
270 The financial pressure on the Committee will undoubtedly increase as the true costs of delivering the Government Work Plan priorities are realised. For the Committee, this means focusing on and putting our main thrust and energy on the Population and Management Policy Review; managing the consequences of Brexit, particularly the impact on Customs and Excise and immigration; preparing for the Moneyval inspection; development of a justice framework; and a refreshed
275 Domestic Abuse Strategy and the SARC.

The increase from the current 2021 Budget allocation to our 2022 request is primarily down to three elements, the first being an increase in relation to contractual and inflationary pressures, the second being specific funding for the maintenance of the public CCTV network and, finally, specific additional funding in respect of the service development budget allocated in the 2020 and 2021
280 Budgets to increase funding by countering economic crime, money laundering and terrorist financing. I thank Policy & Resources Committee for recognising the importance of funding these three items. In addition to this, my Committee is pleased that the balance of the 2020 Service Development Fund monies for the Cyber Emergency Response Team, known as the CERT, is still available. This work is progressing and we expect to draw down on this money during the latter
285 part of this year, or early 2022.

Included within our Budget submission were a number of Government Work Plan items that we expect to draw upon during the year. These include increasing the resources within Customs and Excise in response to the new normal following Brexit; development and implementation of elements contained within the Justice Review; enhancements to the Domestic Abuse Strategy; and –
290 this is a matter frequently discussed through the media – working with HSC on an alternative to non-punitive approaches to possession of small quantities of illegal drugs. As it is a subject of intense media interest, it seems, I would just refer to the minutes of a joint meeting between the Home Affairs and Health Committees – that is all the members of both those Committees – where we unanimously agreed, every Deputy in that room agreed that we were to jointly develop an
295 agreed work package of how to progress work regarding the options for alternative approaches to the possession of small quantities of illegal drugs. As I said, this was unanimously agreed by every Deputy in that room and I just want to draw that to the attention of this Assembly and the media.

In each of the cases I have just outlined in the Government Work Plan initiatives we will, of course, follow the necessary process as required by the Policy & Resources Committee to gain
300 access to this funding. However, despite this additional funding, there remain some risk factors within the Home Affairs recommended cash limit for 2022. The COVID-19 pandemic has clearly had a significant impact across the organisation, and Home Affairs is no different. We simply do not know what the impact will be in 2022. However, based on what we have seen so far, there are three expected financial pressures potentially costing up to £490,000. Firstly, we established the
305 Coronavirus Hotline in 2020, which remains operational and staffed by JESCC at the Joint Emergency Services Control Centre, and we expect this clinical helpline to continue to be required in 2022. Second, we have a small number of staff who continue to work at the borders as part of the Compliance Enforcement Team who were employed as a direct response to the COVID-19 restrictions. Sir, we thank Treasury for the ongoing offer of financial support in respect of
310 unbudgeted COVID-19 costs and I trust this arrangement will continue into 2022.

My Committee and officers remain committed to delivering high-quality services, making the most efficient and effective use of the funds available to the benefit of the community. I would ask the Assembly to support the Home Affairs budget and indeed I would ask the Assembly to support the whole of the Budget.

315 Thank you, sir.

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

A couple of things have brought me to my feet. The first is that in Deputy Helyar's opening remarks he talked about the unprecedented nature of this Budget and that there were no amendments brought against it. Something else has made it unprecedented and that is that this Assembly broke with tradition at the end of his speech by not applauding his opening remarks. In my previous 21 Budgets we have always applauded those opening remarks. There may be a number of reasons for that, including maybe not every Member of the Assembly understanding the protocol. I am going to make up for that, sir, by applauding his closing remarks, particularly if he is able to give good answers to one or two of the questions I am about to ask.

The first is that some Members may recall that during the tax debate I referred to some information that had been provided to this Assembly via the States' Treasurer, and Deputy Helyar and others on P&R mentioned it then. I am going to mention it again because I think it is of very material relevance to the way in which we communicate not only with our community but also amongst each other in this Assembly with regard to public finances. She said:

Pay awards to civil servants were about 8% less than median earnings and 6% less than inflation between 2009 and 2020

– so, in just over that decade, the amount that we paid civil servants fell in real terms, after taking into account inflation, by 6% –

and the biggest pressure on public sector pay was in relation to those in the Agenda for Change group of States' staff, mainly nurses and care staff

– about a quarter of all public sector employees fall into that category –

who have seen a 12% rise in pay in real terms over the decade.

She went on to say that while Civil Service staff had increased by 33 over the period, on average three a year, the number of nursing and medical staff had increased by 343 and numbers had fallen in all other public sector groups. The reason I emphasise that point is our issues are around health and social care. Almost all other aspects of our public finances are in pretty good shape.

Deputy Helyar rightly mentioned inflation. I am surprised it has taken so long for the inflationary pressures within the sterling zone to melt, but melt they have, and, for what it is worth – I do monitor these things quite closely – I think UK inflation will be sustained at or around 4% during 2022, or for much of 2022. Why is that relevant? Well, it is relevant because on page 4 of the Budget Report, under paragraph 1.20, we are asked to agree to a 2.5% increase in personal Income Tax allowance, which will increase an individual's allowance – assuming, of course, they qualify for it – by £300. Clearly, if inflation is going to be running at 4% – and most people believe it will – that benefit of huge interest to the lowest paid in our community will fall in real terms by quite a material amount. I know he will be aware of that, but it would be interesting to hear his – and maybe other Members of P&R – view as to why, in the knowledge that inflation is gathering, and gathering quite significantly, a real-terms reduction in personal Income Tax allowance is justified at this time.

On page 5 of the Budget Report we are shown that, compared to the probable outturn for 2021 of £507 million in terms of revenue income, we are anticipating that our revenue income will rise in 2022 up to £547 million. That is an increase of 8% and that is a very pleasing number. Clearly the fact that our earned income allowances will not be keeping pace with inflation will have a positive effect on that number numerically. That number will rise as a consequence of that. In other words, the lower paid will pay more tax than they would have done relative to a year ago in real terms. But it is the cash limits figure which is the most important, because the probable outturn on the cash limit side – this excludes the Government Work Plan service development figure, which of course exaggerates the issue – shows an increase from £435 million to £492 million. That is £56 million, or 13%. This is completely justified. I understand why income is going up by 8% and that one line alone is going up by 13%, because it is pretty much all to do with Agenda for Change and the very significant increases in health spending because of the transfer away from a fund to a general revenue commitment. That is emphasised, to P&R's credit, on page 7 in paragraph 1.34, which reads:

The total revenue expenditure budget proposed for 2022 is £525million, an increase of £60million compared to the 2021 budget; of which net £37.2million relates to the change in arrangements for health service funding.

365 So, that is completely understandable, but again it is not about bureaucrats running around
Frossard House and too many people drafting Laws in St James's Chambers. The cost pressures on
this community are almost exclusively generated by the rate at which we are ageing and the
demographic challenges that we face, and of course not only are more people becoming dependent
on the state ... 'Dependent on the state' is probably the wrong language – taking benefits that they
are entitled to as a consequence of having paid into those funds, but of course more and more
370 people are becoming economically inactive, compounding the shortage of labour within this
community.

I am often quick to remind the Assembly that there is a very significant cost to Guernsey-resident
taxpayers in funding our friends and cousins in Alderney, and the numbers really are quite material,
as I have said before – they are about £3,000 per capita in Alderney, about £6 million. I notice that
375 on page 19 the non-formula-led contribution to the States of Alderney in 2021 had a cash limit of
£300,000 but in 2022 there is no such allocation. I am unsure as to why that is, and I would be
grateful to my friend Deputy Helyar if he could explain that to us.

Thank you, sir.

380 **The Bailiff:** Deputy Brouard.

Deputy Brouard: Thank you, sir.

I am not going to say very much. I think the Budget speaks mostly for itself. I just would thank
Deputy Trott for reminding us of some of the issues that we have had in Health. As I said, I am not
385 going to say very much. I do not think anything I will say in a long speech would add to your day,
but I would just say that in Health & Social Care there are multiple concurrent challenges from living
with the pandemic, waiting lists, intensive business-as-usual pressures, transformation of our acute
and community services, NICE TAs, family allowance, hospital modernisation, electronic patient
records and the transfer of the Health Service Fund. I would just like to thank ... with all the pressures
390 that we have on us, the understanding of P&R, and it is not often that I do say this but I do thank
them for their support because it has been a collegiate approach to the Budget and I think I stand
shoulder to shoulder with Deputy Prow in that regard, that we have been able to work well with
P&R.

I would finish by saying thank you for your support, because without the support of the Assembly
395 we in Health are stuffed, basically. I do not know if that is a technical word, or not, but –

The Bailiff: I am not sure it is terribly parliamentary either, Deputy Brouard.

Deputy Brouard: Sorry. Thank you.

400 Without your support we would be in a very poor place, so I thank you very much indeed for
your support and for supporting the Budget today. That will certainly give us a really good chance
for next year.

Thank you.

405 **The Bailiff:** Deputy Ferbrache.

Deputy Ferbrache: Sir, I would like to start by commending two speeches. Firstly, Deputy Helyar:
it is an unexciting Budget. I do not think anybody could say otherwise, but he put it forward in a
concise, pragmatic way and told the truth as it is. The other speech I would like to commend is the
410 thoughtful speech of Deputy Trott, because he raised some very valid points in connection with
where we are. The only point I would slightly disagree with him in relation to is he thinks that

inflation could be 4% in the UK next year: I think it will be more. The prediction currently is 4% but these predictions are generally wrong, and sadly they are an underestimate.

415 Deputy Helyar will answer the questions as best he can in response to those posed by various Members, but the 2.5% increase in personnel, which is the best that could be done in the financial circumstances ... It is very difficult to say – in fact, I do not think it is possible to say in any kind of economic budget – that it will be in line with inflation and therefore you can adjust it if inflation is 5%. The only way you could do that is if in next year's Budget you take account of what has happened in the previous 12 months and you make the best reasonable you can do going forward
420 and you can see what is affordable. There is no magic in a Budget. That is why it is a budget. It is an estimate, really, of what you can go for. The past is easy to look at; the future is always more difficult to consider.

Deputy Brouard – I am grateful for his comments and it has been ... It is never a pleasure working with somebody and saying, 'We didn't think you would need more money and we are going to give
425 you a lot less,' but the response of Health & Social Care has been, again, balanced and sensible. As Deputy Brouard said in the previous debate, they could be voracious and they could take all the money the States of Guernsey could throw at them, and I am sure they would spend it well and wisely, but sadly there are limits. Deputy Trott, again, is exactly right that the main increase in the staffing numbers over a period of time is the increase in the Health numbers, nurses and other
430 health professionals. I cannot see that stopping going forward. I cannot see that being turned back. We will have to be as prudent and as pragmatic as we can, but again as Deputy Trott said and we all know anyway, the demographics are going in a certain way. It is a bit like a massive ship: it takes a long time to be able to halt it before you can even start turning it round, so that is going to be with us for decades and decades. Deputy Roffey referred to some statistics in a previous meeting. I
435 cannot remember, but they were pretty horrifying – but they were, no doubt, true.

Deputy Trott raised what he called the Alderney subsidy. The point I make in relation to that is that we, the people of Guernsey, have had a fiscal arrangement with the people of Alderney since 1948, but, much longer than that, we have all been part of the same Bailiwick. Although I would ask my good friends in Alderney – and I know they will – to be as responsive and reasonable as they
440 can, the truth is they will always need a subsidy. I can remember when I was first in the States, in the 1994-2000 period, Alderney actually balanced its budget then, but I had just joined Advisory & Finance, which was essentially the Committee, and was told by senior members of that Committee – I was a junior member of that Committee when I first joined – that it was going the other way and Alderney was going to need a subsidy. I remember Deputy Berry and Deputy Langlois in particular
445 saying that that subsidy would continue forever. They were so right, 20-odd years later. So, all we can do is say we know there is a subsidy, it has to be looked at sensibly but we are all part of the same community. We do not say – and rightly so – to old people, 'You are going to cost too much' – I am an old person now – 'we are not going to give you any benefits anymore.' That is not the way a civilised society works.

450 I would say to my able colleagues Deputies Inder and Prow I respect their comments and I fully accept what they say in relation to Agilisys. What I would ask – because they are, in my view, two responsible Members of the States and they hold senior presidencies – is that they sit down with P&R and Agilisys and talk through the problems. There will not be one instant hit, but at least that can be done. I do not think Agilisys are, as Deputy Inder said, a bad company – or not a good
455 company, or whatever particular phrase he used – but no doubt they need to improve and no doubt we need to improve.

What I have found in the just over a year now that I have been President of Policy & Resources – and I have said it in a previous date – is that not every day but regularly I see things and think, 'Oh, my goodness me, this situation is not as good' – I do not want to say 'worse' – 'as I thought it would
460 be,' having come to that job fresh and still relatively fresh but obviously a bit more frayed round the edges now, having held the office for just over a year. One of the things that I have been concerned about is the Civil Service, or the Transformation. I can remember attending a meeting as President of the State's Supervisory Board at the Professor Shaw building in St Martins a couple of

465 years ago, or 18 months ago, whenever it was – probably a couple of years ago now – where the
then Senior Chief Executive of the States, Deputy St Pier, and most of the press were present. The
figures were set out: £3 million this year, £7 million next year, whatever it may be. The only
Presidents who gave unequivocal support at that time to Deputy St Pier were myself and Deputy
Fallaize, who was then President of Education, and we said, 'We endorse these. We will give you our
best shot. We will do the best we can.' I am disappointed in the extreme – and I have to make sure
470 I use parliamentary language; otherwise, quite correctly, the Presiding Officer will upbraid me – with
the figures that we have now been provided with by those who have so far been championing the
transformation. They are not good enough. They are not satisfactory. The expectations from the
figures we have been given are much less than I anticipated they would have been when I was in
that room in that building 18 months or two years ago. We have to do better. I do not know how
475 we are going to do better, because again Deputy St Pier referred to this money tree that I refer to
in many of my speeches – because there isn't one – and we have to live within our means and be
as practical in relation to financial matters as we can.

Deputy St Pier posed a number of questions to Deputy Helyar, who will do his best. I doubt he
will be able to answer all of them. If he can, wonderful; if not, he will do his best over a period of
480 time and respond within a period of time. I think it would have been helpful perhaps for Deputy
Helyar to have had those questions at least four or five days in advance so he could have prepared
the answers and delivered that information to this Assembly today. I think that would be a more
helpful way of asking detailed questions on the hoof and expecting answers in that regard. But one
of things that Deputy St Pier talked about was the £3.1 million savings. It reminded me a little of
485 Pontius Pilate saying, 'When we were in charge we were expecting this return; now you are in charge
it is much less.' Nothing to do with us; it is to do with the system. The promise that was made is
now being challenged by those who were making it. It was just unachievable. We are now being
told it is unachievable. I would like to revisit that and see.

He also referred to the paragraph – I think paragraph 1.50 in the Budget Report – about the cost
490 of waste. I remember when I first became President of the States' Trading Supervisory Board the
Waste Strategy had already been agreed and the baton was passed to me to carry it on with my
colleagues in STSB. I thought, 'How on earth are these figures ever going to be sustainable?' They
were completely unrealistic. It was as though someone had plucked something from the air, almost
caught a falling star. It reminded me of Perry Como – 'Catch a falling star and put it in your pocket,
495 save it for a rainy day'. Well, I am not sure whether ... There was going to be a rainy day, but I do
not know what the falling star was going to be. They were just unrealistic, because what we want to
do and what the good people of the Bailiwick have done – particularly what Guernsey has done,
because that is where the strategy is – is they have recycled. They would win the gold medal, they
would win the world title, they would win the FA Cup every year going forward because of the
500 recycling, which means your income goes down. So, the Waste Strategy, unless it is completely
ripped up and something different comes forward, is always going to be heavily subsidised. I cannot
think of any other way to deal with it. I think it is the right thing to do. I think it could be tweaked,
and no doubt Deputy Roffey in the next three and a half years will be tweaking it and thinking about
it and coming up with certain proposals, and I would be likely, if they are sensible – which I expect
505 they would be – to support him, but the Waste Strategy is going to cost the States of Guernsey and
the public of Guernsey millions of pounds going forward because that is the strategy we put in
place. So, for somebody to say, 'What are you going to do? Look at these losses ...' Easy to say, but
I do not think it is particularly responsible.

There was talk about, 'Why did you only put up TLP by 4%?' My phrase, not Deputy Helyar's. He
510 is our lead on Treasury matters, though I support him absolutely and I am very grateful he is doing
that job. It is a holding Budget. This is really a holding Budget. We are going to have the Tax Review
debate at large – we are capable of amendment, capable of acceptance, rejection etc. – in July, and
what the States decides then, subject to the vicissitudes of life and the economic uncertainties, will
be likely to set where we are going to go with tax policy over the next x number of years, certainly
515 during the remainder of the life of this Assembly and probably partly through the life of the

following Assembly. I know Deputy Matthews, sensibly – I did not agree with it, but at least I understood his point – was saying we ought to put up TRP by 260%, I think it was. I think that would be dramatic, but at least I understood his logic. It was a logical thing that he was putting forward, albeit I do not think it would be ... But those are the kind of considerations and detailed discussions we will have between now and July, and we will debate it in full in July. So, we have much to do.

The other thing that Deputy St Pier referred to was the pay for the Lieutenant Governor. We are going to have a new Lieutenant Governor soon. I have not discussed this with my colleagues in P&R, but I would imagine ... In Jersey and the Isle of Man my understanding is that His Excellency's salary is not taxed, and that is our position here. If we want to change that because we want to do something that ... I do not really see the point of it, but if we want to do that, we need to have the courtesy of sitting down with the new Lieutenant Governor when he has had a chance to get his feet under the table and respectfully discuss it with him. If it is the view of the Assembly that His Excellency's salary should be taxed, then it will need to be increased by the amount of tax that he would then be subjected to. If somebody comes to a job for £x, you cannot suddenly say, 'You are going to be taxed on the net, so you will therefore get 20% less,' because that is just not fair. If we value the job at a certain figure, which we do, then that value – as best you can in economic circles and all that kind of thing, and taking regard of everything else – has to be respected. We value the office of Lieutenant Governor. We get good value in every conceivable sense from the occupants of that office, so I would not like that to be seen as a political hot potato, certainly while I am President of Policy & Resources.

In relation to all of that, I commend the Budget to the Assembly. It is a first step in what is going to be a difficult path, because as Deputy Helyar has said, we have had some most remarkable additions this year – particularly the property market Document Duty, but that is not the only extra income. That cannot continue. It might continue next year, but it cannot continue for the foreseeable future because that in itself is inflationary and also it means that for those young people who perhaps want to buy a home in due course, unless they have the bank of mum and dad, it is getting further and further away from them. We are still £60 million, or thereabouts, in the red, because we are making no provision of any significant concern for capital projects. But again, I commend ... I think I did applaud, but I mentally applaud, not physically applaud the speech of Deputy Helyar.

The Bailiff: Alderney Representative Snowdon.

Alderney Rep. Snowdon: Thank you, sir.

I just wanted to touch on, quickly, Proposition 8. I want to explain the importance, for the States of Alderney, of that income. The income is basically the gambling leftover funds that come to the States of Alderney to fund capital programmes for the States of Alderney. It should be noted that there is no cash allocation received from the States of Guernsey in respect of capital funding. I just want to go through a few examples of capital programmes which are very important for the States of Alderney to deliver. For example, the new harbour pontoon, which, fingers crossed, will actually happen; the harbour redevelopment plan; coastal defences; Platte Saline sewage upgrade; Connaught extension; road and pavement resurfacing; Water Board; and phase 14 of the quarry upgrade. Those projects are mainly funded from the Gambling Commission's money that they pass on to the States of Alderney, and that is basically what Proposition 8 is requesting carries on. The worry is that if that does not happen – and I am sure it will get passed by this Assembly, hopefully, but if it does not happen – the States of Alderney would not be able to fund those very important projects and other important projects that need to be delivered for our community.

Proposition 9 is the Alderney Economic Development Fund, which some of you who may have been out to Alderney will have seen some of that money used quite well, I would think, on the opening of the Odeon, which is a really good heritage site, and the Nunnery. It has supported a very small ferry with 14 seats between Alderney and Guernsey. It supports events such as Alderney Week. It helps attract new businesses and helps support broadband rollout across the Island, and it

is really important that that funding is there to help improve infrastructure projects across the Island as well. I just want to emphasise that that money is being used wisely by the States of Alderney, and without those funds coming in we would be in a very sticky situation.

One thing that was highlighted yesterday by the Civil Service in Alderney, kindly, was that it should be noted that the e-gambling sector contributes over £43 million of direct or indirect *[inaudible]* output to the Bailiwick economy, so obviously the gambling sector is a very big market. Our regulator is a very good regulator and the whole of the Bailiwick actually benefits from the job creation and employment that the gambling sector provides for the Bailiwick. I just wanted to highlight those points briefly.

I think there was a point about £300,000. I understand the States of Alderney last year took control of the Single Property Tax, which was a TRP, so now the States of Alderney sets the Single Property Tax and therefore it is trying to build up its own cash reserves and use them wisely for supporting the community and the projects that need to be delivered, and of course the Civil Service.

I also just want to say thank you to P&R for putting this together. I think probably no amendments is – hopefully – a vote of confidence in P&R and I look forward to hearing more when the tax debate comes back next year and the other matters.

Thank you.

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

I was going to speak anyway on one of the matters that Deputy St Pier raised, which is petrol and diesel taxes, but several of his other questions brought me to my feet and I might be able to help out Deputy Helyar in that respect.

Before I start, though, I am not convinced totally that this is going to be a muted debate and no amendments means that suddenly agreement has broken out universally over fiscal policy. I think it is a bit of a pregnant pause waiting for the July debate to come, which I think will probably lead to quite a robust and rigorous debate, as it should be because it is a seminal moment in our history deciding a step-change in our fiscal policy. I thank – I think – P&R for inviting me to be a part of the ongoing working party looking at drawing up those proposals.

Let me just mention petrol and diesel taxes. I heard a representative of the motor trade asking why haven't we brought in a new system of tax in motoring, because we decided we would need to do so a couple of years ago. Actually, it has been going on far longer than that. The late Deputy Kuttelwascher and myself were bringing in amendments quite a few years ago saying, 'This is a burning platform, this is unsustainable. Not just because of electric cars but also more efficient internal combustion motors, we are going to be collecting less and less tax because you only tax' – I know this – 'new registration duty on some vehicles, but basically the only tax on motoring is on petrol and diesel.' The resistance to that initially was that it was felt by the Assembly at the time that this was the fairest way of taxing motoring because it taxed usage, and why should Mrs Le Page, who hardly ever takes out her brand new car and just goes into Town once a week, be charged a motor tax the same as somebody who does 10,000 miles a year? My understanding is that there is the technical possibility and facility to keep that same sort of distance charging, without it being on fuel, in a way that totally protects the privacy of Islanders in the sense of where they have been and just records the mileage. The Government and people would never know why you keep going out, just the same as on a Friday evening it could be that you could drive ... or it could be something you want to keep more private than that. So, I think my urging to P&R and to any other party that is involved in drawing up that possibility is please crack on with this, because I think in a time when we are strapped for cash we are seeing declining total income from motoring and at the same time having to make ourselves look really expensive, compared with other territories, with what we are doing on taxes on fuel. I think the sooner that moves forward and hopefully ... I know it is not going

to be one of the main features with the heavy lifting come July, but I hope it can be addressed as part of the margins of that report.

As I said, Deputy St Pier brought me to my feet in one or two other ways as well. On the Waste Strategy, Deputy Ferbrache is quite right. When Deputies St Pier and Trott brought a motion to annul increases in the waste charges for this year. I told him he was wrong and he was right. I rejected totally that move, because what on earth would have been the point in actually keeping the old waste charges? We would have just been running at a bigger deficit. However, his central point is that the system is broken, and I think I can freely agree with that because I was not party to drawing up that system. It is a bit like saying that green taxes that aim to change behaviour are an answer to our fiscal problems. They are not. They may be justified in their own right, they may bring a little bit of income and they may change behaviour in a better way, but the more they succeed the less income they raise. Exactly the same is true of user charges for the waste strategy: the more they succeed – and, my goodness, have they succeeded – the less income comes in. It is an unsustainable model and I can promise Members that a policy letter taking a root and branch review of this ... In a way, it is perverse that it is under STSB because this really is not a business, it is a function. It is not like any of the other things we do, but a whole look at this will be brought to the States very early in the New Year. Either we can maintain the previous decision that the whole function should be financed out of user charges, in which case expect some fairly eye-watering changes in the level of charges in order to do that, or we can make a more fundamental change, but I think this Assembly needs to make a philosophical decision on where they are going on the Waste Strategy because, ironically, it has succeeded so well. So, I can promise you that.

He also worried about the ports' overdrafts having to be written off, and he is quite right. I think P&R have fully accepted that the exceptional costs – not the ordinary running costs but the exceptional running deficits created by COVID – are being handled in the way of an overdraft but with every expectation that those overdrafts will have to be written off, because if you expect the ports, going forward, even if there is a return to normality – and that is far from certain at the moment – to trade their way out of that and repay those overdrafts that have been created by COVID ... Of course we will give it a bash, but I think Deputy Inder and everybody else in this Assembly will say, 'What on earth are you doing with port charges? You are stymying the broader economic aspirations of the Island by doing that.' So, I think he is right that as far as these couple of years – and maybe next year as well, who knows? I hope not, but it is uncertain – they will need to be written off.

He was disappointed that TRP did not go up more. I am not. I am pleased that it did not go up more. Again, maybe this is something to tackle in July. I am not against the concept of a step change in property taxes but I think I can only personally conceive of supporting that once a scheme has been brought in to allow deferred payment for people who are elderly and living in their own homes, because pensioner poverty exists very much amongst the home-owning population of Guernsey. Many of them are on very little more than the state pension but they have a property that happens to be worth quite a lot. I know people say, 'Well, downsize, move into a single-bedroom unit,' but when people have lived there all their lives, brought their families up there and their memories are there, it is almost a spiritual connection. I do not think it is fair to ask people in their 80s to necessarily quit the place they have lived for the last 30, 40 or 50 years. However, I think it is fair to expect their heirs to recognise the fact that the tax on that property should be the same as the tax on everybody else's property, so some sort of system – and it exists around the world – of deferred payment of property taxes against the estate for people who have reached a certain age, to me, is the way that I think would make it far more palatable to raise more of the money that we want to raise through property taxes.

He also pointed out ... I think he said, 'Is it overoptimistic to expect Income Tax receipts to be as buoyant as they are when Social Security's budget is showing a big reduction in contributions? I think that is a misunderstanding. The drop in Social Security contributions relates to the fact that the Health Service Fund is going across to HSC, so it will not be coming to our coffers; it will be going as part of the budget of HSC in future. But if you look further down that budget, you will see

that that expenditure comes out of the ESS budget as well, and therefore actually the projected deficit before investment returns is going to be only £25 million next year. That is still a starting figure. It is not sustainable, but it is, as you would suspect, coming down as we recover from the impact of COVID.

675 The final thing I want to say is about population, because I think there have been a few Members – Deputy Trott and others – who have hinted that this is the answer: let's bring in thousands of additional workers, it will boost our coffers, it will lead to economic growth. I can see a part of that argument. Quite clearly there is a labour shortage at the moment and quite clearly our medium-term financial prospects would look better if we allowed large-scale, hopefully
680 youthful, immigration. But I do draw attention to the Jersey experiment from 10 or 15 years ago, when they almost completely let rip. Yes, their GDP grew massively. Their GDP per head of population did not grow that much and their infrastructure costs went through the roof as they had to adapt to a much larger population. Already we are being told at every turn our traffic infrastructure is not up to it with another 10,000 or 5,000 people, unless we are willing to tackle the
685 root problem in other ways. We know we have a housing shortage. That would be aggravated by any step change in our population. There are all sorts of hidden issues here. I know we will not be here in 50 years' time – maybe one or two of the younger Members will, but I doubt it; I will not be – so politicians view things over a certain horizon, but in western countries the new demographic profile has changed and it is older, and at some stage communities have to adapt to it, and that
690 does mean encouraging people to work for longer.

Our fertility rate is particularly low, so I fully accept that we can have a fairly significant amount of immigration without actually having a large increase in the population, but I do warn against the easy route of just saying a big change in the population flooding the Island with younger workers is the right way forward. I think it is irresponsible. I think it is short term; I do not think it will be a
695 long-term answer. I think I may be a lone voice in this Assembly, but I think it is worth registering that at this stage.

The Deputy: Deputy Kazantseva-Miller.

700 **Deputy Kazantseva-Miller:** Thank you, sir.

We are told this is a no-deficit and balanced Budget, but obviously at the same time, in the foreword and also on page 48, we are told that whilst it is pleasing that there is a surplus being reported, it is not sufficient to fund the amount necessary to meet principle 6 of the fiscal policy framework, which is about allocating at least 1.5% of the GDP for capital expenditure, so I think it is
705 misleading to say that this Budget is balanced. Actually, the very last Budget before this Assembly came into the Chamber was a balanced Budget and it allocated £63 million into the Capital Reserve. In fact, the previous Assembly, which by many is considered the worst days ever, had allocated a total of £193 million into the Capital Reserve – £63 million in 2019, £57 million in 2018, £50 million in 2017, £16 million in 2016.

710 There is a congratulatory air about this Budget, how well we have been doing and economics of swing and so on, but clearly – this Budget does say that – it has been prepared in accordance with the direction set out in the Funding and Investment Plan that was approved in July, which includes the utilisation of reserves and debt to fund the capital programme until 2025.

Members, for avoidance of doubt, what we are doing right now is eating into the reserves, hard
715 earned and provided by the previous taxpayers and Assemblies, with currently no plan of how this will be repaid. I tried to address this issue back in the debate in July with various amendments, but the fact remains that currently we are still just eating into the future of basically our children's money.

If you look at the Tax Review paper, the structural deficit that was calculated in the Tax Review
720 paper of about £87 million also did not take into account the provisions for debt repayments for the current amount of debt that this Assembly is planning to take just to finance the immediate requirements of the Capital Prioritisation Programme.

As I said, there is an air of congratulation about this Budget, but in addition to the complete lack of transfer of reserves into the capital account, this Budget is also presiding over a massive increase in public spending of a total of 19%, from £470 million in last year's Budget to £527 million of extra –

Deputy Helyar: A point of correction.

The Bailiff: Point of correction, Deputy Helyar.

Deputy Helyar: Sir, these are revenue accounts. They have nothing to do with the capital allocations. We are not eating into any reserves by agreeing this today. It has nothing to do with it whatsoever. In terms of the amount of spending going on, it has already been explained that a substantial amount of revenue has been transferred from Social Security's budget to this budget.

There is no increase whatsoever associated with that, simply the reallocation of responsibility.

Thank you.

The Bailiff: Deputy Kazantseva-Miller to continue.

Deputy Kazantseva-Miller: The Fiscal Policy Framework principle 6 advocates for an allocation of capital expenditure up to 1.5% and the Budgets inherited by this Assembly previously included such allocation. This Budget clearly states that no such provision has been made, so while this is about the revenue accounts, a provision is still supposed to be made for capital allocation. In terms of Committee spending, I will touch on that in a second. So, in addition to not allocating any capital expenditure despite an economic upswing, I am just really puzzled by that. If we are doing well, isn't it the right time to actually allocate some money to pay for the capital investment that we have money to make? We are also still budgeting reasonably miniscule savings of 3%, which again, like in the previous several years, is unlikely to be met, and it has been recognised many times that we are not doing enough. The Public Sector Reform Programme is presented today and Deputy Ferbrache said we should be doing better. I recognise it is a hard job to do, but we should really be trying harder.

I will touch base on the Committee budgets again. Many colleagues, during the tax debate, have kept advocating for public expenditure cuts. Deputy Moakes said that all communities should start with a 20% cut. Deputy Murray is obviously a very avid advocate of big cuts and I think we absolutely must strike hard, but I do not see that rhetoric being reflected in Committee budgets. The Committee budgets that are actually delivering savings in this Budget are Environment & Infrastructure, DPA and, if you look at like-for-like figures on last year, actually Economic Development. I am happy to be on two of those Committees. The rest of the Committees are showing budget increases. P&R, including Corporate Services, is showing a 14% budget increase. So, the rhetoric of public cuts efficiencies, let's translate it into real numbers. Can Members please stop the rhetoric of 'let's endorse public cuts'? Please walk the talk by showing those numbers in your Committee expenditure. (**A Member:** Hear, hear.)

The other part that I think is glaringly missing from this Budget is actually any information about investment concerns. The States of Guernsey is presiding over a massive investment portfolio. I do not have the total figure off the top of my head but it is £1.6 billion or £2 billion or so. It is huge numbers and there is currently no disclosure in terms of how the performance of those investments has been to date, how they are doing. In fact, part of the investment portfolio allocates funds specifically investing in activities that should be generating not only economic return but also other economic benefits through the Guernsey Investment Fund. That includes a technology cell – £25 million was committed to it – as well as a property cell, where £40 million was committed. Where is further information about how such investments, especially investments that are dedicated to achieving a wider return to the Bailiwick, being presented to us?

I just wanted my speech to be a reality check. We are just eating into the reserves of the hard-won taxpayers' money and decisions made by previous Assemblies today. We have chosen the easy

775 route so far: let's eat into the reserves, let's eat into the bond and let's issue more debt, with fully delegated authority of our colleagues in P&R to do so, and at the same time we are congratulating ourselves on a wonderful Budget and not making any hard decisions. Perhaps those decisions will come next year, but let's just be realistic about the real state of the economic situation and our continued lack of providing capital investment through the money earned each year.

780 I guess I have probably two questions to Deputy Helyar. Given the positive economic swing we have had, which we all recognise, why not provide for an allocation of transfers to the capital reserve so that we are actually making our repayment of debt servicing and future decisions that we need to take easier, because we do have the funds to date to do so? And perhaps also a question about why there is not much information. I believe there was much more disclosure on the investments
785 undertaken by the Investment & Bond Committee, and if such information could be disclosed, or at which point this information could be disclosed in the future.

Thank you.

The Bailiff: Before I call Deputy Dyke, Deputy Oliver and Alderney Representative Roberts, is it
790 your wish that you are both *relevé*?

Deputy Oliver: Yes, please, sir.

The Bailiff: Deputy Dyke.

795 **Deputy Dyke:** Thank you, sir.

First, can I congratulate Deputy Helyar on an extremely well-presented Budget? I can appreciate the amount of hard work that has gone into that. Also, I would like to note the fact that we do seem to be projecting surpluses on revenue account going forward for the next few years, which seems
800 to be a good thing, so we can be happy about that to a point.

Questions to Deputy Helyar ... I will not spend long on this because Deputy Kazantseva-Miller has raised the first point that I had. Would Deputy Helyar speak to how the investment funds are being run, now that they have been consolidated under P&R, how he sees them working out for the future and whether we can possibly anticipate better investment returns?

805 Given that we are projecting some revenue surplus here, that does give us some leeway for capital spending. At a previous States' Meeting P&R were delegated authority to borrow up to £200 million, if necessary, to fund spending over the next 10 years on the basis of a long-term loan facility. I wonder if Deputy Helyar could tell us what proposals he has in that regard, if any? Perhaps he thinks it is not necessary at this point, but I am conscious that interest rates are currently low
810 and possibly heading up.

A couple of points on savings. I think I should raise this. I wonder if we are, in some areas, being quite as aggressive as we could be. Looking at, for example, pay costs by pay group, I see that established staff is going from £88 million this year to £95 million, and for the avoidance of doubt, that does not include nurses, teachers, policemen and all the people we love so much but it is an
815 8% or 9% increase, so it does seem an awful lot of extra staff. The figures are similar in respect of Corporate Services, which are going from £42 million to £46 million, so I wonder if again we can be a little bit more aggressive on that one.

A question on Civil Service pensions. The scheme does seem to be unsustainable. I wonder if P&R have any announcements that they plan to make on that. Perhaps they do not, for political
820 reasons, in which case I will understand that.

One small point. I am probably pushing my luck on this, but in terms of the distinction between must have and might like to have in an ideal world with a magic money tree, I do note one smallish item from the Education Department, which is £634,000 annually, as I read it, for special needs non-teaching/special needs co-ordinators in each school. When I hear the word 'co-ordinator' I start to
825 tremble, to be honest. I just wonder if that is something that is nice to have but we do not strictly need. We do not have them now. I guess it is going to mean importing 10 or so more people from

the UK, 10 more houses taken off the market. Can we look at all of that slightly more aggressively, so that perhaps we can slightly improve the figures year by year going forward, which I think is what P&R intend anyway?

830 Thank you.

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

835 I do not sense that this particular Budget has been published with any fanfare or colour. It is dry, it is technical, as any other Budget is, and the congratulations that have rung out in this Chamber this morning I think have been merely due to recognising the hard work that has been done by certain Members of the Assembly for areas under their remit, nothing more. Budgets are, unfortunately, by their very nature without colour and are normally black and white or with shades
840 of red and green, in terms of being negative or positive, on the page.

I am going to speak pretty much focused on our Committee *for* Education, Sport & Culture Budget area for 2022 this morning. The Committee considered papers on 20th July when we were provided with a summary, some of which I will repeat here so that Members have a better understanding of the costs that our Committee thought through, questioned and ultimately gave
845 approval to. Budgets are complex in their creation and they cover areas of expenditure and income within our Committee mandates that maybe are not well understood until you are actually sitting on that Committee. I think it would be helpful to talk about the cost areas that we considered which impact the Budget and will give Members a flavour of the considerations that the Committee *for* Education, Sport & Culture have had to make when managing and balancing our bit of the Budget.

850 We considered the central services, which is a large part of our budget. There is an increase in transport costs in 2022 due to additional services required to support those students, individual children, who attend both the CAS base at the Forest School and the Pod at La Mare de Carteret Primary, both absolutely essential for young students developing through their life at school, so that we can ensure that they are valuable contributors to our community when they leave school as
855 adults.

Looking at further education was another area the Committee considered. An additional budget of £20,000 to fund the development of higher education courses is a cause for quite some excitement for our Committee. The first course planned is the Sports degree. This is an example of a cost related to our aspiration to support on-Island learning, which leads to an increased prospect
860 of those qualifications being used to benefit the local economy. This also assists in raising the profile of the Guernsey Institute as the go-to provider for lifelong learning needs on Island.

We considered museums. We have had to consider the impact of a reduction in the outdoor theatre, Castle Cornet, and related income due to the reduced number of visitors over the last year or so, and we balanced this against the need for the post of a new curator built into the budget and
865 partially offset by a reduction in other costs.

We looked at school and pupil support. We have a new post, partial full-time equivalent Educational Development Officer. This is an essential post. It strengthens the support that our schools ... Members who attended the Committee's webinar yesterday about Ofsted inspections will have learnt more about the need for that support in our schools and how essential it is for us
870 to be able to meet the grade for Ofsted inspections, to know where our strengths are and where our weaknesses are.

In addition to this line item is a Sports Federation grant. People might not realise that the States of Guernsey gives a grant to various sports teams to enable teams to compete off Island, which is also an essential part in the growth and development of our sporting culture and also the confidence and self-esteem that our young people have on Island. We know that we have great
875 prowess in this area. This funding line was lower in 2021 due to travel restrictions, which we all know about, and actually the pre-COVID funding was £40,000 per year, so we are still not back at that level.

880 We also considered our schools, obviously – it is a big part of our Education work. Looking at pre-school, there is an increase in cohort size, which translates as an uptake of places for little people in our Island pre-schools, which are obviously private. These costs are beyond the control of the Committee, but an increased uptake in provision means that we have to stretch the service, which we know prepares children better for when they join primary schools because we know that the impact of early provision in education reaps so many more benefits later on in the child's life.

885 Looking at our special schools, we have had an increase of one full-time teacher and one full-time LSA at Le Murier, and an additional teacher built into the budget from September 2022 at Le Rondin due to an expected increase in the reception cohort at that school. There is an increase in special educational needs in Guernsey and we have to meet that. This is an example of costs which are beyond the control of the Committee but vital for us to bear, providing appropriate support for
890 every single individual learner and working towards the recommendations of the SEND Review, which a couple of Members have mentioned today.

Other costs which have been considered, which have a positive impact on budget pressure, are higher education, lower student numbers and the expected reduction in average funding received per student – and this is just for 2022.

895 Looking at our schools, in secondary there has been a decrease in budget of £210,000, where the reduction in costs was made in consultation with our secondary heads. This is done with the ethos in mind of doing these actions *with* staff and not *to* them.

Looking at our grant-aided college funding, it is £224,000 lower than in 2021, savings of £307,000 built into the cash limit, and there is an inflation element of grant funding of £83,000 to
900 be included as budget request.

All these are examples of areas that we have to consider very carefully, not just as business as usual, which we do, but also coming up to budget every single year. And so we know that funding pressures will appear annually and it is not just prudent but it is essential to start looking where and when those will appear. Funding required for higher education is expected to increase in the next
905 few years, which is a good thing. It is based on the cohort size and the percentage uptake from Islanders and is something that I personally believe we should be encouraging. Therefore, it will be necessary to establish where additional funding or reduction of other costs may be available in 2023 as these other costs rise. This is where the approach of the Committee and its officers and staff is essential, encouraging a culture of thinking creatively and adopting a broader view of how service
910 provision can be delivered with a quality first focus, but where the approach must be different than what has gone before. That is something that I would like to encourage all Committees to take on board – and, in fact, those who do not sit on operational Committees as well.

The Committee for Education, Sport & Culture met with Policy & Resources Committee to discuss the Budget for 2022 on 24th August and it was noted that, save for built-in inflation, the
915 Budget was within the cash limit set by Policy & Resources. I was clear to the Committee then, sir, that delivering an education system costs a fixed amount below which the Committee is not prepared to go. As I have mentioned, we are absolutely committed to ongoing internal budget review and creative thinking re doing things differently so that we look to make efficiencies, the result of which would be to release funds. But as I mentioned in the secondary model debate, the
920 overriding aim of doing so would be, with P&R's consent and as a result of joint working, to reinvest those monies into value added areas of the education system, rather than there being an automatic assumption that monies that are not smarter working would be returned straight away to central funds for general use in other areas which may not be so impactful for the community in the long run. After all, we know that a brilliant education system reaps rewards later on in terms of justice, in
925 terms of health and in terms of employment. So, why would we not want to reinvest the monies we have released by efficiencies?

Before I conclude, sir, to assist Deputy Helyar in response to Deputy St Pier in terms of our Budget submission to P&R and also to comments made by Deputy Dyke just now, I will read from our Budget submission. We say:

During the past year, significant pressures in Education have been identified which require resourcing. Due to the current financial climate and the emerging pressures across the sector, a budget reallocation exercise has been started in ESC in order to identify potential sources of funding from within existing Budget allocations to rebalance spending according to emerging priorities and pressures. The recommendations of the SEND Review are one of these priorities. Other priorities include additional staff at special schools, additional Educational Development Officer resource and leadership release time in primary,

930 – that is to do with our senior leadership teams who are teaching staff –

So, within Budget 2022, savings of £215,000 were identified and reallocated to additional staff at special schools due to increasing numbers of students with complex needs, additional funding for individual pupil support and additional staff resource for support schools.

I am sure that Deputy St Pier may require a little bit more detail than that, and I will pass details on from the Committee side of things to Deputy Helyar in response, but obviously there will be the other side of the coin there and how Policy & Resources reacted to that. But it is really important, especially for Members such as Deputy Dyke and Deputy Kazantseva-Miller, who have wanted to
935 take a more aggressive stance to certain areas ... I want to reassure every single Member in this Assembly, every single listener who is listening to this debate today, that we absolutely go through these Budgets with a fine tooth comb and there are many areas in our budget which we just have no choice but to provide. If you do not want to provide education to our Island children which is taxpayer funded, then we can switch that off, but that is a States' decision; it is not our decision. I
940 would not countenance it and I would not agree with it, but if you do not want us to provide education services you need to come back to this Assembly and let us know, because that is aggressive and I do not agree with it. We are providing this and therefore we must ensure that every child has a sense of belonging, that they grow and aspire to be who they want to be and we support them in that, because that is what will reap dividends for our Island going forward.

945 Looking at the Sport & Culture side, just very briefly, I am advised we are budgeting for a normal year insofar as footfall across the sites is concerned, but of course any resurgence of COVID-19 or changes in tourist behaviour as a result of COVID-19 will inevitably impact on this.

In conclusion, sir, the bottom line is that, as Deputy Helyar has said, this is a no-surprises Budget. It is not congratulatory, it does not come with any bells and whistles or tinsel, and for the Committee
950 for Education, Sport & Culture it comes in within the cash limit set by P&R. That is not to say that sticking to the cash limit is without pain, but the Committee is doing all it can to ensure it undertakes an intelligent and sensitive Budget review, so that it maximises the impact of every single taxpayer pound spent.

Thank you, sir.

955 **The Bailiff:** Deputy Gabriel.

Deputy Gabriel: Thank you, sir.

I am going to be quite specific in my speech but in a general manner. There has been lots of
960 focus ... not necessarily lots of focus in the Assembly today, but Deputy St Pier and also Deputy Roffey have mentioned it. I would like to focus on the high cost of motoring in Guernsey, and this project reinforces that with another increasing cost while not necessarily focusing on the effects of motoring – pollution – and I would like Members to know my views on this. I also thank the *Bailiwick Express* for their piece published last Friday. It seems that they got an advance copy of this speech,
965 as the thrust of it is that the fuel duty income aspect bears no correlation to our climate change policy.

Our Data Analytics team published a very useful booklet, an online version of Guernsey Facts and Figures: 2020's data shows that there are in excess of 63,000 vehicles, potentially more, circulating on our small Island roads, and of those 63,000 – potentially more – nearly three quarters
970 are cars. Be it for social, domestic pleasure or business use, a very large proportion of our population has ready access to vehicular transport, whether that be owned or even hired in the form of bicycle,

taxi, coach, bus or car, and rightly so for a very affluent Island. Even for those on zero, low or fixed incomes, a bus journey is readily available.

975 Most jurisdictions use fuel duty as an effective means of raising income. What they do with that, though, is the key. Guernsey uses it as general revenue. Duty is collected and levied on the fuel that these vehicles use, and rightly so because the ethos that the polluter pays is correct and the duty, while allocated to general revenue, can fund anything.

980 The total duty forecasted to be collected in 2022 on all fuel is approximately £21 million. Of that, approximately £7 million is planned to be levied and collected on diesel fuel. Science now tells us that diesel vehicles cause more than four times the pollution of petrol vehicles. Diesel vehicles have become subject to considerable negative publicity thanks to the amount of toxic emissions they produce. Our own Data Analytics team have recorded, since 2021, that the rolling three-year measurement of nitrogen-dioxide – the gas that is generated from burning fossil fuels, primarily vehicle fuels – is recorded at 20 micrograms per cubic metre in Guernsey. This figure is 50% of the 985 World Health Organization's guideline maximum of 40 micrograms per cubic metre. What if we can lower it even more? Wouldn't it be a bonus if we could lower these emissions and be a clean-air Island? Another reason to visit Guernsey, another USB, let alone the health benefits that the population could receive in the long term. I am sure that the President of Health & Social Care and his Medical Officer of Health would welcome the potential reduction in hospital admissions and 990 healthcare interventions that may result.

The manufacturers of these polluting diesel vehicles tried to mitigate the emissions when new legislation was introduced by various countries. Many even tried to circumvent or trick the emissions testing equipment, to their detriment. Many modern vehicles now come with diesel particulate filters, known by their acronym DPF. Because of the stop-start nature of our small roads and the 995 traffic circulatory system, these DPFs quite often do not get up to the significant working temperature needed to internally filter, store and burn the soot particles and pollutants and they can become blocked. Some people choose to remove these DPFs or their vehicles are of an age that they do not have them, which further contributes to our emissions. Not yet having an annual or even three-year periodic vehicle inspection, there is no way to know or tell if any vehicle meets 1000 the strict Euro 6 emission standards.

In recent history, the duty on the price of fuel at the pumps was less than today. The income was subsidised by a motor tax, a one-off annual payment based on the weight of a vehicle and the category it was deemed to be, as Deputy Roffey alluded to earlier. Some seemed to think this was an unfair method of charging in that the most polluting vehicles that were circulating most often 1005 and causing the most damage to the roads and creating more pollution seemed to be getting a good deal while the fictional Mrs Le Page from Torteval in her small run-around, doing very few miles a year, would pay the same as a family doing trips to school, work and the various running around, or even a taxi that is regulated a minimum mileage requirement of 20,000 miles per year. So, that was not fair. The system was changed. The equivalent charge of motor tax was annualised 1010 against annual fuel figures and an equivalent amount put on to our fuel in the form of a 12.9% increase in extra duty, along with an annualised and converted-to-percentage amount equivalent to a £10 end-of-life fee to account for when vehicles are scrapped.

Amongst other things, the Roads Improvement Programme is a direct response to increased motoring. This resurfacing programme has been in existence for a significant period and recently 1015 an inspection and audit of the quality of our roads guides officers as to the best way to improve the road network through targeted resurfacing. Many people in the UK are envious of the quality of our roads, as the quality does exceed many of those in the UK.

If I can draw Members' attention to section 2.20 of the Budget on page 15 and Proposition 5, this increasing duty, in my opinion, is now running away with us. The proposal in the Budget for 1020 fuel duty is now to be 73.6 pence per litre, to bring in a net revenue of £20.4 million. The pump price of fuel at some retail outlets is already, reported yesterday, £1.45 per litre. My basic maths shows that motorists are paying more on tax than they are for the actual fuel. It seems like this is an easy way to turn on the tap and get more out of the motorist.

1025 Diesel fuel, as I said earlier, is one of the most polluting fuels we use on a major scale in Guernsey,
but there is a less polluting alternative in the form of HVO, or biodiesel. HVO is an acronym for
hydro-treated vegetable oil, effectively refined vegetable oils. The global manufacturers have taken
up the baton and in some way mitigated emissions of diesel by providing this alternative product.
If Members look – or they may have seen it already – this product, still in the Budget, attracts a duty
figure of 66.3 pence per litre, a 10 pence reduction. This product's base price is more expensive than
1030 the traditional diesel as it is produced rather than extracted, but is it not a worthwhile opportunity
to replace diesel and the pollutants that the diesel vehicles spew out on our Island? In last year's
Budget, the Assembly agreed again to have a duty-free allowance of 125,000 litres of biodiesel,
absolutely duty free. As this product was now commercially and viably available, it was put in at the
pumps by one supplier and although the pump price was more than the price of diesel, that 125,000
1035 litres was soon used up, proving that there is a market and that the diesel motorist wants to change
to HVO biodiesel.

Shouldn't we, as an Island, as a Government, want to do the best for our environment? A
commercially viable, low-emission mainstream alternative to polluting diesel fuel is available and
we are doing very little to promote it because of a fiscal focus rather than an environmental one.
1040 Why should we wait until 2030 and beyond, when the sale of new fossil fuel or internal combustion
engine vehicles will be banned? What if we were bold and we removed the duty of 66.3 pence per
litre on HVO biodiesel now? We know that consumers will use the product, as it has had a very
successful trial. Indeed, media reports were rife of the States using the motorist as a cash cow when
the duty free limit expired and the price at the pumps went up again as the reduced duty rate last
1045 year kicked in. Yes, this will come as a cost of approximately £7 million. Remember, though, that
£13 million is still collected from our petrol sales, and it will affect, amongst others, our bus service
and the mini-buses that transport out special educational needs children to their schools, as they
all use a significant amount of diesel. But shouldn't Government-provided vehicles for the public be
setting an example? Shouldn't we, as Government and policymakers, be setting an example?

1050 If we accept this increase of 4%, putting diesel at the pumps at over £1.45 per litre, it will be very
close to the highest cost in Britain. Indeed, the duty rate is higher than Britain. If you think this will
not affect you, as you only cycle or walk, I believe it will. Remember, this too will have an impact on
those who use diesel commercially – delivery vehicles, tradesmen's vehicles, not to mention
regulated taxi fares – and all of the products we buy and get transported around the Island. Isn't
1055 our fuel duty another way of dressing up the GST, which some seem dead against?

When I say 'cost', I mean loss of income, of course, because the real cost is to our environment.
If we keep doing the same, expecting different results, we are blinkered. If we continue to make
diesel fuel a viable choice, knowing that there is an alternative ... Anecdotal evidence suggests that
the HVO alternative is a better fuel, not only for its low emissions but for the running life of the
1060 vehicle, as diesel engines much prefer the biodiesel with its cleaner burn, rather than the traditional
diesel. Shouldn't we, as an Island, be bold, be looking to find the £7 million income from a different
revenue stream as well as cutting our costs?

We have already committed to the UN Paris Agreement and may be very close to signing it. One
of the long-term goals in that agreement is to guide nations to substantially reduce global
1065 greenhouse gas emissions to limit the global temperature increase in this century to 2°C while
pursuing efforts to limit the increase even further to 1.5°C, and that is by reducing global
greenhouse emissions. By signing this and still using diesel in vast quantities, how are we
contributing to the lowering of emissions? We have signed off our own climate change policy and
our own energy policy. Surely by supporting that climate change policy we should be doing all that
1070 we can to reduce pollutants. Our energy policy recognises this, as it centres on decarbonisation and
the move away from fossil fuels. Shouldn't we be doing the same for our on-Island diesel vehicles?
We should be a responsible Government looking forward. We should discourage polluting
products, especially where there is a better alternative.

I was pleased that Deputy Helyar stated in his opening remarks that we should do things
1075 differently and in a collegiate manner. I was again pleased at the opportunity to meet with Policy &

Resources to agree with them that HVO biodiesel is a reliable, sustainable alternative to diesel fuel and to discuss collaborative, cost-neutral ways forward to progress alternatives to fuel duty as an income stream, as it is essential that we as a Government recognise that we have an obligation to the population to use their money efficiently too, as well as generating long-term sustainable policies. The use of diesel is not a long-term, on-Island solution and should not represent that.

Members, if you answered yes to my question earlier – shouldn't we want to do the best for our environment? – then please think carefully how you will vote for Proposition 5, which of course also includes alcohol and tobacco and the implications of another blind increase in fuel duty. I am optimistic though, as there are collaborative efforts to achieve a different outcome in future years. I do support Policy & Resources, albeit this year it appears Proposition 5 for the fuel duty item in section 2.20 is the least worst option.

Thank you.

The Bailiff: Deputy Gollop.

Deputy Gollop: First of all, I would like say that although it has perhaps been a fairly muted debate today, there have been some rather unusual and intriguing speeches.

I agree with a lot of what Deputy Dyke says, but not everything. He mentioned Special Educational Needs non-teaching co-ordinators. That, of course, was contained in the report co-ordinated, I think, by the new Director of Education, and is something close to the heart of Employment & Social Security, amongst other initiatives, and has been called for, for many years, by members of the Disability Alliance and children's charities because it is all about inclusivity and it enables the teachers to focus on what they can do best – teaching – whereas the special needs co-ordinators will be more focused on improving the educational, and maybe friendship and career life chances, in some cases, of young people. I think inevitably as we strengthen our aims at improving the lives of disabled people, it is not just, as Deputy Helyar said, the ageing population we have to think about, it is younger people with needs, and there is a cost to that. I think perhaps this week, amongst others, we are beginning to see that you cannot always have the penny and the bun once you get into the disability and equality areas.

Where I did agree with him, perhaps, was his observation that there clearly are structural rises in the salary base of civil servants that go beyond 2%, 3%, even 5% RPI – they appear to be 10% in some cases and that must mean one of two things, really. Either we are recruiting more people, which generally, hopefully, we are not; or the people we have in place are getting more money because they are either being promoted to higher levels of responsibility and duty or they are getting incremental increases. I think it was Deputy St Pier who hinted – which was not music to my ears, but probably is to many listeners and other Members of the Chamber – that maybe we will not be in line to get any pay increase next year, including even inflation, which will be the third year in a row. I suppose that is not as bad as getting a reduction, but it perhaps will be galling if States' Members, probably rightly, show an example of restraining our income, if we are still rewarding various public servants with incremental increases that belong more to a past age. So, I think there is work, perhaps, for Scrutiny and Policy & Resources to do to look at that.

Deputy Gabriel has clearly made a very well-researched and interesting speech. I remember I was involved with Friends of the Earth 20-odd years ago, and in those days everybody was being encouraged to convert to diesel and get a 'cat' – not a pussycat but a catalytic converter – and so on, so times and ideas move on. Clearly he has put his finger on a problem about where taxation is fiscally responsible in terms of milking cash cows. 'Cash cow' is not a reference to Guernsey cows; it is a reference, I think, to the Boston Consulting Group management consultancy view that some products or streams of revenue always generate money, at least while they are popular. Taxing motoring unfortunately comes into that category, although Deputy Roffey, amongst others, has made the point that it is a little bit of a potentially reducing circle because if behaviour changes then the revenue stream from it may change too.

We have already had a tax debate more philosophically a month or so ago about why some of us do not want regressive taxation or consumption taxes, though actually I always wink at that because yet again we are seeing ... Deputy Helyar is no different from his many distinguished predecessors, some of whom we have heard from today, in actually putting up the pressure on smokers. Yes, I will admit I am a smoker, but it is going up 7%. What is it, 42 pence a packet, or whatever? If you are a smoker and you are on welfare, or you have no money, or you are living on capital or very low income on the Minimum Wage, and you choose to smoke or you are addicted to smoking, you will pay that price just as a millionaire will pay the same price for a packet of cigarettes. In fact, he or she will probably pay a bit less because they might get more opportunities to import duty free. And so that is an incredibly aggressive tax and disproportionately, in my view, affects some pensioners and people with mental health issues.

Alcohol is going up again. I had a very long and not altogether friendly chat with a gentleman who had been a publican, a couple of days ago, and he could not understand how it was, when he came to work on the Island in the hospitality field about 30 years ago, that Guernsey was much cheaper than even the north of England and was notable for being a very desirable place for budget beer, wine, tobacco and other elements, and now it is on a par with London, maybe a bit dearer, and certainly dearer than much of the north. He was trying to analyse what the issue was. He believed – and I correct him to say that is not the only reason – that it was Government that was responsible for it and the budgetary process, which constantly increased, year by year, taxation on alcohol, not just in pubs and hotels but, of course, in supermarkets.

So, we do have a bit of a regressive mentality in the Budget in many respects and I do not think our personal allowances are as competitive as they could be or should be, even with the Isle of Man or Jersey. I think we have to be aware of that. I perhaps share the feeling that there is not as much in the Budget as there could be, too, on economic development because we are not particularly interested in gimmicks. Perhaps that is a good thing. We do not do what perhaps you could argue occurs in another place, in London, whereby initiatives that catch headlines are suddenly put across. But I think the price we pay for that is we do not necessarily make it easy for certain kinds of start-up businesses and enterprises to get tax breaks, and I think we could do more on that.

Deputy Dudley-Owen explained why they cannot just slash budgets for Education and it is a careful process in terms of improving where the need is greatest, but of course she hinted that there was possibly, in a time of restraint, a slight price to pay for that, and that could be, for example, a reduction in museums. Well, this brings about another issue of how you cut the cake, because of course when you combine Culture and Leisure with Education you create a different conversation than if you combined Culture and Leisure with Economic Development, maybe more focused on tourism. So, clearly we have a number of issues there.

I do not think this Budget really changes the aspiration element. I notice one of the Propositions is to increase the tax-free lump sum of a RAT. I did a RATs this year, but certainly not in this league. Over £200,000 lump sum is tax free. That seemed a relatively generous sum of money in terms of perhaps how we are coping with people in other medium capacities, so it could well be that if we are going to trim a bit we might have to look at some of those elements in order to lose less revenue.

And so I am perhaps disappointed there are not more economic development initiatives, disappointed we are falling into the question of tax base again and disappointed that we have not really moved towards structural tax reform. If I could summarise, I think for the last 10 or 20 years we have had an extremely fiscally conservative approach to raising money in taxation from the more fortunate, or harder-working or richer members of our society, but we have a social democratic mindset in the way we administer our Government and almost a socialist mindset in our philosophy of taxation, and that combination has served us okay in the past but is not going to work in the future, and that is why we definitely need some quite radical new thinking and some transformative thinking, so that we are more of a piste because probably Deputy Dyke is right, there are internal contradictions of people who say, 'We want to cut,' and then are not cutting, and the taxation base that we are raising is not necessarily enhancing the ability of middle Guernsey to feel contented and happy and that everything is going in their direction.

Thank you.

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The Bailiff: Deputy Oliver.

Deputy Oliver: Thank you, sir.

1185 I believe the Budget is balanced and it is also in accordance with the GWP, which we all agreed to. I think it is a positive position for 2022. The forecast is to return to a surplus, so that is good news.

1190 I do just want to talk about the DPA and what we have been doing, because I think it is a really good-news story. The DPA has been extremely busy this year and expects a higher than level development activity to continue through 2022. The income budget proposal for 2022 is £65,000 income increased, attributable to both planning control and building control. We have already contributed savings of £142,000 in relation to the digitalisation project for planning and building control. We have also been able to fund production of the development frameworks for Leale's Yard and the Town regeneration area in accordance with the Government Work Plan from within our existing budget without asking P&R for additional funds. Reflecting our prudent and responsible approach to managing our finances and the desire to do more with less, our non-pay expenditure budget has reduced by £23,000 – this is 11.5% – and the DPA's 2022 Budget submission is therefore requested cash limit of £1.19 million, which is £60,000 below the indicated cash limit. So, that is a good-news story.

1195 Thank you.

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The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir.

1205 I would like to thank Deputy Helyar for what I think has been a very good and positive Budget, although I think, as most people say, it is something of a holding pattern until we get to the tax debate.

1210 I found myself nodding in agreement with nearly everything Deputy Helyar said and others have said during the debate. The one moment where I think I shook my head was the line where he said the only alternative to Income Tax – Income Tax being undesirable – was to increase consumption tax. I think Deputy Helyar may remember that during the tax debate I talked about property tax as an alternative, and I thank Deputy Ferbrache for mentioning that. The example I gave of raising TRP was the equivalent amount that you would need to raise TRP by, and I see that the rise here is actually very small, only 4%. The proposal I think we ought to be looking at – and I think that this is spoken to by the fact that we have much higher than expected Document Duty being reported during the year ... I think we all know from the tax debate that we have a shrinking workforce and a housing crisis. I think the real way to resolve this, if we are not going to go down the line of a consumption tax, would be to look at shifting Income Tax towards a property tax. I do not think that will necessarily mean TRP. TRP is one way of doing it, but the actual proposal I mentioned during the tax debate was to scrap Document Duty and, in fact, TRP, and move it all to a tax on property value instead, which I think would be a much fairer way of moving the tax base.

1220 Other than that, I think we have a very positive picture in some places but many challenges ahead. Thank you very much, sir.

The Bailiff: Deputy de Lisle.

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Deputy de Lisle: Sir, when I hear property taxes coming up (*Laughter*) I stand up immediately. But I am certainly grateful to Deputy Helyar for providing an update on the States' financial position, something that he does regularly, which I encourage him to continue to do. It is good to learn the latest numbers, which indicate the probability of no deficit by the end of the year, which reflects a start to recovery and improved revenues. That is all very positive, yet it is necessary to add that

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many businesses are finding themselves on the edge and many families are finding difficulty paying mortgage and TRP payments and rising rents.

I am certainly pleased to see the increase in personal allowances because, as has been indicated, we have fallen behind with those allowances and hopefully we can move forward to start to catch up with other jurisdictions, like Jersey and so on.

I am also pleased to hear that there are promises of initiatives to come forward in the July debate on tax to boost growth and to cut spending, rather than to continue to raise taxes which could derail the recovery that we have seen has begun. I think we should be very cognisant of that factor, that we do not tax unnecessarily to affect the growth of the economy that we are now starting to witness, because there is no doubt that taxing is bad for economic growth.

We have reserves in place to assist with recovery and I think that we should use them and not be afraid to do so. We have every excuse, with the pandemic and with Brexit, to utilise reserves that the people of Guernsey have put together for us. So, let's not be afraid of utilising the monies that have been saved over time. They are taxpayers' reserves and they are there for meeting the periods of stress that we have been encompassing recently.

Many of us here, in this Assembly, in our mandates stated very firmly that we would not burden taxpayers with additional tax and all would look deep to curtail expenditure. I think this is something we have to live up to and I hope that Deputy Helyar and his associates dealing with the tax situation in the future will remember those mandates, those statements and those promises to the taxpayer that in fact we would not burden taxpayers with additional tax and we would look deep to curtail expenditure in the future.

When I look at an increase of 23% in commercial TRP tariffs for the general office and ancillary accommodation category in addition to the 4% commercial TRP tariff hike, surely that is just not on at this difficult time for industry in this particular category. In reality, something like that appearing in this Budget contradicts the Revive and Thrive policy that I trust this Government is still continuing with. This is critical because it is hitting at secondary and tertiary office space that is more difficult to let. Turnover by regulated finance, legal and accounting services will be a lot higher than the general office category and increases in TRP on that general office category are not conducive to attracting tenants. Any levelling up – which is what this seems to be all about – in the commercial category appears unreasonable and not really supportive of the nature and condition that we find within that property sector.

Watts Property, for example, in a survey commissioned by the DPA, highlighted a surplus of empty office space in this category in St Peter Port. I know that this is part of the Proposition that was supported by the States, that over a period of five years, 2020-24, the tariffs for the general office and ancillary accommodation category comprising premises used by professional services and related businesses are gradually increased to the same tariff level as the office category for regulated finance industries, legal and accounting services. Last year, the TRP rose by 29% on that category and this year, as I am saying, another 23%. That is difficult to handle, given COVID, Brexit and the situation that we find ourselves in currently as we try to revamp the economy after such a difficult period. I do not think any sector should be saddled with that type of increase. We should have made a change there and we should have realised that.

Last year, as you will recall, I tried to extend the period over which this levelling up would go on, with no success. Whilst this was, of course, a policy of the last States, many were hopeful that the new States would repeal this policy, or at least take heed of it and deal with it. One can only hope that the Corporate Income Tax, which is currently under scrutiny, as time goes on will affect – or will provide the opportunity, let's put it that way – that these high TRP tariffs on secondary and tertiary office premises will be looked at further and perhaps rolled back. I think we have to do something in that area, particularly with high vacancy rates in this category. People are paying all this extra TRP but there is no income coming into those properties, and many of them are in Town, as you know, over the shops, with limited opportunity for redress in terms of change of use.

I was also pleased to hear the comments of Deputy Roffey calling for restraint on TRP charges in regard to domestic TRP and the impact that this is having not only on older people, who are cash

poor and property rich in many cases, but also on families struggling with the high cost of living. So, I was hopeful that with the change of ... I was going to say change of Government, but I should say the new States', we would see some respite with respect to continually hitting that particular sector. Some say, 'Well, it's still less than Council Tax in the UK,' but ladies and gentlemen, Members of the States, we have to remember that Council Tax in the UK includes services – many services – which we have to pay extra for here. The Council Tax includes rubbish collection and disposal, Police and Fire Services, libraries and educational services, maintaining parks and sports centres, transport and highway services, Environmental Health and Trading Standards. All these things are embodied into Council Tax. We are having to pay taxes on all that, in addition to TRP. So, what are we getting from TRP? We just wonder why we are pushing that on the public when they are not getting, really, any service or any increase in service for the increase in TRP.

In summary, I would also like to make a comment on the table that is on page 55, which deals with 'Tax on Rateable Value/Taxation of Real Property', but it does not include – and it should – everything, all tax increases that have been made over time. For example, that weighty tax on the larger properties – one third of the properties in the Island – that was brought in, in 2019-20, is not listed within this table. Neither is the taxation which I was talking about in terms of TRP tariffs for the general office and ancillary accommodation category. These increases are not there. So, please, if you are providing a table in this Report, let it be accurate and let it be complete and not just partial.

I thank you for listening to my few suggestions. Thank you, sir.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

Just picking up on a couple of the themes that have popped up during debate, I think I will start with Deputy Roffey, who talked about the tension between environmental taxes or other fiscal mechanisms and ... This was a theme that Deputy Gabriel expanded on as well, basically the tension between fiscal objectives, which is to raise revenue, and environmental objectives, which is quite often to reduce consumption. Clearly there is a tension between the two, but I am very optimistic that those tensions can be resolved and I think part of the solution, especially with reference to the waste situation, which I am greatly looking forward to STSB sharing with us, is in terms of a slightly more sophisticated mechanism that is more responsive. I think that touches on the themes that he also raised in terms of fuel duty, and of course that was something that Deputy Gabriel talked about too.

So, I am pleased to be able to say that with respect to, first of all, the more immediate issue of a more sustainable product – an alternative to diesel in the form of HVO, as Deputy Gabriel helpfully explained – and in terms of the longer-term picture on what mechanism may replace fuel duty, this is something in which Environment & Infrastructure is very actively involved on both counts. Deputy Gabriel explained that we met with P&R. We were actually hoping to be able to bring what might have been the only amendment to the Budget in order to incentivise the use of HVO. Unfortunately, we did not have enough information available to us to be able to put forward a properly robust proposal, but it is something we are working on and we are working on now, and P&R, I am happy to say, have been supportive. Deputy Gabriel described the potential fiscal impact if we were just to remove fuel duty from HVO. There is a potential fiscal downside to the tune of about £7 million, which is not insignificant – I do not think Deputy Helyar would have been terribly supportive of that. We are committed to doing this in a way that is fiscally responsible and broadly revenue neutral, so that is what we are working on at the moment, but we are hopeful that we will be able to come forward with some proposals and work with P&R to more effectively incentivise the use of that more sustainable and less environmentally damaging product.

In terms of the bigger picture as well, obviously Deputy Roffey is quite right. The long-term picture of what could and should replace fuel duty is something that rears its head every year and it is actually something which the States have made a decision on previously. That work is still extant

1335 and I am also happy to report that that is also something that the Committee is working with P&R on, so I hope to be able to provide a more granular update at some point soon.

I just wanted to pick up on those two points because they do affect ... Both of them sit in a slightly awkward place, where it is around a fiscal measure but with very obvious and direct environmental impact, so I think it is right that the two Committees work together to find solutions that work in terms of both the fiscal objectives and the environmental objectives, and I look forward to being able to provide more detail on both of those issues as soon as we are able.

Thank you.

The Bailiff: Deputy Burford.

Deputy Burford: Thank you, sir.

I am sure everyone is pleased to see that our performance is significantly better than forecast. 'Under-promise and over-perform' is a mantra clearly embedded in the Treasury's mindset. That is not entirely a criticism. It is clear to see why such an approach is all but irresistible but it does make me question the level of pessimism behind the forecasts for the years ahead in the Funding and Investment Plan.

On that matter, do P&R consider that in the light of this Budget it would be helpful to produce an updated version of the Funding and Investment Plan before work is advanced too far on considering how to raise revenue to meet any deficit, especially as the frequency of financial updates appears to have decreased this term? The Scrutiny Management Committee would certainly be pleased to see such an update and the reintroduction of quarterly financial updates.

Continuing on that theme, whilst realising that some of the unanticipated income increases may not be enduring, nevertheless has the better financial position caused P&R to review in any way the necessity of borrowing £200 million for capital spend, and have any steps been taken yet to obtain those funds? I ask because, of course, borrowing that sum will, of itself, add some £10 million a year to the revenue we have to find, and thus the deficit for a generation.

I would also like to ask P&R if they actually truly believe that this States will be physically able to spend an average of £60-odd million each and every year of this term on capital projects. If they do – and it would be unprecedented – how much of that will be going to off-Island firms? And, if they do not, then irrespective of the self-imposed and arbitrary target in the fiscal framework, how much will we realistically spend each and every year? If it turns out to be, say, £40 million, and if, therefore, we do not need to borrow £200 million after all – and, more importantly, pay it back – and if/when our cautious forecasting throws up surpluses of maybe £5 million or £10 million a year, we could find that our annual deficit has narrowed by a whopping £40 million to £45 million a year, which begins to question the case for raising £75 million in new taxes. This is all the more important given that there are many pressures lining up on individuals in our society: increased Social Security contributions, secondary pensions; above-inflation rises on TRP and discretionary spending; rising inflation; and, for those with borrowing, the continued withdrawal of mortgage interest relief and, of course, the risk of rising interest rates.

I am not in denial about the pressures down the line in pensions and in healthcare, and I am not in denial about the need to maintain our infrastructure and to invest wisely in looking after it and creating new opportunities, and I know our increasingly technological world will make a significant ongoing call on revenue for systems and information technologies that should free up time and labour but somehow never seem to. We owe it to the population of this Island to be entirely realistic in our forecasts and ability to make capital investments.

I will just add a little postscript on to this prepared speech, to address the point made by Deputy Inder about the Agilisys contract. Initial work has been done within the Scrutiny Management Committee on this issue. We clearly acknowledge that it is a significant area of public spending and we also acknowledge that people have expressed concerns, and the intention of the Committee would be to commence a review on the Agilisys issue in 2022.

Thank you.

The Bailiff: I am going to turn back to Deputy Helyar to reply to that debate, please.

Deputy Helyar: Thank you, sir.

1390 I do thank all Members, not just for their comments and their contributions today but also for
the way in which they have worked together collaboratively and closely in order to reach a
conclusion for this year's Budget; it has been very helpful. There has been a lot of valuable feedback
about zero-based budgeting and other means of approaching it, and identifying areas where
1395 these things are done. That is to be much commended and I do hope that we can continue in that
spirit moving forward.

Communication is very much a theme of the work that went into the Budget, and indeed
communication is a theme of what many of the Members have just said. Indeed, Deputy Burford
has just mentioned updates. I am very happy to commit to such updates as are necessary to keep
1400 Members informed – and if I am not keeping up with that, then remind me, please.

We started with Deputy St Pier – a technical analysis, as one might expect having been so close
to the accounts for such a long period of time, and it is very much appreciated. Having that oversight
and an extra pair of eyes on things is always very helpful, even if it is a critical friend. I think the first
issue referred to was the difference in section 3.4 in terms of £6 million versus £8 million. I can
1405 explain that one. The difference is that the £6 million referred to is Committee expenditure only; the
£8 million total is the £6 million plus the £2 million of estimated business support, so the two added
together. One is Committee expenditure and the other is an aggregate of Committee and business
support going forward.

Cost savings in terms of property – yes, they are not as ambitious as they could be. I think one
1410 of the things which is not ... This is not blaming anyone, but in terms of looking at opportunities for
housing action, there are a number of properties which would have already been sold had it not
been for the fact that that is now being reviewed in terms of the opportunity to use them or to joint
venture with them for housing development. I do hope that by the end of next year the number
that is in the accounts in respect of returns on property sales will be higher.

1415 Writing off loans – yes, quite correct. Deputy St Pier was not in the Assembly when Deputy Roffey
spoke, I do not think, but it was explained that Guernsey Waste's whole approach is under review.
One of the points not mentioned in respect of that is that the whole structure ... The majority of
Guernsey Waste's losses are depreciation on an asset that was moved – this is purely a result of the
structure of the States' accounts; we do not have IPSAS or IFRS accounts like a company would have
1420 – so when the property and the yard in which waste is sorted was transferred to Guernsey Waste in
order to do that, its value was transferred on to its balance sheet and it is now having to be
depreciated, so a significant part of the loss is effectively what I would call, as a lawyer speaking
about accounting, financial engineering. That is to be reviewed and potentially reversed next year.

Underspends and Budget approach – I think there are two parts to this. One is that there has
1425 been a significant amount of uncertainty in terms of what spend there will be, including our largest
budget, Health. A lot of operations have not been carried out and could not be carried out because
of lockdown, and that is a pent-up demand which is going to reverse at some point. Certainly one
of the things I noticed in the Budget was that there were Committees – and I will not name them,
but there were Committees who felt that they had, for example, employment vacancies and they
1430 were budgeting for filling those, and historically there was not necessarily the evidence that those
always get filled. Those are the kinds of things and we have been looking for that quite closely and
will continue to do so.

Motor tax – we have heard something about distance charging. And also HVO, we are having
discussions about that. Curiously, the distance charging responsibility was something that was
1435 placed, I think, on P&R as a resolution of the States, but is better, we feel, as P&R, discharged by
E&I. We have recently written to E&I with a view to E&I discharging that responsibility. We will be
referring further to that in due course.

Deputy Dudley-Owen has referred to the work that ESC did to realign their budget, so it is not a question of magic money tree but rather reprioritising within the totals, and I think they have done a very good job of doing that.

I would also like to commend those Committees that have reduced their budgets this year. They are to be commended for that – and that is not me slapping my own back, as one Member has alluded to; that is the work of everybody working together.

In terms of individual Members' pay and His Excellency, I shall not refer to that. The Chief Minister has already referred to it. Clearly we have a policy in the States of not referring to individuals' pay and conditions, and that will continue. We are happy to have discussions with Deputy St Pier about that, as he wishes.

I think I have answered those questions that I can. There are other questions which I know Deputy St Pier has raised. Officers will, of course, revert to all Members within that period – I will give way to Deputy Trott.

Deputy Trott: Thank you, sir.

There was a question which I do believe Deputy Helyar should be able to answer, and that is the 1½% real-terms cut in the earned income allowance and the impact that would have on the lowest earners; and what was P&R's thinking around the 2½% indexation in the knowledge that inflation was likely to be at least 4% or more?

Deputy Helyar: Yes, I will come to that when I respond to Deputy Trott's comments; I was referring to Deputy St Pier's. I will come to that, yes.

Deputy Inder referred to Agilisys, and Deputy Prow as well, in terms of value for money, and I know Deputy Burford has responded in terms of the work that Scrutiny will be doing on that, but P&R is very happy to assist in any way. That is another question of communication. I would certainly like to see that company perhaps being more visible. Without being critical, I would like to see some demonstration of how things are progressing. It is always good to have an update when you have contractual relationships of such size with a third party, to know not just how we feel they might be performing but how they feel we might be assisting them to do that.

So, Deputy Trott, to respond to your points – and I am very kind; a number of them were extremely helpful and I agree with most of them – you are quite right that the majority of pressure is in respect of Health, absolutely right. That is a very clear message that I think, going forwards until we reach July next year, we need to continue to repeat, because reaching the kind of savings that we might need to reach by cutting in other areas is going to be exceptionally difficult.

You referred to the difference in the 4% inflation prediction and the 2.5% allowance limit. Well, of course, that allows for us to effectively ... What I would say, firstly, is largely the application of the allowance is retrospective, so it is something that will be applied to last year's money. So, in real terms you are applying the same rate of inflation that would have existed at the point in time in which the money was earned. That is largely for people who submit returns as opposed to those on ETI, I accept, but of course that will have a benefit on our tax take generally and it will be the difference between those two figures. Of course, we have no idea where inflation will go. I think Deputy Trott was not in the Chamber when Deputy Ferbrache spoke, but his analysis is that inflation may be higher. I think it is also a worry because we live in a small jurisdiction – and this must also be a worry for Alderney. The smaller the jurisdiction gets, the higher the costs get, and that means that inflation will rise disproportionately in places where we have extra costs, such as the need to transport goods and so on.

Cash limits – of course, very correctly identified, and it was missed, I think, in terms of some other comments that were made later on, that the big difference is the transfer of Health responsibilities, and so those numbers do look, on a year for year comparison, extremely difficult, but the reality is it has just been moved from one place to another.

There were more comments on cost pressures and I am grateful for Deputy Trott continuing to underline those because they are not going to go away. I will keep saying it and I am grateful for the support that he has provided in that area.

He also mentioned Alderney. I think there might be an error here in the notes on page 19. There is a reference, in section 3.35 on page 24, which is actually under note 12, to the fact that there was an allowance arising from the fiscal move for some taxes to remain in Alderney, and I think last year was the last year ... Well, this year, effectively, is the last year it is paid, so next year that disappears.

Deputy Ferbrache spoke again of Agilisys and the fact that we need to communicate effectively. Sorry, I will give way.

Deputy Trott: Thank you. I rise simply to make the point that the decisions that this Assembly makes today with regard to earned income allowances will inform the coding notices that go out for income in 2022. As a consequence, the amount that will be taken out of the average earner's pay packet will be less in real terms as a consequence of the increase that we have today. So, whilst I think Deputy Helyar is doing a jolly good job, on that particular issue he was inaccurate.

Thank you, sir.

Deputy Helyar: I am grateful to Deputy Trott for making that observation.

I was on Agilisys again. Communication is clearly very important. I know a number of Members have expressed concerns about this contract, particularly because of its size and its importance to operational services, as Deputy Prow has mentioned, and we need to pay more attention to that going forward.

Alderney Representative Snowden, thank you, and it is nice to see Alderney Representative Roberts this morning. The contribution of Alderney Gambling towards the whole economy of the Bailiwick is well noted and I thank him for pointing that out.

Deputy Roffey spoke on waste. He was right, again, of course – overdrafts will need to be ... I do not think we are just going to dribble away at the overdraft by putting up mooring fees. It will need to be written off in some regard at some point. But again, there is a high degree of uncertainty as to what level of income those operations might receive in terms of travel arrangements.

Again, Deputy Roffey gave an undertaking from STSB to come back and look at the entire structure of Waste, whether we need to dismantle the fiction of applying general revenue, effectively, to a capital depreciation, bite the bullet and say it has to be general revenue going forward. That is what I expect the policy letter will say; it is just a question of how much and whether prices need to go up along with that.

Deputy Kazantseva-Miller asked for reassurance. This is a revenue Budget, which I did explain. And this answers Deputy Dyke's question, to some extent, at the same time. If you look at page 5, under the 'Revenue Income' column 'Miscellaneous Income' includes returns which apply from the Investment Fund. I do not know what our investments will return next year – if anybody else wants to enter into a bet with me that they can be more accurate than our investment adviser, they are very welcome to do that. These matters are reported to Members. They are reported in the accounts, not in the Budget. There is a provisional allowance which is based on a reasonable estimate of whether our funds will reach their stipulated return.

I can also update Deputy Dyke on his question about where are we with investment management at the moment. As you will remember, Members of the States agreed to set up an independent investment structure. Only this morning, the third member of that group was agreed to be appointed. That is currently in the process of happening, and once that has happened ... At the moment, ESS funds and effectively the main investment reserve are managed by two different investment advisers. The independent authority will assess how that should be managed going forward. The stipulated investment return which would go into the miscellaneous income provision, as I have explained, is CPI plus 400 base points, which is 4%. That is the target return for the main fund. The target return for ESS is slightly different and it is slightly differently constructed. I could

1540 spend all day explaining it – I am happy to answer questions outside of the Assembly about it – but obviously there is a provision in there for it.

1545 In terms of making a more ambitious application for capital, that is also included here. It is called the operating surplus, which you will see further down that column, at £23 million. That is the amount that would be available to transfer into the Capital Reserve. We have already made the decisions about what capital we will spend from our reserves. That was in the Government Work Plan.

I hope that answers those questions. We are not whittling away at reserves. We have made a decision as to what we are going to spend it on and we are going to spend it, I hope – and I shall answer that question when we come to Deputy Burford's comments.

1550 I hope I have answered Deputy Dyke's comments. In terms of challenge, particularly on the SEND Review, I think I can say that there was a very early request for a SEND provision, in fact, some way even before we started work on the Government Work Plan, and P&R turned it down. So, if you want an example of challenge and where we have said no to things, that is a good example. Clearly it has gone back in, but that is as a result of us doing a combined assessment of where we need to prioritise, and that now falls as part of the Government Work Plan obligations.

1555 Deputy Dudley-Owen gave us some details on how costs and budget management had gone on in Education. I am very grateful. We have worked very closely on that, one of our largest budgets, and so, as you would from a risk-adjusted perspective, we have spent more time with those Committees who have larger budgets than we would with the smaller ones, which is as you would expect.

1560 Deputy Gabriel mentioned motoring pollution. Yes, we have had a discussion about how we can maintain an equilibrium in tax return at the same time as incentivising a reduction in CO₂ production, but of course – and this goes to some other comments that have been made during the debate – this is not a nil-sum gain. We need to close the gap. So, if we lose something somewhere, we need to raise it somewhere else. The same things goes, perhaps, for the comments on TRP.

1570 I was reminded of a Chris de Burg song – I think it is *Don't Pay the Ferryman*, rather than *Who Pays the Ferryman?*, but that is what occurred to me when I was listening to that one on motoring. P&R will, of course, work on the numbers with E&I, E&I will develop the policy in terms of how it fits with environmental objectives, but the overall objective will be to ensure that we have a flat outcome from that at the same time as incentivising different types of behaviour.

Deputy Gollop asked for there to be more aspiration. Well, as I say, who pays the ferryman? We cannot have contentment and happiness whilst putting up tax at the same time. That is not going to be one of the outcomes of it, unfortunately.

1575 Well done to the DPA and Deputy Oliver. I very much appreciated her input as well and their attempts to work hard on their budget.

1580 Deputy Matthews made a perfectly relevant point about TRP being a possible addition. I think the only point I would make is that I perhaps did not explain myself with the right inflection. What I meant by talking about GST is that that broadens the tax base, whereas arguably TRP is only paid by property owners, so it does not necessarily expand the tax base as much. It is something that no doubt we will be debating again.

1585 Deputy de Lisle, very mindful of your comments about the fact that TRP on certain areas of the economy is extremely difficult to pay. Unfortunately, so are pensions, our second largest outlay. It is very difficult to square the circle on this – I completely appreciate that – and we have to be mindful of where we put the priorities. I am always grateful for his input, particularly in his representation of pensioners and those property owners who are, to some extent, on the opposite side of the viewpoint from Deputy Matthews in terms of who might be seen to be needing to shoulder the burden.

Thank you to Deputy Sausmarez. Yes, I agree, we will work together closely on that and we will reach a conclusion. I am sure there is one that will be a happy medium.

1590 Deputy Burford, as I said already, very happy to give updates. In terms of where we are with borrowing, there have been several discussions and good terms offered. I think there are some Members who would agree with me that we are unlikely to see better circumstances to borrowing than we are now in the near future and perhaps in the foreseeable future. Borrowing for the sake of it, however, is not something I would advocate, but we, rightly, do need to have those discussions.

1595 Am I pessimistic or optimistic that we will spend the sums we have set out to? I think there is some willingness to get on with it in the Assembly. Now we have to drive the whole organisation of the States forward to move into a mode of delivery rather than a mode of strategising. I think that is a big challenge and I think that is something that we could be assisted with in the screening process. I think it does need to be overseen, it does need to be overlooked, and if we have to change the way in which we are planning prioritising by narrowing down the Government Work Plan going forward, then that perhaps should be one of the things we do. It may be that we have bitten off more than we can chew with it, and that might be one of the results or conclusions which Scrutiny may reach in their deliberations on how we have done it. But what I would say, as I said in my opening speech, is that we have, I think, reached a position where there has been so much discussion, so many meetings, a lot of work has gone into prioritising those things which we can collectively get behind, that it has helped particularly this Budget process, because I do think that it has helped to reduce the silo mentality of 'We want to build x and therefore let's fight for the money, because everybody else is going to be getting stuck in as well.' I really do think that that has helped this year and I think it is a very positive point.

1610 The only thing I would say in terms of borrowing is that one of the things that was considered by P&R at one point was that borrowing is so cheap at the moment that it might almost be worth going out into the market and topping up the core investment reserve, the rainy day fund, altogether: borrow £300 million and top it back up to £450 million – let's have a war chest there, in case things get significantly worse. I am not advocating that today, but it is something that was considered because borrowing is so cheap at the moment. We have seen the kind of growth that we have seen in the bounce-back from COVID. If we were able to even keep that up half as much over the next five to 10 years, we would easily repay those kinds of borrowings and we would be in a position where we were sitting on a reserve which would allow us to weather any further issues that come to us out of the blue, which they may do. And, of course, we have ongoing issues in terms of labour shortages and Brexit. There are difficulties with our neighbours at the moment which may cause problems for our electricity supply. Who knows? They may require us to change direction quickly and they may require a significant amount of investment, so I do not necessarily agree that not having those logs in the woodshed would be the wrong approach. That is all I will say about it for the time being.

1625 Members, just in summarising, I think communication is a key issue. I think the communication has worked very well. I think there are definitely things we can do better and Members have been very helpful in suggesting what they might be. If we are able to, next year, have a Budget similarly boring, I would be absolutely delighted; I doubt that will be the case. I am very grateful and I would just ask Members to support the Propositions.

1630 Thank you.

The Bailiff: Members of the States, there are 10 Propositions. I could put each of them to you separately, but what I am minded to do at the moment, unless anyone raises any issues about it, is to put Propositions 1 to 4 to you together, then Proposition 5, then Proposition 6 – the reason being that each of those Propositions is to approve a draft ordinance – and then Propositions 7 to 10 together. Any dissension from that?

1635 In that case, Members of the States, I will ask you to vote, first, on Propositions 1 to 4. Those in favour; and those against.

Members voted Pour.

The Bailiff: I declare Propositions 1 to 4 duly carried.
Proposition 5. Those in favour; and those against.

Members voted Pour.

The Bailiff: I will declare Proposition 5 carried as well.
Now Proposition 6. Those Members in favour, please; and those against.

Members voted Pour.

The Bailiff: I declare Proposition 6 duly carried.
And finally, Propositions 7 to 10 taken together. Those in favour; and those against.

Members voted Pour.

The Bailiff: I will declare those four Propositions carried, and therefore all 10 Propositions have been duly carried.

Deputy Roffey, are you likely to be longer than three minutes in opening the next matter?

Deputy Roffey: I could probably do it in five or six, or I could do it after lunch – I do not mind.

The Bailiff: Shall we just adjourn now and resume at 2.30, so that at least what you have to say is fresh in people's minds?

Members of the States, we will now adjourn until 2.30.

*The Assembly adjourned at 12.27 p.m.
and resumed its sitting at 2.30 p.m.*

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

2. Non-contributory Benefit Rates for 2022 – Propositions carried

Article 2.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Non-contributory Benefit Rates for 2022', dated 4th October 2021, they are of the opinion:

- 1. To set the income support requirement rates at the rates set out in Table 1 of that Policy Letter, from 7th January 2022.*
- 2. To set the benefit limitation for a person living in the community at £930 per week, from 7th January 2022.*
- 3. To set the benefit limitation rates in relation to people not living in the community at the rates set out in Table 4 of that Policy Letter, from 7th January 2022.*
- 4. To set the amount of the personal allowance payable to persons in Guernsey and Alderney residential or nursing homes who are in receipt of income support at £40.92 per week, from 7th January 2022.*
- 5. To set the amount of the personal allowance payable to persons in United Kingdom hospitals or care homes who are in receipt of income support at £57.84 per week, from 7th January 2022.*
- 6. To set the maximum rent allowances at the amounts set out in Table 6 of that Policy Letter, from 7th January 2022.*

7. To set the supplementary fuel allowance paid to income support householders at £30.13 per week, from 29th October 2021 to 29th April 2022.

8. To agree that any grant received from the Committee for Education, Sport & Culture which is made under section 49(2)(a) of the Education (Guernsey) Law, 1970 in respect of a dependant in full-time education, as well as any earnings that the dependant in receipt of such a grant has acquired through part-time work, be disregarded from the calculation of resources to determine the amount of income support payable.

9. To set the rate of family allowance at £14.80 per week, from 3rd January 2022.

10. To set the rates and annual income limit for severe disability benefit and carer's allowance at the rates and limit set out in Table 7 of that Policy Letter, from 3rd January 2022.

11. To set the payment tariffs under the Mesothelioma Compensation Scheme at the rates set out in Table 11 in the Appendix to that Policy Letter, from 1st January 2022.

12. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.

1655 **The States' Greffier:** Article 2, Committee for Employment & Social Security, Non-contributory Benefit Rates for 2022.

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

1660 **Deputy Roffey:** Thank you, Mr Bailiff.

The first thing I would say is I hope that Members found the introduction to income support contained in this policy letter useful. I apologise to those for whom it was teaching them to suck eggs, but it did occur to us that just being elected to the States does not make you an expert in Guernsey's welfare system so we thought it would be helpful to set out the structure and how it works.

1665 This year's adjustments are incredibly straightforward. They are an RPIX adjustment in every respect, apart from one really small one, which I will come to in a minute, but basically it is 2.3% because that was the RPIX figure for June of this year and we always take the June figure. Now, it might seem quite mean because we have heard this morning Deputy Trott speculating on 4% inflation next year, Deputy Ferbrache saying that it may well go beyond that, but you have to be consistent of course and take the same quarter every year. It may mean that claimants lose out next year if inflation is rising, but when the opposite happens and inflation is going down of course they get the benefit of that historical lag.

1670 We did want to do something rather more sophisticated than just an RPIX because if you go back to when income support was first brought in, it was all based, first of all, on a study carried out by an expert unit at Loughborough University who carried out what was called a minimum income standards assessment for Guernsey. It was not their view on what the minimum income required to live in Guernsey was, it involved panels, focus groups if you like, of different Islanders, asking them what they regarded as the absolute minimum that people needed in terms of food, clothes, etc. in order to live a decent existence, an inclusive existence in Guernsey. They came back with that figure then, it was realised what Guernsey people thought other Guernsey people needed was wholly unaffordable to the welfare system. So the Committee then at that time looking into it, SWIBC, actually went through and slashed and burned, basically, and brought down that cost to the absolute minimum so that it was affordable to the States of Guernsey. That is where that term that we have used a few times that people may recognise, 'intolerable poverty', actually comes in. They brought it down from the minimum income standards to what they felt was the absolute minimum that was required to avoid intolerable poverty.

1685 All of that was done some years ago now, so it was time for a refresh and Loughborough University carried out the same exercise again and they reported back in the summer of this year. We are well down, now, the route of the second phase which is saying once again this is far too expensive for the States of Guernsey to pay for, let's strip out everything that the focus groups

thought were essential but simply are not affordable and let's bring forward proposals on that basis. We had hoped to be able to actually give the results of that exercise in the uprating report this year, but when we came to it, it was quite obvious that that work was not quite complete, that the figures were not robust and that we would be irresponsible to bring it forward.

So we will either include that in next year's uprating report in a year's time, or possibly – we have not decided yet – as a standalone piece of work sometime between now and then.

The other two very small elements to pick out are once again we are proposing a modest increase above RPIX for what is a bit of a misnomer, really, which is the benefit limitation. It is not a limitation on benefit, it is a limitation on what a household can have in total income, including their earnings plus any benefits. The difference between if it had been RPIX and what we are proposing at 5% is going to cost the States – and I know we are tight for money – about £25,000 next year. The beneficiaries will almost exclusively be children who are currently in poverty. We take the view that child poverty is something that is extremely serious, is largely families, nobody that is not a family, there is no one-child family in there, the bulk of them are three-, four- and five-child families. We do feel, with such a modest cost, we can actually make a significant difference on the margins and we hope that that would get universal support.

The only other difference from RPIX I suppose relates to family allowances. Again, we are proposing an RPIX increase, but as Members will probably be aware, from next year no household on an income above £120,000 a year will be getting that family allowance.

Other than that, I think it is a fairly straightforward piece of work. There are elements that we would have liked to have taken further, like the review, and I am sure Deputy McKenna will point this out, or he might not, but the review of the carer's allowance etc. is work that desperately needs to be done, but we have not yet done. Like every Committee, we have got limited resources, we have to work through things. But basically this is a bit like the Budget. It is a bit of a holding pattern for more sophisticated stuff to come in future and I hope that people will support it.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

Welfare reform should mean slimming the welfare state, boosting growth, reducing benefit claimants, cutting the welfare bill and making people and families more self-reliant. In Guernsey, the benefit system seems to be going the other way. Instead of working to ween people off benefits, Social Security is working to put more families on income support every year. The benefit cap is being raised every year and now to £930 a week, £48,000 a year, near double that of London where the cost of living cannot be that different from ours.

The budget for income support has escalated from £31 million in 2018 to £47 million in 2021. That is up by £16 million, over 50%, in just three years. The amalgamation of supplementary benefit and the rent rebate scheme into one, income support, has left families charged social housing rents at near full market rates and in one swoop in 2019-20 put 900 more families on supplementary benefit. To be placed on welfare is not everybody's cup of tea, as we learnt during that exercise.

I would ask have we asked these new recipients that are being pushed forward this year to benefit, whether they want to go on income support? Sir, it is time to look again at income support policy in Guernsey, as the current system is costing the taxpayer a fortune and the current system is doing no favours to the Island's employment situation or the work ethic. Judging by the success of the UK of cutting their benefit trap, we need to look again at the changes they have made to cut benefits and move people into work.

It goes without saying that I will not approve Proposition 2 that is to set the benefit limitation for a person living in the community at £930 per week from 7th January 2022. And I would ask others to consider another rise in benefit very carefully.

Thank you, sir.

The Bailiff: Deputy Queripel.

Deputy Queripel: Sir, thank you.

1745 I have nothing but the utmost respect and admiration for all the staff who work in the offices of
ESS. I have worked with several of them over the year on dozens of one-to-one cases and they have
always been co-operative and compassionate, which is much appreciated indeed. The vast majority
of those one-to-one cases have been in pursuit of additional benefit payments, but many of them
1750 were looking to put an application in for income support, and that is an absolute lifesaver to many
people because they could barely afford to pay for basics, such as food, clothes and heating. So I
am the opposite to my friend and colleague Deputy de Lisle. I can see the value that income support
provides to many Islanders who would otherwise struggle to pay for basics.

I just want to focus on income support, on the fuel allowance, for a moment, because I am in
need of clarification on a particular point. It has always concerned me that the increase in the cost
1755 of fuel is only taken into consideration up until June of any year, which means the increases put in
by fuel companies after June cannot be taken into consideration. So currently, of course, anyone
who uses gas has now got to try and deal with a 16% increase in the cost of gas since June. But that
is nothing new, actually, because this happens every year. A couple of years ago, the combined
increase in cost of coal, oil, gas and electric was around 16%, as I recall, and all of those increases
1760 were added after June, put them before the winter. But as a result of that, I had several people
phoning me up asking how on earth they could be expected to pay for those increases when they
were already struggling to survive. I suggested they either put it in a claim for income support,
phone the Procureur of the Poor, or, if they were a pensioner, submit an application for a grant from
the Age Concern fuel fund. And I offered to help them in whichever option that they chose to
1765 pursue. Now, some of them qualified for help and some of them did not, but either way it was a
very stressful time for all of them.

I did ask a question at the time of the then Committee which I will pose to Deputy Roffey now.
The question being: is there any way ESS can take increases in fuel prices into consideration up until
the winter or as late as possible? Now, the initial answer from the Committee at that time was that
1770 they would look into it. However, sometime later I was told that a lack of resources was hindering
work on the research due to the fact that the Department had so many other issues to attend to,
which was very disappointing to hear, but understandable under the circumstances. In relation to
that, we are told in paragraph 3.49 on page 15:

the Committee intends to review the winter fuel allowance, in line with the resolution following the debate of the Energy
Policy in June 2020, which was:

‘13. To direct the Committee ... to co-ordinate ... [and investigate] the most effective means of addressing energy poverty
and report back to the States by Q2 2021.’

Can Deputy Roffey please tell me if that investigation will include trying to find a way to take
1775 increases into consideration after June, please, as I was promised that the previous Committee
would do?

Now, I appreciate that that is not an easy exercise to undertake considering the logistics involved,
but the previous Committee said it could be done. So presumably all the information they collated
will be on file somewhere in the offices of ESS, waiting to be resurrected. So I hope Deputy Roffey
1780 can give me some indication whether that can actually happen, to alleviate the stress it causes
people when increases are added after June.

Focusing on another disappointment, we are told in paragraph 6.3 on pages 20 and 21 that the
review was meant to be undertaken by ESS via that States’ Resolution I referred to back in 2016 but
it has not yet taken place. The review was to focus on, ‘the implications of extending the Long-term
1785 Care Insurance Scheme’, and also review the benefits paid out by ESS, such as the severe disability
allowance and the carer’s allowance, which Deputy Roffey referred to when he spoke his opening
speech. Now, we are told in that paragraph the reason the review has not taken place is due to the
inevitable lack of resources. The paragraph concludes by telling us that the Committee ‘remains of
the view that a review’ needs to be progressed ‘when resources allow’.

1790 So on that point the question is what are the Committee currently doing to secure those resources? I presume they must be doing something, seeing as this has been in the pipeline for five years now and they also are of the view that it needs to be progressed. So what are they doing to secure the resources needed?

1795 With that in mind, another question I have for Deputy Roffey is where does this sit on the list of things to do for ESS? If resources were available to the Department, would the Committee seek to undertake this review as a priority? I ask that because surely we need to resolve once and for all benefits and allowances that need to be increased, one such allowance being of course the carer's allowance. Currently £89.83, which means surely that the vast majority of carers here in the Island are working for less than the minimum wage? Well, most carers I know work a lot longer caring for someone than just 10 hours a week.

1800 If the question is where will the money come from to increase the allowance, to submit an idea that Deputy McKenna floated a few months ago, perhaps the finances could be balanced out by the savings that would be made by taking care of Islanders in their own home, rather than them being residents of care homes. (**A Member:** Hear, hear.) because if we look at the figures, and these are very basic figures, something like £800 subsidy to keep somebody in a care home a week. So that would be saved. If you factor into the equation, say, £400 a week paid to a carer working full time, the eventual saving would be £400 a week. (*Interjection*) Yes, indeed. The basic, very basic calculation, sir, but I am sure my colleagues understand the message. It is a spend-to-save initiative, not just to save money, but also at the same time, as Deputy McKenna said, allow people to carry on living in the comfort of their own homes and free up a bed.

1810 Now, sir, I realise there are always two sides to an issue and there might be downsides to adopting that spend-to-save initiative, but I thought it was worth mentioning it, and I ask the Committee to please consider that if they have not already done at a future meeting and I ask Deputy Roffey to perhaps comment on that issue if he could, please, in responding.

1815 Sir, moving towards a close, I would just like to take the opportunity to remind Islanders listening on the radio Age Concern are once again operating their fuel fund this winter, so if any pensioner finds themselves struggling to pay their bills just call 263228 to apply for a grant. And they can apply for that grant even if they receive the fuel allowance from ESS because £30 a week does not cover the cost for heating for someone who has the heating on all day, seven days a week.

1820 In closing, sir, I just want to say we really appreciate you being the patron of Age Concern, because that means a lot.

Thank you, sir.

The Bailiff: Deputy Inder.

1825 **Deputy Inder:** Just briefly, sir, looking at page 12, 'Earnings disregard', 'Work is mandatory for those' ... Sorry, paragraph 3.36, and it says here in the policy letter, and I am thanking Deputy Roffey and his team for the background:

Work is mandatory for those income support claimants who have capacity to work.

1830 It just reminds me somewhat, I have always said Guernsey has done incredibly well, normally, I am going to say normally, in normal times there are around 250 people that are effectively unemployed for various reasons and irrespective of where we are today with the pandemic, there has always been 1,000 or so jobs available in the Island, but there seems to be a lot more jobs available. It has made me rise to my feet because I think this is a question that needs to be asked.

1835 At the height of the pandemic we had something like 1,600 people unemployed. As soon as we opened up the economy, as fantastic as it is, as well performed as this Island always does, picked everyone up, and fairly quickly, and we have managed to rattle it down to around just under 400. Now, if you subtract the usual 250 from the 400, you get 150 people/workers. What is not clear to me is that if those 150 people had a work ethic, because they have probably come out of the

workplace, and we have got 500 jobs in hospitality, a thousand jobs in finance, who knows how many in care, why has Employment & Social Security not managed to place those people?

Every 150 people – never mind, what I was going to say it would be 150, like I actually knew the maths, I do not. But actually, every single person that is wallowing on the dole queues is costing Guernsey a lot of money, and I simply cannot accept this whole idea that we have got the poorest, the weakest, the most vulnerable when clearly we do not. There are quite obviously 150 people that have been in the workplace in the last year or so, irrespective of the work that I have actually seen, and that is my complements to officers, I have seen them work extremely hard in the hospitality sector, I simply cannot understand why, if we assume that we have got a base of 250 permanently unemployed and then let's just assume we have got an employment rate of zero, why do we still have 150 people unemployed who should be out there contributing to the economy?

I have actually heard from, and I think Deputy de Sausmarez is the VP, in the past I have heard, from her, say, 'Look, we don't want population growth, we want productivity.' Well, there is your opportunity. Get productivity. Get those people back into the workplace and then you do not get your population growth. Because if you cannot get them working, we need 150 more people.

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

It seemed a good time to rise because I wanted to ask a couple of questions of Deputy Roffey, and in doing so assure him of my full support for these proposals. But very recently, I think as recently as last week, ESS sent us some very interesting data around the employment situation and one of the facts that they revealed is that there are 384 people seeking work but there are currently 441 job adverts and they made the point that that is twice as many as they would normally expect to see at this time of year. So the obvious question that follows, leading on from the President of Economic Development, is can Deputy Roffey assure the Assembly that absolutely everything is being done to match those 441 vacancies to the 384 people who are currently seeking work? I think I know the answer but reassurance would be welcome.

The second reason for rising is I have forgotten how many times over the years – it is in the hundreds I think now – people have stopped me in the street or have written to me, telephoned me, whatever, and said, 'I'm in a situation now where I am simply better off not working. In other words, if I do some extra labour it all gets swallowed up in my housing rent.' I see longstanding colleagues nodding in agreement. If it is at all possible, if he could reassure the Assembly that that may be a figment of many people's imagination but is not actually the case in reality, that would be most useful.

My third point is really nothing to do with Deputy Roffey nowadays, it was in the past, but is in reference to comments he made about the income ceiling per household of £120,000, i.e. if you earn more than £120,000 next year family allowance will be phased out. I voted for that, I think that is an entirely sensible policy for a whole variety of progressive reasons, but what I have also done, on every occasion possible, is complain at the inconsistency where you can earn more than up to £150,000 joint income and still receive substantial amounts of preschool education. It simply makes no sense. If £120,000 is appropriate for the phasing out of family allowance, why is £150,000 the magic number for preschool? It makes no sense, I do think it should be consistent.

I know I have stretched your patience, sir, because that is not necessarily the matter in debate, but I think it is one of those points that we should remind Members of whenever we get the chance.

Thank you.

The Bailiff: Deputy Gollop.

Deputy Gollop: Sir, as a Member of Social Security, I do in fact of course support all the Propositions, though there is part of me that is a little bit tempted to question them at one level. I personally think the earnings disregard in the absence of a new policy should probably be increased

for those who need it, because one seemingly okay budget in England, emphasis by the Rt Hon. Rishi Sunak on promoting work where possible and I suspect there are people in Guernsey who, although they receive an adequate income requirement rate for their need, probably better than the UK, as Deputy de Lisle has suggested, they nevertheless would benefit from work and they need to be, ideally, incentivised to do that.

But the other point is of course we based our policy letter when we were working as a Committee, as a board, in the summer, and the RPI figure that we have used, it is a general uprating figure, is 2.3%. I heard earlier Deputy Trott arguing, I think persuasively, that the Budget that we have just had, in reality, will lead to a reduction in personal tax allowances for working families because the costs of inflation in some areas are rising faster – Deputy Queripel raised the point about fuel – than incomes, perhaps. Deputy Inder said the same thing in relation to maybe the minimum wage, which we will come to later.

The point is, though, you could almost argue that we could do with amending this upwards. So 2.3%, perhaps should be 4%, because when these rates are introduced, in reality, there might be for some people a marginal decline. Now, had we gone along with the workload that we have been spending many hours and months, not just the Committee but officers too, rebalancing, reweighting the minimum income, that actually would be a vast improvement for most cases. But we are not in that place this year, for reasons the President explained.

Deputy de Lisle mentioned on Proposition 2 that the benefit limitation for a person living in the community, £930 per week, was somewhat higher than London. I would agree with that. But I remember it was reduced, or capped in the UK by I think Mr Duncan Smith when he was Chancellor ... no, he was not Chancellor, when he was minister for insurance in the Cameron coalition government, and at the time I think the Rt. Hon. Boris Johnson opposed the move because he was the Mayor of London. And the thing is London has lots of really expensive areas, Chelsea, Battersea, Westminster, Fulham. There are also, though, within the conurbation, some slightly less desirable and expensive areas and there are people of course who can work in London or live near London but actually be outside its boundaries. We do not have that, unless you suggest people, I don't know, live on Lihou or Herm, there is a cost for living in Guernsey, and I think that as we did not go down the route of tax credits and we do not have all of the full benefits that Deputy de Lisle and others said, magical, they are paid through council tax and other things, this is actually a more effective way. It is a myth to think that there are hundreds or thousands who benefit. There may well only be 10/12 cases in the Island, and those cases have perhaps large families and real need. Our policy is not to apply unnecessary discretion, but actually have a robust policy that is inclusive and embraces everybody.

One could see too that we do not overspend the money for people who have a personal allowance who are from Guernsey but live in the United Kingdom hospitals or care homes. They can get £57.84, if these proposals are approved, but for Guernsey the requirements are less. So we are only paying £40.92. So that is a differential, a differential I would probably like to see reduced, but nevertheless it shows that the UK there are providing more money than we do.

As for the supplementary fuel allowance question, that has long exercised the board but would require significant policy work on energy, probably with other Committees involved as well, STSB, Environment & Infrastructure. Because of course it is paid to income-support householders of the right kind at £30.13 a week, but for some people they really need the money because they are living in a freezing old cottage or 1930s bungalow with all the windows dilapidated. Others are living in wonderful new properties, probably built by the Guernsey Housing Association, and they are insulated from the worst of the weather. *[Technical interference]* ... it is a blunderbuss that we are giving, really. Some benefit more than others. But to work that, to restructure that, I think would require probably more work from all of us on energy policy. And yes, the family allowance, we have quite, I think, a generous upper limit there, but that is what the States agreed as the most palatable way forward.

So I very much support these Propositions and think, in many cases, they should be more generous and I would hope too that we can not only give what everybody requires, who genuinely

cannot work, but also give extra to hardworking families and perhaps people who wish to take up part-time work or even self-employed work and strengthen both our economy and our community at the same time.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, sir.

I just wanted to add a few points, and it is really basically to say that I will be supporting all of these Propositions now as well, but I would like some assurance from the President.

I spent four years working with the job centre some years ago with Social Security, and it was a real eye-opener. A lot of people really did want the opportunity to work, but actually, as Deputy Trott pointed out, whether it be a rumour, or a story, or things he heard, I witnessed this.

There would be people working where when they were promoted or given extra opportunity it meant they could not continue because they would have to pay more rent or lose other benefits or pay medical. This did happen, does happen, and will continue to do so. All I ask is that we do need to help the people where it is needed, so *that* I agree with, but we have to prove and demonstrate that we are now going to also, with the change of Brexit and post-COVID and our economy, really make a difference because it is the same organisation; a difference to get those people into work.

Now, I know it is not right at this point, but there is going to be a point of increasing the minimum wage, and I am a believer before I would never want to change that too much, and the reason was because you leave it to market forces. You do that, you cost the Hotel Association a lot of money in payments and wages etc. But now we have crossed that line; now, actually, it is not about a shortage of labour, it is we have got to get this labour of not cheap labour, but be able to pay. So we pay more, we give them more money to work, we give them the incentive to work, and at the same time we do the hardest work we can to remove them from finding it too comfortable and easy to remain on with the benefits.

If I can hear this from the President explaining, going forward, let's change it, and as a Deputy who has had that experience of that area, I would love an opportunity to talk with the President of that area on the job centre side and see where changes could be made. But as long as we do make a fundamental, big change now to actually get people back to work, encourage it, as well as help them through this situation.

Thank you, sir.

The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir.

I had not planned to speak, but I would like to pick up some threads from Deputy de Lisle, Deputy Inder, and now Deputy Blin.

I think there are some problems with our welfare system. I have been reading around this subject with international comparisons and this sort of thing, and what is clear is that the more you put people in the situation of having to choose whether to work or stick on welfare because they are better off on welfare, you put them in such a position that they make choices that ultimately destroy their lives. They become people with no responsibility, with no hope and no nothing, because they are trapped by a system that makes them worse off for working. And I think we have some of those issues here.

To pick up on two specific points, Deputy de Lisle mentioned proposal 2. This is the third year in a row that we have put up the benefits/income cap. It has now reached around £48,000 a year with increases of 5%, 5%, 18% the previous year; £48,000 a year *vis-à-vis* a median salary of £35,000 a year. We now are seriously in benefit trap territory. I had a meeting yesterday of the legislation scrutiny panel. Deputy Gollop, amongst others, was also there. He will correct me if I am wrong on this, but to pick up on Deputy Inder's point, it is a requirement of Social Security officers that if you are claiming benefits and you are able to work, you should go out and get a job. (**A Member:** Yes.)

1995 That is what you are required to do, but the disincentivisation is such that some people do not go out and get jobs. When I pressed some of the officers on the point of whether, at that point, do they always withdraw benefits, the answer was no, because in some cases this could harm the children. If I am wrong on that, I will let Deputy Gollop intervene.

2000 So we have got some real issues here that need sorting out. It is a big point; it is not just a money point. It is a disincentivisation point that we need to sort over the next year or two, and it is something I think we need to look at.

Thank you.

The Bailiff: Deputy St Pier.

2005 **Deputy St Pier:** Thank you, sir.

One of the surprises – well, perhaps it should not be a surprise after nine years – is how short debates are on this policy letter every year: £64.45 million, 35 minutes, and we are coming, I suspect, towards a close. But I shall be relatively brief; I can largely recycle my speech from last year, as indeed Deputy Roffey largely did in opening the debate.

2010 I only have three points to make. One is this question of the benefit limitation which Deputy Roffey described as a misnomer. I used that term this time last year. I simply do not understand why that has not been addressed. It is incredibly frustrating. Deputy de Lisle referred to it as a benefit cap, it is deeply confusing for anybody seeking to understand what is going on here to use language which simply does not reflect what that term means. I really do urge the Committee to address that in the interests of everybody.

2015 The second area is in paragraph 3.49, dealing with the winter fuel allowance. There is a direction to report back by the second quarter of 2021, which obviously has not been achieved. Again, it is frustrating. This question of winter fuel allowance has been running on for many years, meaning that we are effectively misdirecting, misallocating public resources in some cases to households who simply do not need the full extent of that winter fuel allowance because of the quality of insulation in their home, whilst many others who do need it are not receiving enough. So there may be an opportunity for saving overall, or at the very least there will be an opportunity to ensure that that budget is properly directed and that really is an issue that has just dragged on far too long. I know it is a question of resources but it urgently needs to be addressed.

2025 The third and final area, again which I spoke to last year, was the matter of the carer's allowance and once again the statement in paragraph 6.3 is:

The Committee regrets that this review has not commenced, predominantly due to a lack of available resources.

2030 The history of carer's allowance is such that this has been with us approximately 40 years. I will not go through the history of it once again, but the circumstances around its introduction are very different, its introduction in 1980, are very different to those which prevail for those who seek to rely on it in 2021. Again, it does require the completion of that review as quickly as possible.

So I speak on those three issues, they are really ones of frustration that the Committee have not been able to progress those three issues in the last 12 months.

Thank you, sir.

2035 **The Bailiff:** Deputy Helyar.

Deputy Helyar: Sir, I will be supporting the Propositions, but similarly I would like a couple of reassurances, really.

2040 The first one is that the survey that has been done in terms of what is considered to be essential expenditure, I would like some reassurance from the President that it is not being suppressed because it contains such a level of self-entitlement that it is impossible to release? I think it would be helpful to dispel that because there are some individuals that have commented on that independently.

The other observation I have is probably slightly more difficult. The term 'child poverty' is used very frequently in the context of these debates, and of course babies are not in any position to choose the circumstances into which they are born. The circumstances into which they are born are also sometimes not the choice of the mother. But it is a choice, ultimately, for most people, as to the circumstances into which their children are born and there are a number of people in our society – they do not necessarily include me, but I am representing views that have been put to me by members of the public – that there are members of the public out there who have children deliberately in order to be able to attract benefits and beneficial housing arrangements. That was put to me several times during the election by a number of people.

If it is a trope, then it deserves to be put down, but one of the things I would say is if by raising the types of benefits which rise in proportion to the number of children that you have, how does the Committee measure whether payments in benefits go towards the benefit of that child, rather than the parents, because of course they are paid to the parents. How does it measure whether the benefits go towards the child?

Would the Committee consider – and I have no idea whether it has discussed this or not but – means of payment which allow benefits to be applied directly to children? There are various modern ways of doing that. For example, you can pre-charge cards with payments that can only be used for certain things in certain types of shops. There are ways of paying benefits that would allow us to have more perhaps reassurance that benefits that are being paid are going directly towards the benefit of children.

Thank you.

The Bailiff: Deputy Moakes.

Deputy Moakes: Thank you, sir.

I will be voting for this proposal today, but part of that is because in fact RPIX has actually increased quite significantly since the document was originally sent around. But what I would ask the Committee to do moving forwards is rather than coming to the States each year and saying RPIX has changed by this, can we put up the amount we give by that, to at least come to us with some form of data to support what it is that they are asking for. So why 4%, for example? I understand that now because we can see why RPIX is going up, but how many people are actually affected by this and what is the impact on business?

To also go back to some of the points that have been raised already: earnings. I had a number of people come to me saying they have been offered a promotion, or even a pay rise, but they cannot take it because they would lose benefits. Where is the aspiration for the people of the Island if they are not able to take a pay rise because they have been working hard or have to turn down a promotion because they go beyond what it is that they are able to earn? I would say the same thing on the GHA as well, where people have come to me saying, again, they cannot earn over a certain amount of money and remain in the house, or they cannot save over a certain amount of money. Given the way in which house prices are increasing at the moment, those people have not got a chance of getting out of that home and buying one of their own, unless some of these things change.

So please can I ask the Committee for Employment & Social Security, rather than simply coming to the Assembly next year and saying, 'We want to put up benefits by this amount', please try and address some of the underlying concerns that are also there to help people move ahead in their lives and do what it is that they want to do?

Thank you.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, like many others I am going to begin my remarks by saying I support the Propositions.

Deputy St Pier said, well, look, over £60 million, we have only spent 35 minutes – I think we are onto about 46 minutes now. So we are moving on a bit and we are not finished yet. But the reason that we do not debate this at great length is because it is so obvious that we have got to provide decent benefits for people to live a reasonable life.

2100 I have heard lots of people say, and they are good points – Deputy Trott raised a good point, other people raised the point – about people working and Deputy Inder said, ‘Well, there’s 384 people without a job but there are 441 jobs, so therefore you can ... the two’ – well, you cannot, because that is not the way the real world works. And in relation to that, and I do not mean it in an aggressive way, those like Deputy Moakes, who spoke sensibly, Deputy Trott who spoke sensibly, 2105 others who spoke sensibly, and about, ‘Well, if you earn above a certain point’, as Deputy Dyke said, ‘your benefits are affected and therefore it is a disincentive’, and all that kind of thing, help the Committee for Employment & Social Security come up with some ideas to address that because it is a very difficult problem. Because what do you do? And I do not pretend to know the answer to the question. What do you do? Do you say if you – I am making the figure up – have got more than 2110 £500 a week coming into your house or £300 coming into your house you suddenly cannot get a benefit? Do you do it on a gradual basis? But eventually there must come a limit where you say if you get above a certain figure you get no benefit at all. So there is going to be that tension.

Where I think sometimes, and it is Employment & Social Security after Employment & Social Security, or whatever the various names are because the Committees change their names over time, 2115 but it is the same ethos, I just get the impression that sometimes, and I hope Deputy Roffey can disabuse me of this, that everybody on benefits is a saint and they are all doing their best and if they could get out of it they could, because that is simply not true. Most people who are on benefit do not want to be on benefit. They are there because their life, their circumstances are such that they have got no option and it is very difficult. But there is an element that want to be on benefit 2120 because it is easier to sit watching the telly everyday than it is going out to work. Now, I do not mean that as any kind of pejorative statement, that is the truth of it, and we want people to have as productive a life as they can.

Deputy Helyar said you might be able to pay this benefit through a card so that children can get their clothes or whatever it may be, rather than pay it, perhaps, to a feckless parent. I think most 2125 parents who are on benefits, they are not feckless, they are doing the best for their children. But where I may distance myself just a little bit from Deputy Helyar, I would always err on the side of the child, because it is not the child’s fault if they do have a feckless or irresponsible parent. The child is the conscript in any relationship, it is the parent who is the volunteer.

So I would always err on the side of the benefit. I think the points that have been raised and I 2130 accept constructively, by various speakers, need to be addressed. But we have got good intelligence from the people that have spoken, they are intelligent people, help ESS come up with some solutions to the very real and practical concerns that Members have expressed.

The Bailiff: Deputy de Sausmarez.

2135 **Deputy de Sausmarez:** Thank you, sir.

Just starting very briefly on a point that was raised by Deputy Queripel, I hope he is aware that we have recently announced some support for people who rely on gas for heating and who will, or think they may struggle to meet those bills as a result of the very significant increase in gas prices 2140 this winter and I will just take this opportunity to encourage anyone that does feel they need additional support with these quite unusual circumstances to get in touch and access that help. It is not just restricted to people who are eligible for income support, it is anyone on a lower income who thinks they will struggle. So it is worth calling up and finding out about that.

But really I was rising to respond to Deputy Inder, who has just legged it from the Chamber, with 2145 some good news, actually. I can update him on his statistics, because the number of unemployed has actually fallen further from 384, which is the figure I believe he quoted, at the end of September,

to 363, and actually that compares pretty well, if we go before, in the pre-COVID era, and look back to 2019, it was actually 329. So I think that is incredibly encouraging news.

2150 But I am sorry that he is not actually in the Chamber right at this moment. Perhaps some of the other Members of Economic Development will be listening instead, but it really is not that simple. It is not just a numerical game of Tetris about the number of people who are unemployed and the number of jobs, as I am sure Deputy Blin will confirm. There is an awful lot more to it than that, and actually employers need people who are right for those jobs, with the requisite skills, and in so many areas it is complicated by additional factors. I am particularly interested in some of the factors that
2155 make, for example, hospitality more attractive for guest workers than for locals. So for example, the fact that accommodation and food is part of the package. It works better for guest workers than it does quite often for people within the resident population. And obviously pay and conditions come into it a lot as well.

2160 So I do think there are plenty of things that I would certainly like to get stuck into and I echo Deputy Ferbrache's *plea*, I suppose, for people to come forward with ideas. I think there are certainly lots of things that ... we as a Committee have a lot of discussions in this area, I am very keen to work with colleagues and I am particularly keen to work with Economic Development on taking a more holistic approach to some of these issues.

2165 **The Bailiff:** If no one else wishes to speak, then I will turn back to the President, Deputy Roffey, to reply to the debate, please.

Deputy Roffey: Thank you, Mr Bailiff.

2170 I think the first thing to make clear is the distinction between what we discussed a few weeks ago, which is unemployment benefit, which is a contributory benefit that people pay into, and income support which is largely an in-work benefit. So I think there has been a little bit of confusion between the two today. That is understandable, but they are really quite different.

income support really deals with different sections of the community, poor pensioners, to put it bluntly, people with disability, but most people who are working age, unless they have very young
2175 children and are perhaps single parents, and we are always reviewing the age at which they are expected to return to work and I think if we could expand universal entitlement to childcare that would actually perhaps be one way of releasing more people back into the workforce that we all want to see, but the main bulk of people who are of working age are *working*.

2180 Listening this afternoon, they are either in a welfare trap, according to Deputy Dyke, they are either working or they are on benefits. They are not. The vast majority of people of working age who are on income support are *working*. It is just that in our really expensive Island, if they have got two or three kids and if they have got an expensive private sector rent to pay and if they are in a modestly paid job – and we need those jobs, not just the high-flying jobs; we need everybody in our – they just cannot make the bills stack up. So the Government has to give some help. So please
2185 do not think it is a choice between income support and work. Most people, we think, have got a work ethic.

Now, I am going to go through a few of the individual ... Deputy de Lisle wants more people to be more reliant on their income and less on income support. I was encouraged to hear that because I know I will then get full support from him in the next debate on increasing the minimum wage.

2190 He was saying that our welfare spending has spiralled since we set up income support and moved away from the old system. No, it has not. There was some small increase in the bringing together of rent rebate and income support. It was exactly in line with the projections, there was no under-budgeting, and it has been well contained since it was brought in, but the reality is, in the previous system we had two welfare systems. We had supplementary benefit, which had a cost, and
2195 then we had people who maybe they did not feel they were on benefits, but if they were on rent rebates they were on benefits in exactly the same way. If they lived in a private rented house, we paid them the money to pay for their rent. If they lived in a States house or a GHA house we cut

their rent down and forewent that income. But it was exactly the same and I actually think it is far fairer now on people who are not actually in social housing that we have a single system.

2200 I think he talked about the work ethic. I think, actually, our experience, and I have got to get a balance here, and Deputy Ferbrache said please do not portray everybody on benefits as saints. I do not think we do. I really hope we do not, because we are the people at the front end who actually, the few that are really recalcitrant and we are having to have problems with, it is our staff that are having to deal with that. So we do not need to be disabused about the fact that there are a minority that really do need to be worked at.

2205 If we come across putting the other side of the coin, it is because of all of these urban myths. People dropped sprogs in order to have benefits, people doing this in order to have benefits. Our genuine experience is that 95% ... To be honest, if you have a child to have benefit you are very stupid because the cost of that child is going to be a whole lot more than any amount we are ever going to give them. But does that ever happen? I cannot say that it does not, all I can say is our experience is that the vast majority of our clients actually have a strong work ethic, want to work and want to get on in life, and sometimes need a bit of help. Does that mean that everybody comes into that category? No; and that is where we have to focus and we do focus, and I know our staff do focus on that.

2215 He wants Members to vote against Proposition 2. Not only would that not increase the benefit limitation, but he has not brought an amendment to put it up by RPIX, so it would actually leave it at last year's level which would be a very significant drop in real terms. It would drag more Guernsey children in families into poverty. I cannot believe that that is really what he wants to do, but who knows. Hard to read Deputy de Lisle at times.

2220 Deputy Lester Queripel is worried that we make a determination too soon on what the winter fuel allowance will be and sometimes this changes in those costs and I take his point. Systems do sometimes seem a bit rigid, but when there is an exceptional event, and Deputy de Sausmarez has explained, as there was with a sudden spike in gas prices this year, we have stepped in with an *ad hoc* scheme and I have got the information now, the news that P&R have approved the extra spending that will be required, so I thank them for that. We both met very rapidly and discussed the need to do something. It will not be just for those on income support but anybody on modest incomes will be able to approach us and they will get a one-off, *ad hoc* arrangement to actually help them with those costs. It is very difficult to know where the actual fuel markets are going over the next year or two. It may be that we have to take a more holistic look at it because there do seem to be wild fluctuations in the costs of all sorts of fuels at the moment.

2230 Yes, I do regret the delays in reviewing the winter fuel allowance generally. It is very difficult, isn't it, because this morning we were talking about the Budget and the need for all Committees to actually make economies. We would love more resources. We had an officer who was working, did the initial work on this review, started it off, she retired, has not been replaced. Our beloved Chief Secretary left us and got replaced by, as Committee Secretary, our former lead policy officer who has not been replaced. And that is us trying to do the corporate thing. We are not trying to say, yes, because we realise that perhaps historically we had more policy and resources than other Committees, so we have taken those cuts on the chin. But Members cannot have it both ways of expecting us to absorb those sorts of losses in capability and yet deliver on everything at the same time. But it is really regrettable and we will work on it and it will be complex for the reasons that others have said. Really, there ought to be a differential based on the thermal efficiency of people's homes. Ultra-modern homes, you turn the lightbulb on and you are warm, basically; old cottages, like mine – okay, I can afford to heat it but – draughty cottages will cost a fortune to heat. So it is really difficult to get a simple formula and I doubt we will get it exactly right. But it is moving towards the top of our to-do list, as indeed is the carer's allowance.

2245 Now, I do not agree it is just to spend to save. I think that this is money that comes from general revenue, the money for care homes comes out of the Long-term Care Insurance Scheme and I am quite sure that every care home bed in Guernsey will remain full, despite whatever we do to help people care for their own loved ones at home by increased costs. In fact, we know that half of the

2250 PEH is full at the moment from people that are needing to go into some kind of residential or nursing care, we know that the bar that the social workers set now, the needs assessment team, has gone up because of the shortage of beds, so I think the two issues are separate, but I cannot stand here with my hand on my heart and say that I am proud of the levels that we pay in these allowances. But we did pay out last year about £7.8 million, so if people really want a really significant difference, 2255 say, a 50% increase, and it will still be deemed as modest, we are talking about quite a few millions of pounds that will have to have come through. So I think that needs to be put into the mix and there needs to be some handling of expectations because I do not think we will get to the point that some people would like to see, and to be honest would be fully justified.

Deputy Inder talked about the work requirement. Yes. I do not remember the last time it was 2260 250 unemployed but it was around 300-odd unemployed and we are getting down rapidly towards that again. There is no politically correct way of saying this, and I am sometimes accused of being politically correct, but I think I have got to be blunt: some people are easier to find employment for than others. Some people are quite hard to find employment for. I remember in a previous life, when I was involved with the Co-op, we were sent by the job centre people and we had to phone 2265 them up and say, 'What on earth are you doing? We would lose trade hand over fist if we try and put these people onto the shop floor. They haven't got the interpersonal skills, they haven't got any of the skills that are required.' What we are doing is investing in training schemes, not just on the hard skills of industry but also some people they leave school without those interpersonal skills, to try and make them more employable. But to think that if there are a few hundred job vacancies and there are a few hundred people not working, that is it, bingo, you just put them together and the 2270 whole situation is resolved, is I think being slightly optimistic and naïve.

Of course, some of the people on the unemployment list are transient. People do leave their job, it is not the same. If there are 300 unemployed it is not the same 300. There probably are 200 that are hard core and you are really trying to shift, but there are people coming in and going out on a 2275 regular basis. However, ESS does understand the real issue of skill shortages and trying to do something about it. I think we made the statement sometime last week that we are looking at trying to find imaginative ways to do something. I know that my Chief Operating Officer and the comms department are working on one media release on that today. So I will slightly spike their guns by referring to it.

2280 A number of people have talked about, 'Where is the incentive to work? If you earn more you lose benefits.' Actually, our experience is if people can get a promotion and get the same amount of money through work rather than benefits, 99% of them want to do it. The real issue comes for people living in social housing and are really worried that they will lose their tenancy if they take a promotion or take on more work, particularly with the state of the private rented market at the 2285 moment and what they have seen happening, both lack of security and the escalating cost.

So we have looked at that and we will be announcing in the next couple of days measures to overcome that. But it is tricky. If you just say you can earn what you want forever in States' housing, we have got a limited amount of social housing in the Island, they are, by definition, supposed to be there for people on modest incomes. If you could say just earn what you want and stay there for 2290 the next 10 years then it is shutting out people who maybe need it far more than you do. However, given the extreme pressure on the labour market at the moment we are going to look to cut through our normal policy and to make an announcement that will try to overcome this blot on people taking extra work or taking promotions or taking a second job because we realise that we have a broader commitment to the community. (**Deputy Trott:** Hear, hear.)

2295 Slightly longer term – I am sorry, my staff are probably listening to this and pulling their hair out – the next thing we are trying to look at is some kind of incentive for people who are simply non-employed at the moment to return to the workforce. It is tricky. It really is tricky. If you incentivise that then that person who goes in and has been incentivised may be working alongside somebody doing the same sort of job who was never not employed, has worked throughout, and 2300 say, 'Well, how comes they're getting a benefit that I am not getting?' And actually some of the ways we looked at we were told by the Law Officers, quite rightly, 'You're discriminating between

various people and you can't do it.' So we really are trying to find a way through that, we think we may be onto a way of doing that; that one might take a week or so longer, Mr Director of Operations, if you are listening, but hopefully not a month or two longer.

2305 Deputy Trott: I think, without answering him, I probably addressed most of the things that he wanted to do about matching up people to jobs, about States' housing, the limits and people being worried to leave. The family allowance and the preschool not being at the same level, I understand what he is saying. I think as far as family allowance it almost worked in reverse. I think HSC and ESC told us what the cost would be that they needed in order to provide the extra services that were
2310 needed, and we thought, well, okay, how can we make these savings, we examined it and we said, well, to make those changes we have to cut off family allowance at *this* level. In a way I can see what he is saying, the £120,000 cut-off for family allowance, £150,000 I think for free preschool provision, the 15 hours. Sorry, that is a bigger issue that I do not think ESS can fully control, but if P&R feel that there ought to be some equalisation, we are happy to work with them and ESC to see whether
2315 that makes sense.

I give way to Deputy Dudley-Owen.

Deputy Dudley-Owen: I am very grateful to Deputy Roffey for giving way because actually this was a matter that maybe Deputy Roffey may not have known about from the term previous to last,
2320 where it appears after much searching from the Education, Sport & Culture Committee that I sat on at the time with Deputies Meerveld, Inder, Leadbeater, Le Pelley and de Lisle, that we could find very little evidence of where that arbitrary figure of £150,000 came from, and the only evidence we ever found of it was actually in a newspaper report, rather than in specific policy letters. But it is something that would be worth looking into and we would be delighted to help.

2325

Deputy Trott: Hear, hear.

Deputy Roffey: Deputy St Pier, absolutely right. We have actually told our staff and they have said, 'Okay, back to you, mate!' We need to change the name of benefit limitation by this time next
2330 year, so that is a challenge and we will do it.

I think I have already addressed the question that we are late on reviewing winter fuel allowance and carer's allowance, and yes. I mean, the number of times I get to my feet in this Assembly probably gives the clue that ESS are actually not a Committee that is not doing anything. We are really quite a busy Committee and we are having to work through the priorities, and whatever we
2335 do not do, because we deal with vulnerable people, are always seen as, 'Why didn't you do that?'. I can only apologise. Some of the outstanding Resolutions we have not got round to are ones from a pesky Deputy Roffey before he was a Member of ESS telling them what they ought to be doing and we have not even got onto dealing with those yet.

Deputy Helyar: no, I do not think we are trying to hide anything over the MIS. I think we genuinely – actually, he should know, we put forward initially a policy letter that was based on the
2340 new exercise and then we really examined it, and actually some of the staff at P&R who made some challenges to it, we realised it was not yet in a state, it would be too rushed, to actually bring it forward at this stage.

Again, children to have benefits. Well, it is one of those Guernsey things that is said and said
2345 again. I am not surprised it was said to him on the stump, on the election trail; it has been said to me for 40 years. I am sure there is the odd incidence where that happens, but I think it is much exaggerated in the retelling and I do not think it gives a balanced view of the clientele that ESS deals with.

I have to say, far from being generous in our review of the MIS – minimum income standards,
2350 for those who do not know the jargon – compared with the panels of ordinary Islanders who decided what families should be allowed to have, ESS have been quite ruthless. Apparently, families should be able to get Netflix. Maybe they should now, because that is what all of their fellow people have at school. That sort of thing got crossed off in the first two seconds we were looking at this

because we realise that this Assembly expects us to control cost and that is exactly what we are trying to do. Incidentally, I think the review of fuel allowances does, as ... I have forgotten who said it, maybe Deputy St Pier – does give the opportunity to have a net saving, while actually increasing the payments to those who really need it most. But I think we should always be looking at opportunities for net saving and that is one of them.

Deputy Gollop went on about the change in inflation rates. I do not know if he was listening to my opening but I think it is swings and roundabouts. (*Interjection*) Sometimes you take an inflation rate and it proves to be less than actually inflation is the following year, sometimes it is the other way around. I do not think we can avoid that.

Deputy Blin, I hope I have answered already. I think he was particularly worried about States' house tenants and not being able to work more.

Deputy Dyke, I really think that probably we have a different philosophical approach to this particular issue, but what I would say is that far from benefits being a disincentive to work, our experience is that the vast majority of people on benefits do want to work, and if somebody does not, and if somebody is constantly refusing work, our staff can and do apply penalties and reduce their benefits accordingly. We try to give some kind of wriggle room for people who maybe are not that adequate and are trying to find work but not doing it very well, but when it is clearly an abuse of the system and cocking a snook at the taxpayer, then our staff, they have been around the block a few times, and they will do something about it.

Deputy Moakes again was worried that people would not take promotions because of loss of benefits. Not our experience. It is our experience that people are worried about social housing tenancies.

I think that has more or less run through everybody. As I say, this is a bit of a holding exercise, it is an RPIX with just a very smidgen of extra for those larger families that are in ... I don't know. Some people say, 'Well, you shouldn't have children if you can't afford them', but I agree with Deputy Ferbrache. (a) It is not the child's fault, (b) we cannot be schizophrenic over this. I keep hearing concerns in this Island about falling fertility rates, and as soon as we say we will help, and they are not feckless families, they are not irresponsible families, they are families living in an expensive Island that just need a bit of help if they are in modest jobs. As soon as we do that it is, 'Why are you doing that?' I actually would like to have raised it far more so that those ... Yes, there may be a five or six family household, very often you will find that as two households come together and have children from two different households.

So it is not people just breeding for the sake of it and I really do get fed up with those clichés and I really do think this is a modest and moderate response to a need and I hope Members will support all of the proposals.

The Bailiff: Well, Members of the States, there are 12 Propositions. I have got the impression that Proposition 2 should be taken separately.

Deputy de Lisle: Can I have a recorded vote on that, sir?

The Bailiff: And there is a request for a recorded vote, just on Proposition 2? (**Deputy de Lisle:** Yes.) Yes.

So Members of the States, what I am proposing to do, unless there are any requests for other Propositions to be taken separately, is to put to you Proposition 1, will have a recorded vote on Proposition 2, and then I will put Propositions 3 to 12 inclusive to you together.

So first of all, in respect of Proposition 1, those in favour; and those against.

Members voted Pour.

The Bailiff: I will declare Proposition 1 duly carried, and we will have a recorded vote on Proposition 2, please, Greffier.

There was a recorded vote.

Carried – Pour 37, Contre 2, Ne vote pas 0, Absent 0

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Fairclough	Deputy de Lisle	None	None
Deputy Falla	Deputy Dyke		
Deputy Ferbrache			
Deputy Gabriel			
Deputy Gollop			
Deputy Haskins			
Deputy Helyar			
Deputy Inder			
Deputy Kazantseva-Miller			
Deputy Le Tocq			
Deputy Leadbeater			
Deputy Mahoney			
Deputy Matthews			
Deputy McKenna			
Deputy Meerveld			
Deputy Moakes			
Deputy Murray			
Deputy Oliver			
Deputy Parkinson			
Deputy Prow			
Deputy Queripel			
Alderney Rep. Roberts			
Deputy Roffey			
Alderney Rep. Snowden			
Deputy Soulsby			
Deputy St Pier			
Deputy Taylor			
Deputy Trott			
Deputy Vermeulen			
Deputy Aldwell			
Deputy Blin			
Deputy Brouard			
Deputy Burford			
Deputy Bury			
Deputy Cameron			
Deputy de Sausmarez			
Deputy Dudley-Owen			

The Bailiff: Members of the States, in respect of Proposition 2, 37 Members voted Pour, 2 voted Contre, and therefore I declare Proposition 2 also duly carried.

Finally, Propositions 3 to 12 inclusive. Those in favour; and those against.

Members voted Pour.

The Bailiff: I declare all of those Propositions carried.

Ordinary Meeting

Procedural

The Bailiff: Well, Members of the States, that concludes the business for the Special Meeting.
2410 Can I try and short-circuit things by putting to you the motion that we have had previously when we have had two Meetings consecutively, and that is that we dispense with closing the Special Meeting, that we dispense with opening the resumption of the Ordinary Meeting, so day four, and that we take all Members who have answered to the Roll Call as being present, which is all of you at the moment.

2415 So those in favour; and those against.

Members voted Pour.

The Bailiff: I will declare that motion duly carried.

STATEMENT

POLICY & RESOURCES COMMITTEE

From emergency to living responsibly with COVID – Statement by the Vice-President of Policy & Resources

The Bailiff: Therefore we will move into the resumption of the Ordinary Meeting that began on 13th October. You will have seen from the Order Paper, Members of the States, that I have given permission for the Vice-President of the Policy & Resources Committee to deliver a Statement, and
2420 this is an opportune moment at which to have that.

So Deputy Soulsby's Statement, please.

Deputy Soulsby: Thank you, sir.

2425 Members will be aware that the Policy & Resources Committee is mandated to promote and facilitate cross-committee policy development, advise the States on the allocation of policy responsibilities to Committees and develop and implement policies and programmes relating to non-operational matters in an emergency to preserve life, well-being and law and order. As such, the Civil Contingencies Authority has asked the Committee to lead on the preparation of a policy letter to set out recommendations to manage COVID-19 without the exercise of emergency powers.

2430 Every effort is being made to bring this to the Assembly for its Meeting on 15th December. This is three weeks later than had been hoped but essential to ensure meaningful consultation with various stakeholders, including Alderney and Sark. However, with the permission of the Presiding Officer, the Committee believes it is worthwhile updating Members and the public on its progress and in particular the key policy question at the centre of the debate, as it understands it.

2435 Sir, there is some political pressure that has been expressed here in this Assembly to progress with a new framework as quickly as possible to move away from the use of emergency powers and to regularise the activity necessary to keep the community safe. Consequently, the Committee has considered options for a new legal framework so the States may manage COVID-19 under the normal mechanisms of Government, where the general principle of subsidiarity applies. In doing so,
2440 we need to answer the following question. Do we accept that the new normal, a world with a declared pandemic and unknown timeframe for de-escalation, requires us to manage the potential

for highly contagious and potentially deadly disease spreading uncontrolled in our community in order to protect our medical services and preserve life? The answer is currently yes, and we do this through emergency provisions under the Civil Contingencies Law, 2012, because this pandemic is still judged to meet our legal test as an emergency. The use of this legislation is under scrutiny by the States, as is right and proper in a democracy when the mitigating actions continue to place restrictions on people.

Sir, the Committee began by looking at how we protect our community from the entry of other highly contagious and sometimes fatal diseases under the normal mechanisms of Government. We manage or restrict where we can the entry of possible carriers of disease through the powers the States have given to Committees. In the case of rabies, for example, it falls to the Committee for Environment & Infrastructure to make orders setting out the quarantine requirements for imported animals from high-prevalence countries, for both their monitoring and care, and our protection. However, to operate in a similar manner with regard to COVID-19 is much more challenging, as you engage human rights and it is not easily achieved under the current legislative framework outside an emergency.

Although the Medical Officer of Health has basic powers to require symptomatic people and their contacts to self-isolate for a range of diseases, these do not include powers, for example, to require testing, which allows proper assessment of the risk of infection, or, where necessary, impose appropriate preventative measures. In addition, there is no legislation that confers on any Committee the powers to require travellers entering the Bailiwick to self-isolate if they have spent time in a high-risk area in terms of prevalence, vaccination rates and variants of concern prior to their arrival, but who are not symptomatic.

The Policy & Resources Committee is therefore seeking views on, firstly, updating the current Public Health Ordinance, including extending the powers of the Medical Officer of Health to allow them to impose screening requirements and appropriate precautionary measures where there are reasonable grounds to believe a person is or may be infected with coronavirus whilst also introducing modern safeguards. And, secondly, introducing new primary legislation to confer powers on a States' Committee to require travellers to self-isolate on public health grounds on the basis of spending time in a high-risk area, and is seeking views on where those powers should be conferred.

It is asking for the views of the Committees whose Presidents form the membership of the CCA, and the CCA itself, the other Principal Committees of the States, the States of Alderney and the Chief Pleas of Sark, and statutory officials such as the Medical Officer of Health. It is also taking further advice from the Law Officers. While at this point there is political interest to change the mechanisms relied on thus far, COVID-19 will remain a pandemic until it is declared to be over by the Director General of the World Health Organization. Therefore the Committee is also asking consultees for feedback of a more general nature, too.

The Assembly needs to make its decision understanding how the operation of the CCA has, and is still making the Bailiwick safe in a timely manner, in order to understand how to manage the risk in the normal mechanism of Government. It will be able to consider the options to manage the next steps appreciating the experiences of others and will then be able to decide whether or not the drivers for change have the greater weight than the status quo.

Consultation has begun and it is anticipated that with the permission of the Presiding Officer a policy letter to facilitate this debate will be lodged in early December to be published as an additional Billet d'État for the December Ordinary Meeting. At this stage the Committee is intending to lodge Propositions to provide options in the situation where it is a given that the Bailiwick must continue to recognise the pandemic is not over and it must have tools to mitigate public health risk with a clear objective to protect health services, our community and our economy.

The Bailiff: Members of the States, there is an opportunity now to ask questions in the context of that Statement.

Deputy Gollop.

2495 **Deputy Gollop:** Will the report, that Deputy Soulsby has outlined is imminent, include perhaps looking at a council framework, whereby in the event of the pandemic continuing or a similar situation that a CCA substitute would not just include, as it does, the Presidents of Home Affairs and Environment & Infrastructure, but possibly the States' Trading Supervisory Board; Education, Sport & Culture; Economic Development? Usually these issues have a weight in other areas of our society beyond the membership of the CCA.

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The Bailiff: Deputy Soulsby.

2505 **Deputy Soulsby:** I thank Deputy Gollop for that question, and it is very pertinent and these discussions have been had about who do we believe should be on such a committee? Should we create a separate committee? No decision has been made but we have to also be cognisant of what is the purpose of the committee, what has worked well thus far, and to make sure we have got something that will work in practice and we do not lose the benefits that we have gained.

2510 **The Bailiff:** Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.

I would like to ask Deputy Soulsby this question. When will this pandemic be over? (*Laughter*) Now, will it be over (*Interjection*) when Dr Brink tells you it is over? Will it be over when the World Health Organization tells you it is over?

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The Bailiff: Before Deputy Soulsby answers that question, could I just remind Members not to name officials but to refer to their offices, please?

Deputy Soulsby.

2520 **Deputy Soulsby:** I think probably what he was asking was beyond when is it a pandemic and when is it not a pandemic, because I already said in my Statement that it stops becoming officially a pandemic when the Director General of the WHO says it is not. It is whether we then think in terms of whether we are in an emergency and also being in a pandemic phase.

2525 I mean, I know from when all this started we knew we were in a pandemic before the WHO said that we were in a pandemic. So we will have to be cognisant of that as well, but as things stand in terms of the definition of pandemic, it is through the WHO.

The Bailiff: Deputy St Pier.

2530 **Deputy St Pier:** Sir, I would like to thank Deputy Soulsby for her Statement.

As I am sure she and the Committee will recognise, there is always a substantial risk of layering regulation upon regulation and complexity upon complexity. I would ask, therefore, whether the Committee has or will give consideration to incorporating some kind of sunset provisions with whatever it brings forward such that there is a review mechanism in 12, 24 or 36 months, whatever is appropriate, that ensures that regulation and control does not remain on the statute book any longer than is absolutely necessary?

2535 **The Bailiff:** Deputy Soulsby.

2540 **Deputy Soulsby:** I think it would be inherent in any different situation that we are in that that would be the case because the Committee would be, or any Committee that might take over from CCA and which is set up on statutory terms, something that would only need to exist in the threat that we are experiencing. But that is dependent on whether the States believe that we need to have extra legislation on top of what we have currently got.

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The Bailiff: Deputy Inder.

Deputy Inder: Deputy Soulsby, thank you for the update.

2550 In this drive to placate, I suppose, some Members' desire to be more included in the emergency process, is there any danger that we may sacrifice speed of decision for inclusivity to effectively ensure that most people are probably making exactly the same decisions but happen to be the last people to touch whatever decisions you may be making?

The Bailiff: Deputy Soulsby.

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Deputy Soulsby: Sir, I think that is probably something for the debate when we have it in December. Yes, you do not know what the actual effect will be, but yes, there will be pros and cons of any change that we make to the current situation. But I think it is really important that after however many months we have now been in this situation, and using the powers of the CCA, that 2560 this States decide whether it believes that we should be doing things differently or whether we continue as we are. I think that, for me, is a key aspect of this and the debate that we have in December.

The Bailiff: Deputy Matthews.

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Deputy Matthews: Thank you, sir.

I was wondering, really, following on from Deputy Inder's question, if Deputy Soulsby would agree with me that the speed of decision making is really very important at the beginning of something and when you are going into emergency measures; when you are de-escalating, there 2570 is more flexibility? So if you have a decision around something like imposing a mask mandate, the speed of imposing that is very important but taking it away again is less imperative to do things as quickly.

The Bailiff: Deputy Soulsby.

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Deputy Soulsby: Sir, well, through my experience over the last 20-odd months I can say that when things need to be done, they need to be quickly. It might seem on the face of it, yes, it is really important to go into lockdown really quickly and it is really important that we put back border controls really quickly, but the opposite is also the case because at every stage the CCA has to 2580 consider whether the actions and the regulations that it is bringing in are appropriate and proportionate to the risk that we are facing.

So the speed is as important going into a lockdown situation, or having to bolt things down, but it is much as well as when we are coming out of it.

The Bailiff: Deputy Haskins.

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Deputy Haskins: Thank you, sir.

I understand this was touched on in the Statement, but I do seek some clarification. These increased powers to be able to essentially infringe on human rights, as was said, these being sought 2590 from the impending policy do not *just* relate to COVID-19 but also relate to any other infectious disease, is that correct?

Thank you.

The Bailiff: Deputy Soulsby.

2595

Deputy Soulsby: Sir, we have not yet finalised what the policy letter will say, but I think we will need to be thinking about other possible diseases. So certainly in terms of the Medical Officer of

Health, increasing their powers, it will be important to consider what else might come along because, as has already been thought through and predicted, this is not going to be the last situation where we see such a disease coming along. This is predicted and we do not think, oh, we will not get anything in the next 10 years. It is about making sure that those powers are right for the time we are in now and certainly in terms of the MOH powers they are very dated indeed, and they are something that we need to modernise.

The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir.

Just in terms of the complexity of the drafting, I agree with Deputy St Pier that these things can grow one on top of another into a legal nightmare. Would the plan be that at the end of the day we will have some emergency regulations that will cover COVID, other diseases and other emergencies, like a huge flooding or something like that, or our electricity supply being cut off by France? Could we have one set of general regulations covering everything? Is that possible?

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Sir, the Law that we have dealing with emergencies is set out in the Civil Contingencies Law, 2012. What we are trying to do is deal with the concerns that the Civil Contingencies Authority is still in charge of dealing with COVID, and for some they think that that should not be the case; we should regularise it in the same means by taking it out of emergency regulations. So this is not going to be replicating everything that the CCA do. It is various options that are being looked at. It could be something that the CCA does but it is separate from its emergency regulations, it could be a new committee, or we decide that we do things the way we are doing them.

The Bailiff: Deputy St Pier.

Deputy St Pier: Sir, the test of whether an emergency exists under the Civil Contingencies Law, of course there are criteria set out, but ultimately there is some subjectivity in reaching a decision whether an emergency does or does not exist. Is one of the challenges not, and therefore the reason for this new policy approach, the need to provide for a situation which may not otherwise be an emergency but we need to deem it as such otherwise we have no powers available to us whatsoever? So in other words, it is something which is out of the ordinary but it would otherwise not be an emergency. That is effectively what this regime will help bridge that gap between those two situations.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: I wish it was as simple as that, and we have had these discussions about we are in an emergency or are we not. Well, even if we got rid of all the powers that we have and let COVID run riot we would have problems from the health. And you could say, 'Yes, but we're not an emergency, we haven't got loads of people ill', but we are managing it.

We talk about 'emergency' but the Civil Contingencies Authority has a role to deal with whether an emergency has occurred, is occurring, or is likely to occur. So it is not just about whether we are in an emergency at the moment, and that is where the conundrum is: the role of the CCA versus what would be the role of another body responsible for it. It is not as simple as saying this is something that is outside ordinary emergencies so somebody else should deal with it. Otherwise why would you have any of the regulations in the first place?

The Bailiff: Deputy Gollop.

2650 **Deputy Gollop:** One question some people have asked throughout recent times has been what criteria would result in a CCA or similar body imposing a lockdown or maybe just more draconian restrictions than are currently placed. Will this policy letter report try to come up with some kind of guidelines or patterns at what level such a body would impose on economic and personal freedom or is that going too far?

2655 **The Bailiff:** Deputy Soulsby.

2660 **Deputy Soulsby:** No, I think again Deputy Gollop has asked a really good question. Those trigger points, if you give the powers to another committee, when is it its responsibility and when does it become that of the CCA? Those are some of the difficult questions we are having to ask. Then you say you are adding another layer and then so who do you have on that committee and who do you have on the CCA. There is inherent complexity if you have yet another body involved and that is what we are trying to get our heads round: what would be the best thing to do in those circumstances? I think you will know the emergency when it comes, when you see that you have been overrun and it is obviously something for the CCA, but there will inevitably, yes, need to be understood what belongs to one authority, one committee, and what belongs to the CCA.

The Bailiff: Deputy Inder.

2670 **Deputy Inder:** Deputy Soulsby, to save you some time on the matter, because I am not entirely sure that you are going to get it straight through from any policy letter that may or may not return, is it worth the Committee bringing a short green paper to the States on the subject just to get some kind of easy direction. I can see Deputy Helyar laughing his socks off! As he reminds himself about the ... *[inaudible]* Because I am not entirely sure exactly what your Committee is proposing or whether it is going to be acceptable to any side of the Assembly. Is there an easier way, is what I am asking.

2680 **Deputy Soulsby:** Sir, no, I do not think it is right to have a green paper. The States needs to make a decision about the direction it wants to go. The Committee will lay through options to the States and say we are not saying specifically what should or should not be the case. We know from just the feedback we have had from some consultation that we have had back from Committees already there is a broad view about what should be right and what should be wrong, but we need to make that decision now. As I say, we have been through this position for over 20 months now and we need to get the States to agree how we proceed for the future. That is, in a democracy, for me, is the most important reason why we need to do this.

The Bailiff: Deputy St Pier, last question.

Deputy St Pier: Thank you, sir.

2690 The Government Work Plan debate in July obviously prioritised this workstream and envisaged that this would be implemented by the end of this year. Deputy Soulsby, when she made her Statement, did not speak to the question of the timetable for implementation and I wonder if perhaps she could provide an outline of what the Committee's current expectations are for the implementation of that which she is proposing.

2695 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: I thank Deputy St Pier for that.

2700 Of course we have been dealing with the pandemic over the summer and some substantial changes have been made in terms of what we do at the border. So that has been the primary focus for all those who have been involved over the last year, rather than what we think we need for the

2705 future. But it will very much depend on what the States decide. If the States want a new committee and the Law, it will need a projet to do that, well, that will take time. It might not take a load of time to put the projet together but it will take three months, as he will probably know, to get through Privy Council to get approval. But if the States say look, no, we are happy with things as they are, then there will be no delay at all.

The Bailiff: Well, Members of the States, that is 15 minutes on questions on the Statement, and I think that is probably enough in the context that you will be debating it for real next month.

URGENT PROPOSITION

CIVIL CONTINGENCIES AUTHORITY

12. Emergency Powers (Coronavirus) (General Provisions) (Bailiwick of Guernsey) (No. 12) Regulations, 2021 – Proposition carried

The States are asked to decide whether they are of the opinion to approve the Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 12) Regulations, 2021.

2710 **The Bailiff:** Greffier.

The States' Greffier: The Civil Contingencies Authority, Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 12) Regulations, 2021.

2715 **The Bailiff:** I invite the Chairman of the Authority, Deputy Ferbrache, to open debate.

Deputy Ferbrache: Sir, I have many failings, but I think pedantry is not one that would be labelled at me. But I note in looking at the details that have been published it says:

Proposition in pursuance to Rule 18 ...

The States are asked to decide whether they are of the opinion to approve the ... (No. 12) Regulations ...

Then there is a heading and it says:

In pursuance of section 16 of the Civil Contingencies ... Law –

2720 – and again, the No. 12 Regulations –

... made by the Civil Contingencies Authority on 26th October, 2021, are intended to be laid before the States on 3rd November, 2021.

Now, I do not know if that means that we have got to wait until tomorrow or that we can deal with them today. I am just asking you, sir, as the Presiding Officer.

2725 **The Bailiff:** I am very happy that we deal with them today, yes.

Deputy Ferbrache: Thank you very much, sir.

Well, then I have very little to add, because there is an explanatory note which sets out where we are. These are really a repeat of the earlier ones with one or two minor amendments, and therefore I would ask the States to grant the Resolution.

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The Bailiff: Deputy Queripel.

Deputy Queripel: Sir, my colleagues and members of our community are already aware of my views on measures proposed by the CCA since March 2020. I have consistently challenged those measures and come up with suggestions of my own.

I have also been subject to ridicule and criticism in some quarters, which is totally unjustified, but at least my conscience is clear. There is nothing more I can do or say in an attempt to influence my colleagues, so I just ask for a recorded vote, sir, when we go to the vote.

Thank you.

The Bailiff: I do not see any other Member rising to speak in the debate, I doubt that there is any need to reply to that, Deputy Ferbrache. There has been a request for a recorded vote, so, Greffier, we will have a recorded vote on the single Proposition as to whether Members are minded to approve the No. 12 General Provision Regulations of 2021.

Greffier.

The States' Greffier: Monsieur Fairclough.

The Bailiff: I think we are starting with Deputy Cameron this time round, please.

The States' Greffier: Yes, sir, I apologise, yes.

The Bailiff: Just because you have reminded everyone (**The States' Greffier:** Yes.) on the Order Paper.

There was a recorded vote.

Carried – Pour 31, Contre 4, Ne vote pas 1, Absent 3

POUR

Deputy Cameron
Deputy de Lisle
Deputy de Sausmarez
Deputy Dudley-Owen
Deputy Dyke
Deputy Fairclough
Deputy Falla
Deputy Ferbrache
Deputy Gabriel
Deputy Gollop
Deputy Inder
Deputy Le Tocq
Deputy Leadbeater
Deputy Matthews
Deputy McKenna
Deputy Meerveld
Deputy Moakes
Deputy Murray
Deputy Oliver
Deputy Parkinson
Deputy Prow
Alderney Rep. Roberts
Deputy Roffey
Alderney Rep. Snowdon
Deputy Soulsby
Deputy Trott
Deputy Vermeulen
Deputy Aldwell

CONTRE

Deputy Haskins
Deputy Kazantseva-Miller
Deputy Queripel
Deputy St Pier

NE VOTE PAS

Deputy Bury

ABSENT

Deputy Helyar
Deputy Mahoney
Deputy Taylor

Deputy Blin
Deputy Brouard
Deputy Burford

2755 **The Bailiff:** Well, Members of the States, the voting in respect of the No. 12 General Provision Emergency Regulations is as follows: there voted Pour 31 Members, Contre 4, 1 abstention, 3 Members were absent, and therefore I declare that Proposition duly carried.

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

13. Amendments to Statutory Minimum Wage Arrangements to Come into Force on 1st January 2022 – Proposition carried

The States are asked to decide:-

Whether, after consideration of the Policy Letter entitled 'Amendments to Statutory Minimum Wage Arrangements to Come into Force on 1st January 2022', dated 13th September 2021, they are of the opinion:-

1. To approve the Minimum Wage (Prescribed Rates and Qualifications) (Guernsey) (Amendment) Regulations, 2021 (as set out in the Appendix to this Policy Letter), which pursuant to sections 1(3) and 3(1) of the Minimum Wage (Guernsey) Law, 2009, prescribe the hourly minimum wage rates set out below with effect from 1st January 2022:

a. adult minimum wage rate: £9.05 per hour (for workers aged 18 and over), and

b. young person's minimum wage rate: £8.60 per hour (for workers aged 16 and 17).

The States' Greffier: Article 13, Committee for Employment & Social Security, Amendments to the Statutory Minimum Wage Arrangements to Come into Force on 1st January 2022.

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

Deputy Roffey: Thank you, sir.

2765 This Assembly has a clear policy in respect of the minimum wage and that is to move to a position where the minimum wage represents 60% of average earnings based on a 40-hour working week. Out of interest, if we had reached that position today, then Guernsey's minimum wage would be £10.24. Now, when the States agreed to that extant policy, the intention was to make the transition within a five-year period. Accordingly, two years of a phased set of increases were implemented as per the approved plan, but then COVID-19 arrived and it knocked our economy into a cocked hat.

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As a result, last year, ESS, with some reluctance I have to say, recommended pausing the policy of phased real terms increases and instead adopted a holding pattern of putting up the minimum wage just by the rate of inflation. That was overwhelmingly approved by the States, with just one Member dissenting – I think, from memory, Deputy Vermeulen. This year though, sir, it has been far harder – we found it far harder – to determine the right recommendation. On one hand, ESS really wanted to get back on track and start implementing the approved policy of this Assembly as soon as possible, and in many ways that approach would be justified, given the impressive bounce back in the local economy. On the other hand, at the time of consideration, and do not forget we have to consider this and then go out to consultation, and back at that time it was hard to determine how fragile that recovery really was and we did not want to do anything at all to derail it. Our conclusion was that there was a strong case to start, even with baby steps, to resume the transition to 60% of average earnings and pursuing that policy in a cautious way.

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Whether we were being overcautious, given what is now proving to be the sustained nature of the local economic recovery, is for Members to judge. In my view, maybe so, but such judgements are always easy with hindsight. Since the time we took that consideration we have seen Jersey, for instance, move to, or at least agree a minimum wage of £9.22 an hour, the UK set out a policy of moving to £9.50 an hour, I think, and clearly the local economic recovery looking to be stronger, as were mentioning during the Budget debate this morning, than anyone was sure of a few months ago when this policy letter was first being considered. But one of the problems is that when we do have to go out to consultation I think it is unfair, at the end of that consultation, to then propose something entirely different simply because things have changed over those couple of months. So we are sticking with our recommendation, although it is not actually our original one.

At first we considered and consulted on an increase of just 3%. That was way back in May, and at the time it contrasted with an RPIX figure of the time of 1.7%. It therefore felt about right back then as a gentle and cautious resumption of real-terms increases. However, when the RPIX figure for the end of June rose to 2.3%, it made us question whether our initial draft proposal was simply too niggardly. What really confirmed that thought was the latest estimate of the annual increase in average earnings which has risen to 3.2%. So if we had stopped with the original 3% thought in the increase in the minimum wage, then far from making regrettably slow progress towards the States' target of 60% of average earnings, we would actually be going backwards. So we reconsidered and we re-consulted on a revised draft proposal of 4% for next year.

The feedback was largely supportive. Indeed, it was particularly striking that the industry which has traditionally paid more workers on the minimum wage than any other – and that is hospitality – raised no objections at all. In fact they pointed out they were just having to pay higher wages to attract staff anyway and therefore it really was not an issue for them.

It was disappointing that a couple of the other sectors which had been supportive of a 3% increase could not see their way clear to supporting a 4% rise, particularly as 3% would be going backwards compared to average earnings, and when you consider that the rounded cash difference between the two proposals is just 5p an hour – £9 in one case and £9.05 in the other. I think we probably just infuriated them by going to them on two different proposals a few months apart.

Even more disappointing, I have to say, was the stance of the majority of the Committee for Economic Development. Not only could they not support a 4% increase but they could not even stretch to supporting a 3% one. Instead they suggested 2.3%, which would be a considerable reduction in the percentage of average earnings that the minimum wage would represent. I do hope that on reflection all parties may be able to see their way clear to supporting these proposals today.

Sir, there is a well-documented labour shortage in Guernsey just now, as we have been mentioning in the earlier debate, and many employers are understandably complaining about the difficulties of recruiting staff. I understand. But I would also say this to Guernsey employers: I sympathise with them, I think we all do in this Assembly and we all do what we can to help, however, it is far harder to maintain the narrative that recruitment is difficult and requires States' assistance if those employers at the same time are unwilling to pay all their adult staff at least £9.05 per hour.

(A Member: Hear, hear.)

In closing, I really apologise that we have not felt able to move more quickly towards this position that this Assembly wants to see, a position which would relate to a £10.24 minimum wage in today's money. Sadly, the unique circumstances of the last couple of years has led to us being very circumspect, and I think it has been responsible to be circumspect. However, subject to further unforeseen circumstances – you never know quite where you are going with COVID, but – it is our clear intention to get back to the medium-term policy of bringing the minimum wage up to 60% of the average earnings based on a 40-hour working week from next year, which means that it can be fully implemented by the end of this political term.

The Bailiff: Deputy Inder.

2835 **Deputy Inder:** Sir, just briefly, as we got a mention in the policy letter, in the media and of course, as usual, from Deputy Roffey's opening statement. But I am going to come from a slightly different angle and it is going to show some consistent inconsistency in ESS's thinking.

Back in May time, we were supposed to have been consulted much earlier and for something that they call administrative error, basically there was no consultation. We had none of the
2840 information until a lot later. Let's do some really quite basic maths here. So 2.3% at the time was the May inflation rate. Looking at the consultation documents from the people within the *real* economy, what I call the real economy, the taxi drivers, the builders, the hospitality sector, there was ... and Deputy Roffey is quite right, many people are paying well over the minimum wage rate anyway. But there are some that are not and that is not necessarily related to the living wage. They
2845 are effectively coming from the GBTEA. They expressed significant concerns in raising the young person's minimum rate on that basis and by Deputy Roffey's own admission they considered 3%, and that is what they consulted on, and then decided, somewhat arbitrarily I am afraid, that, 'Oh, heck, well, let's just stick another 1% on it.'

So back then, from the 2.3% that they had at the time, there was not much discussion about
2850 inflation. Some of us, I think Deputy Vermeulen, myself and Deputy Moakes who are in and out of the building trade, we knew that steel had gone up 100%, we know that plasterboard has shot through the roof, we know that real people who actually have experience in business again who are still connected to businesses, we know that coffee prices have shot through the roof, we know milk has stabilised somewhat, we know that the oncost of food has shot through the roof 15%-20%, rice
2855 per kilo in some areas has gone up £3. So I did not really believe the 2.3% at the time. Actually, that has been reconfirmed at 3.3%. So in real terms the Committee have only put the rate up at 0.7% and they have shrugged their shoulders and said, 'Ah, well, we didn't know.' Well, this is your policy letter. Through you, sir, it was completely possible for ESS to have taken that 3.3% figure, and say, amended it and applied the same rules as they had back in May. But if the direction is to head to
2860 this 60% of median wage, and I think Deputy Roffey said around £10.24, have the open and honest conversation and let's move to it, if that really is the case, properly. Let's not shilly-shally a bit here, a bit there, let's do 1% there, 2% here, maybe ½%, let's pretend we have done something, but when it is actually applied it is actually only 0.7% and in reality, I am fairly sure within the next couple of months you are going to find it will not reflect the current RPIX figures, because I am quite sure,
2865 Deputy Trott is sure, from what we have seen the current figure for the inflation rate is a heck of a lot higher and there is no indication it is going down.

So there was a challenge from Deputy Roffey, and he asked me whether I can adopt the current things. I can, but not for the reasons that he thinks. Because actually, I will never vote for something that is inflation-busting, because that is not in my nature and where I can I will try and, where
2870 possibly by policy, I will never vote for inflation. But all this is is just 0.7%, which is actually what I voted for back in May in the Committee, so I am more than satisfied with it. But I would encourage ESS to have a real conversation with all of the businesses, especially in what I call the real sector, to see what we can do, because I have seen the quality of some of the responses. It is fairly obvious that not all the members of the so-called associations were consulted. One looks like it was
2875 responded to in about two or three minutes and it was based on personal belief of that one establishment in that sector.

But I would encourage Deputy Roffey, if he honestly thinks we need to move towards a median wage, do not wait. Do the work. I mean really do the work. Do not do it half-baked, like this policy letter is, have the real conversation with the real data, tell us what the problems are, bring this back
2880 to the Assembly and take business with you, but do not blame everyone else for his policy letter's failings.

Thank you.

The Bailiff: Deputy Oliver.

Deputy Oliver: Thank you, sir.

I have just got one, I suppose it is a question, slight statement, but with the policy letter there is a wage for 18 and over and there is also a minimum wage for 16 to 17. Now, I am acutely aware that we are talking about the discrimination Ordinance. I understand it is for religion and sexual orientation, but it is completely ageism that you can have a 16-year-old on one till and a 50-year-old working on another till, and they are paid effectively, if that company pays the minimum wage, differently for the same job. I just find it really quite unfair.

The other question is, and I do not know if you will know the answer to this, do you know how many people in Guernsey are actually on minimum wage? You are shaking your head, so that is a no then. (*Interjection*)

Thank you.

The Bailiff: Can I just remind Members not to address another Member directly, please. The questions have to be put in the third person, rather than seeming to ask me a question.

Deputy Gollop, you wanted to speak.

Deputy Gollop: Yes. Doubtless I will get one or two things wrong, but then I like to sometimes be a bit of a radical stirrer, in a way.

Deputy Roffey outlined, I think well, that maybe if we had not had the COVID our minimum wage, following the formula of a few years ago, and I remember at that time then Deputies Michelle Le Clerc and Matt Fallaize were particularly useful in working towards that formula. In looking at that formula, we perhaps would be at £10.24 now, and we know, in certain areas, for some reason, wages have gone up recently. Now, the controversial thing to say is if we have a society that at the moment is reluctant to have random population immigration growth, and to a certain extent cannot get the immigrants we need because of the Common Travel Area, the issues Deputy Prow ably knows about, then you almost have to look at what we do and see us as are we using our labour force in the correct way?

Now, we know there are people who take an early retirement, people who are perhaps with disabilities or childcare issues who we know in Alderney has an issue there as well, which Alderney Representative Mr Snowden has highlighted, about need for the States of both Islands to look at encouraging people to work in the workplace. But I think to both encourage and sustain that workforce and to ensure that we have the best mix of businesses in the Island, we almost need to say to employers who might say we cannot afford to pay the minimum wage that they might have to reconsider their business model, or the kind of business they are running. (**A Member:** Hear, hear.) Because I do not think, and this is perhaps a difficult question both for people on the centre left and the centre right of the spectrum, I am not sure we are happy with a society that has to top up maybe hundreds or thousands of workers with income support because they are not earning enough from their employer. That is an issue.

We have heard we were going to £9 maybe, now it is £9.05, Jersey have jumped to £9.22, an unsuccessful Proposition would have taken it to £9.45 or £10, we might have been on £10.24, the UK is looking at £9.50, the Labour Party – not that we would follow what they would say, probably – want a £15 minimum wage. Now, that is not realistic. It is what they said at their conference, members who may have attended that or been aware of it. Clearly we want to ensure that we have competitive industries so we do not lose our hospitality or horticulture or anything like that. But at the same time, if we are to maintain our current population and lifestyle, and full employment, we do need to reward people.

Now, I have got a great lot of sympathy for hospitality and I am, on the Committee, always a great defender of the disregard for accommodation and catering, because I think that squares the circle because we know the industry has had difficult times, but I still believe we need to work harder and higher. Deputy Inder almost said that we should have put an amendment in for a higher minimum wage and part of me would quite support that. I think we should support what we have got, but aim to go higher and get back on track, especially if our economy, due I hope to

Deputy Ferbrache and Deputy Helyar's able work, continues to grow out of the pandemic relatively well.

2940 In relation to Deputy Oliver, she makes a very pertinent point about the potential unfairness of Miss 16-year-old next to Mr 50-year-old or whatever. They are doing the same job, hopefully at the same speed, and one is getting more pay than the other. Well, I am not going to justify that but I would suggest that the older person might have more expenses in their life than the 16-year-old who might still be at ... but the other issue is more employer based. The employers have this
2945 evidence as suggested from them that they are more reluctant to take on younger staff if they have to pay adult rates. That may reflect a prejudice in their mindset that they have to train, and in some cases they do have to train younger people. But if the young people are brilliant and are performing a task as ably, if not more so, than older people, that is a different argument. But we are not telling people what wage they can pay – they can pay any wage they wish. This is just the statutory
2950 minimum, and that point needs to be put across. I would suggest that the more competitive businesses who want to get the best staff will probably pay potentially over the odds if their business model can afford it.

The other point I would make is this is a process we inherited from the old Commerce & Employment Department and we have amended. But it is quite a painstaking consultative process,
2955 some might say too much, because we come up with a rate from a range of options as a Committee at a busy time, because we are usually looking at many other things as well, our deliberations then get sent out to Economic Development, employer groups or other organisations, they come back and we may then go through the process again even, or amend it, as we did. We could short-circuit it. Apparently the UK Chancellor of the Exchequer just comes out with a figure, just like that. But
2960 that is more like ministerial, executive government. It is another conversation. But if we wish to speed up the process, so be it, and come up with more up-to-minute results. It would succeed with Deputy Inder's test of relevance, but it would fail Deputy Inder's test of being potentially inflationary. So you cannot win.

2965 So I say to all my colleagues, support this policy letter and hopefully we can, with a stronger economy and a stronger will of the Assembly, move much quicker to our original goal within a year, if not sooner.

The Bailiff: Deputy Kazantseva-Miller.

2970 **Deputy Kazantseva-Miller:** Thank you, sir.

I want to speak a little bit as a Member of Economic Development, because the consultation with Economic Development actually has been an interesting case of our local democracy because the feedback submitted as a majority feedback from the Committee has been said that the Committee actually does not support the ESS proposals and suggests that the minimum wage
2975 should be increased just by Q2 RPIX, and what is interesting is that that majority of the Committee was two people out of five, and this is the quirk of our local Committee democracy.

I am not giving way, Deputy Vermeulen.

We had a person recusing and two other Deputies voting for other Propositions, so it is just an interesting point of view that when consultations happen with Committees and you get feedback,
2980 but actually it is not representative of the majority view of that Committee in that sense.

Deputy Vermeulen: Point of correction, sir.

The Bailiff: Point of correction, Deputy Vermeulen.

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Deputy Vermeulen: Sir, on our Committee there are actually seven people. There are non-voting members, but they also expressed their views about rises that might be over inflation at the time. I think it was the majority view which was put forward by Economic Development.

2990 **The Bailiff:** Yes, I am not sure that is a point of correction, Deputy Vermeulen, on the basis that it is a majority view that has been put forward.

Deputy Kazantseva-Miller to continue. You can have the opportunity to speak in time, Deputy Vermeulen.

2995 **Deputy Kazantseva-Miller:** Thank you, sir.

I am not sure if I can correct a correction, because obviously only voting Members count in terms of the actual responses provided, so it is only five voting members and two non-voting members, as I am sure Deputy Vermeulen does know.

3000 So in the tax debate I was the Member who did support, out of Economic Development, the proposals of ESC, ESS, and really the simple reason for that is if we have an economy which cannot support people living effectively a living wage, then we should, as I said on social media, hang our boots and leave, because what it does create is we are just subsidising the inability of some businesses or some sectors of our economy to pay that kind of living wage. We subsidise and support it through other means, be it income support, be it social housing and so on. So the cost of actually this businesses subsidisation is in the tens and tens of millions. Not voting to increase the minimum wage at least in line with the current rate of inflation, but more so above it, simply means let's continue propping up our welfare system.

3010 I think sometimes it is so easy to, when Economic Development might come up with that view, start seeing that very, I guess old-school approach to say, well, businesses have to be competitive and they have to be competitive against others, so we have to continue paying as little as possible to people. And I just think that kind of narrative is so damaging in our current modern day and age. If you cannot pay people enough so that they can live basically alive and sustain themselves, they simply will not turn up for their jobs and they will leave the Island. And do you know what? That is exactly what has been happening as well in Guernsey over the past years. Many families cannot afford to live in the Island so they leave.

3015 So I am wholeheartedly supporting these proposals, and to be honest I agree with Deputy Inder, to some extent, that the Committee perhaps should be more ambitious and say, listen, if we are to, especially given the bounce we have had from COVID, the really positive economic situation, let's be more ambitious and let's re-embark back on that policy of achieving 60% of median earnings, basically, in terms of the living wage.

3020 But what I would like to bring in addition to the conversation, and that came a little bit through the feedback we have seen from the building trades association, I believe, and Deputy Gollop I think mentioned a little bit about that, actually, I can see a case for different wages for younger people, especially if we are also looking from that 16-18 range, 18 perhaps to 21 and beyond. I think there is a lot of value for our young people to get work experience and at those young ages, even though you might be performing the same job, you are likely not to have the same skills, same emotional intelligence, customer service, as someone who might be older, even if you technically might be performing exactly the same job.

3025 So I do see the value of potentially looking at this differentiated approach to younger people's working age from that perspective of incentivising more work experiences, whether it is in the summer or holidays, and certainly from the building trades association they made that point that actually keeping that differentiated between young people at apprentice level and older people is actually valuable for them.

3030 So I would encourage the Committee to consider that as we are developing more of the skills agenda I think in the Island. I would probably say, again, employment experience is really valuable going forward and the more we can encourage young people to embrace work experience but also businesses to offer work experiences, I think we need to look into that. I think a differentiator in the wage may play a factor in that.

3035 Thank you.

3040 **The Bailiff:** Deputy Queripel.

Deputy Queripel: Sir, thank you.

3045 Sir, for years we have heard talk about introducing a living wage. We know that in-work poverty exists here in Guernsey with people who work often two jobs a week working 60 hours a week and more in order to survive, which of course results in no quality of life time-wise. That causes friction and upset amongst partners and families. I know that because I have worked with several of those people on one-to-one cases over the years and I am sure the majority of my colleagues have also worked on those sorts of cases.

3050 When I was first voted into the States in 2012, I voted against increasing the minimum wage on principle, because, as I said in my speech at the time, I thought just giving a few pence an hour more to the hardworking people of Guernsey was an insult and they deserved a lot more than just a few pence. I was the only Deputy to vote against an increase and I did it in order to make a statement in support of introducing a living wage.

3055 My view has changed somewhat since then. As with everything else, there is a balance that needs to be struck here because some businesses are making considerable profits whilst other businesses are struggling to survive. And of course, as we all know, when an employee does not earn enough to pay for basics, they can either submit a claim to ESS for income support which, as I said earlier, is an absolute lifesaver to Islanders who struggle to survive financially. But of course that costs the taxpayer. Again, that is the irony, because the taxpayers either pay for the increased costs incurred by businesses that are increasing their prices for goods and services or they pay via income support. That is the reality and that is the irony. The States is subsidising businesses who pay low wages.

3060 Another irony is that businesses out in our community who begrudge paying any increase in salaries are crying out for staff. But surely it should not come as a surprise to them that they cannot find staff seeing as they pay the bare minimum in the first place. So their employees either work at two jobs, having to accept, reluctantly, they will lose much of their quality of life, or go along to ESS and put a claim in for income support. So there is definitely a balance that needs to be struck here, not too much one way and not too much the other.

3070 Now, I am sure there are some businesses that exploit the situation in order to increase their profits. I know of one business who increased their charges recently by 17%. I was talking to an employee of that business who told me she could not understand why the increase was so much because most of the employees were already on the minimum wage and so they will only receive the minimum wage increase. This employee went on to explain that the business supplies a basic service that will always be needed and there is very little competition. So they are not in danger of going out of business. As the employee said, the employer does not pay, so the result of that is either income support pays or the employee works at two jobs just to survive. Of course, their levels of production are reduced and depleted, because they are always tired. That is not my words, sir, that is the words of this employee that I was speaking to, but she certainly seems to have nailed the whole issue in all that she said.

3080 So of course the result of this Proposition, to state the obvious, being rejected will be that there will be no increase in the minimum wage and that means that there will be an additional cost to income support in some cases. In my view, businesses cannot have it all. There has to be give and take on both sides, and we often hear the word 'fair' used in conjunction with the word 'balance'. Well, I think a 4% increase is fair and balanced, which is why I will be supporting ESS and voting in favour of the Proposition. I ask for a recorded vote, sir, when we go to the vote, please.

3085 Thank you.

The Bailiff: Deputy Falla.

Deputy Falla: Thank you, sir.

3090 I find myself with a little bit of Committee schizophrenia in this particular matter, but I do think, with my position straddling ESS and Economic Development, which places me on both sides of the minimum wage argument in a sense, a kind of double-headed coin. But I think that Deputy Inder might be right and perhaps ESS should have been bolder. But I do also think that this is taking us

in the right direction and we are still heading towards that target of 60% of median earnings, which it is important that we do, having made that commitment.

I did recuse myself from the ED meeting, which Deputy Kazantseva-Miller has alluded to earlier, where this Item was discussed. But earlier this afternoon we have heard some quite passionate speeches about encouraging people to go out to work and keeping them away from needing to apply for benefits, and it seems to me that even if this is only a small step in that direction, the opportunity to vote on this matter this afternoon is at least moving in the right direction and we need to do all we can to get to that target and to ensure that all workers in Guernsey are fairly and properly paid.

Thank you.

A Member: Hear, hear.

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.

Recently I have been talking to principals of hospitality and also construction, and something new came to me, and this was about the apprenticeships. We were talking about the minimum wage and they felt that it was putting people off coming into apprenticeships. Now, for me, sir, that was something new. I had not heard that one before and I asked them to explain a little bit more. On the catering front it was very quickly explained to me you could get skilled and experienced staff for very close to that money. On the construction front it was, 'We employ youngsters, we don't send them through the formal apprenticeship, we try and teach them and we're obviously paying the going rate.' Now, not many people in Guernsey work for the minimum wage; on the building site, it is the going rate that is paid. Forty hours? I mean, I have got to giggle. What was 40 hours? Forty hours did not really exist in hospitality. There were always extra hours that could be worked and earned. On the building site there was always overtime that could be worked and earned. So there are those opportunities. But I would hate to think that the minimum wage was putting people off upskilling or coming into that industry because we are going to need those skills into the future and I would like to think that perhaps that could be looked at a little bit more closely.

Now, it is above inflation and I doubt that that is going to go down very well with a number of employers, but they are struggling to get any staff, really, and they are paying upwards of £12, £14, £16 an hour by the hour. Some very senior posts there is some very big money, but I do think we need to be looking at our youngsters, looking at the skills, and making sure that we are training people in that.

The process of communication that we had at Economic Development was very strange. Economic Development did not seem to be kept in the loop. I was not quite expecting that but at the time when we made our recommendations I think that is what inflation was running at. I think at the time we were talking about going to 3% and now it is 4%.

I do not think it is fair to legislate how much should be deducted for board and lodgings. That certainly happens where people provide accommodation and food for their staff. Obviously a lot of people who work on gratuities, they actually get tips for their job, so I would not look at catering and say it is a very low-paid job. Quite the opposite, really. It looks after its staff, it provides them with accommodation, trains them and feeds them, and tips are earned as well.

So the minimum wage does not actually create any jobs and unfortunately, if it is set too high, I believe it will do the opposite. It will take jobs away. But I think just at the moment there are plenty of unemployed people that could perhaps be looking at a career in construction or other industries and we should try and encourage people and do all we can to get people into work.

Thank you, sir.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

I am just rising really to address one of the latter points that Deputy Vermeulen raised about the effect of raising the minimum wage, because actually after we published this policy letter I came across a really interesting article which talked about the Nobel Prize this year for Economics. It has gone to three economists whose work has variously contributed to some work around natural experiments. So where there is a kind of natural control group, because it is very difficult in social sciences to establish cause and effect. But anyway, these Nobel Prize winners have done, over the course of several decades, work contributing to social experiments.

One of the things that has been found, one of the orthodoxies that has been challenged, is the orthodoxy that Deputy Vermeulen has just espoused. In other words, when a jurisdiction raises the minimum wage then unemployment also rises or employment levels fall. Actually, the interesting thing about this is that the evidence suggests otherwise. That actually, when in a low-wage labour market of the type that we are talking about, the market responded to an increase in the minimum wage not in the predicted way, the conventional economic theory would have ... I am not going to give way –

Deputy Inder: Point of correction.

The Bailiff: Point of correction, Deputy Inder.

Deputy Inder: It is a bit odd for me raising a point of correction where Deputy de Sausmarez actually misquoted Deputy Vermeulen, but I was actually listening, not searching up on Google at the time.

What Deputy Vermeulen was saying is that there is a distinction between when the low-skilled wage starts creeping up to the skilled wage, that is where the employment opportunities start dropping away because if you are only £2 away from a skilled worker per hour, that is what you are going to do. That is what he was saying, Deputy de Sausmarez. He was not saying anything as you have just searched on Google.

The Bailiff: Deputy de Sausmarez to continue.

Deputy de Sausmarez: Sir, that was actually the point before the point that I was referring to. Deputy Vermeulen, he has still got his microphone on, (**Deputy Vermeulen:** Oh!) actually did say that when he was concerned that when the minimum wage rises then that has a negative effect on employment and I was explaining the evidence that I found since the publication of our policy letter which proves just the opposite. That in fact it does not. That in fact in one such natural experiment, the jurisdiction that raised their minimum wage quite significantly when compared to the effective control group actually experienced an increase of employment by 13%, which is not insignificant. Obviously it is easy, when you are looking through that lens of the telescope, to understand why. If you pay people more, they are retained, speaking to the point that Deputy Kazantseva-Miller made, for a start they hang around, but also, in terms of that broader economic impact, they have got more money to spend within the economy itself and it does contribute to a virtuous cycle. Certainly that is the research that has contributed to the Economics Nobel Prize this year and I thought it was relevant to this debate.

So perhaps I can help put some of Deputy Vermeulen's concerns to rest on that specific issue, but I do want to endorse the comments that Deputy Kazantseva-Miller made in what I thought was a very good speech. I am also really encouraged to hear such support for a bolder move on minimum wage. Speaking as a Member of ESS, I am hopeful that actually the next time we debate this issue we can consult on getting there on that kind of parity.

Thank you.

The Bailiff: Deputy Trott.

Deputy Trott: Sir, thank you.

3200 That was spooky, sir. I thought it was 31st October but of course it is not, we are into November. That was spooky because I was sat there listening to Deputy Vermeulen thinking to myself, you do not have to be Nobel Prize winner for Economics to realise that his arguments do not make sense, and then Deputy de Sausmarez sprung to her feet and explained that very point.

3205 He said, if I heard him correctly, that no one earns the minimum wage, the minimum wage is irrelevant, and that surely is the salient point? The minimum wage is set so far below what anyone appears to be earning as to be of no consequence to employers in the practical and real world. I completely support the increases that are proposed, sir, but completely accept the point that they have not kept pace with inflation and therefore they are of less relevance today than they were one year previously.

3210 **The Bailiff:** Deputy Dyke.

Deputy Dyke: Thank you, sir.

3215 Well, we seem to have got into a bit of a muddle in terms of what this increase should be. I do hope the consultation between the industries and the Committees is better next year, but I want to support Deputy Vermeulen's point. His main point was that at the lower end, where you are talking about apprentices and whether a building firm, for example, might want to take on an apprentice, if you push the figure up too high it will not take on the apprentice. I would add to that, in those circumstances the apprentice is likely to be a youngster, single person, probably living at home, who may be taking on an experimental job between holidays or whatever he is doing, and in those
3220 circumstance a low-ish rate is appropriate. So if you take away a right to agree a low rate that is appropriate for the market and the market says it is okay, the builder will just about pay that, the youngster will take the job, then if we, the States, take away the legal right to do that deal, we take away a deal, potentially. So it is not a good idea to push these things too high.

3225 As to farther up the market, obviously wage rates are going up and the sort of rates I am paying contractors at my house are way above that – I need to find an apprentice. But that was Deputy Vermeulen's point: the more we intervene, the more deals we interfere with and in the final analysis can terminate them. So I think Deputy Vermeulen has a good point.

Thank you.

3230 **The Bailiff:** Deputy Taylor.

Deputy Taylor: Thank you, sir.

3235 Very interesting points raised by Deputy de Sausmarez just there, and I am reminded of a Nobel award-winner that worked in my coffee shop a few years back – said nobody ever. Because these social experiments are done by people in an office, based on data, on numbers, that are so far removed from the actual situation. But I am supportive of – well, I am not supportive of a minimum wage, I do not even think it should be there. It would be nice if we could reach a stage where it did not need to be there, but I respect it is viewpoint, certainly for adults.

3240 I do take a little bit more issue with the rate of minimum wage for the young person, 16 and 17, and I think some of the arguments or points that have come out today do fit more into that category, which I will hopefully try and explain. So when people are talking about the minimum wage, they often drop the last bit – minimum wage *rate*. So that is the hourly rate. (*Interjection*) I did not hear that.

3245 So when I have been calculating salaries in my coffee shop, I know what my takings are going to be for a set week, I know what my costs are going to be in terms of what I am purchasing, I know how many hours I need to be open and how much labour is needed, and you work back there to see what you can afford to pay. For the record, I do not pay anywhere near minimum wage, I am several pounds well above it, so I am very comfortable there, but an issue I have had is the

complexity about pay and weekly pay which possibly does not come forward for people who have not worked in hospitality or the construction industry, so I will outline that.

Many years ago, I had an employee who was paid, again, well above minimum wage, but he was on a nine-month/three-month contract. So for three months of the year he would return home to Eastern Europe and for that reason I did not give any allowance in my contracts for holiday pay. Now, I subsequently had a fall out with this employee because an employee friend of his who worked in a different catering establishment got one week of pay, but he got a lower rate of pay every week. And trying to explain that, 'Yes, but overall you get the better deal. You don't get holiday pay but you get paid more every hour so you could actually accrue more money', it was a very hard point, believe it or not, to actually get across.

The similar point that comes up is then on this rate of pay. So in order to make my coffee shop as desirable a place to work as possible, I look at the conditions that people are working in, the hours they are working, make it as sociable as possible so they are working as close as possible as a nine to five on a five and a half day week. So you remove the general arguments against hospitality is anti-social, you have long hours on your feet, and the general barriers to enter that industry. So I have looked at it as a whole, of what I can pay, and to pay the maximum amount per hour, but obviously then take into account but reducing the amount of weekly hours because there is a limit to how much the business makes.

So my view is the hourly rate goes up but the employees do get better conditions that they are working in. They have more time to themselves, which I think is actually quite a valuable part of any career choice. But I am often then met with a tricky point where a competitor may be offering more money per week, but they have to work a lot more hours. But there is more money at the end of the week. Sometimes to actually get that through, 'It may look like I'm paying you less but you're doing less work.' So I think employment is more complicated than perhaps some Members who would work in roles where they have a yearly salary and they work very normal hours. So I just wanted to point that out.

The real reason I wanted to stand is to ask, I suppose Deputy Roffey, in relation to the young person's rate of pay, it really is massive. If Members want to turn to page 6 of the policy letter, or point 4.2, there is the table that shows the comparison and it really is a huge difference for the young person's rate of pay, to the UK to Guernsey. So in the United Kingdom £4.62 for children, young people aged 16 and 17 compared to our proposal here being £8.25. Just the precursor to that is that the 'Factors to be taken into account', 4.1:

The Law requires the Committee to consider and take into account a number of factors ... set out below:

The first one is:

the current rate of the minimum wage in the United Kingdom, the Isle of Man and Jersey,

And it is similar. We are £8.25 as a proposal, the United Kingdom £4.62, the Isle of Man £6.15 and Jersey £6.24. So we are *really* high and more expensive in that realm.

She is not here, but Deputy Oliver did raise, what is the difference between a 16-year-old and a 60-year-old or a 15-year-old and a 50-year-old. But there absolutely are differences. Having employed before changing the coffee shop around a large amount of younger workers in 16, 17, mainly for the kind of role like doing dishes, clearing tables, the lower end, less skilled roles that would generally attract a lower wage. But as the rate of pay, I had to get clever, as the rate of pay increased, the minimum wage for 16- and 17-year-olds, they are not making any more money, in that sense. So they are not bringing in any more money, they cannot do any more in terms of that. So it had to reduce. I could not afford to pay any more.

So in that respect this is a very big cost for employers employing in that 16/17 bracket. Not if it is a full-time role for someone who has left education, that is quite different, and generally someone who has left education and has gone into a full-time role, which is only I think, from our figures, 11% of 16-year-olds – I look to Deputy Dudley-Owen or Deputy Murray – are not in education,

which is interesting in comparison with 82% of 16- to 18-year-olds in the UK. So there is a larger percentage of 16-year-olds in the UK who are not in education but they are only looking at £4.62 an hour. So I do not know how they get by.

3300 So for 16- and 17-year-olds who are still in education, it almost becomes unviable to employ them in a role such as just clearing tables if they are attracting a rate of pay of over £8 an hour. It is a big cost to stomach, and there absolutely is a difference in the ability of a 16-year-old and an 18-year-old. The change that people go through in that age range is phenomenal. I have seen it. I have employed people from a young age, and some of them have developed really young and they are phenomenal, and I would always bump their pay up. If they can work to a higher level they attract
3305 a higher rate of pay. But on the flipside there really have been people that I have had to show them how to wash dishes for quite some time and it is quite expensive to pay someone over £8 an hour and show them how to do the job there.

3310 So I have asked Mr Bailiff and the Comptroller if it was possible to vote in favour of point (1)(a) but vote against the minimum wage for the young person; that is not possible. So I am really just on a hiding to nothing for standing up and saying these things, but I did want to put them forward.

3315 The final bit I do want to say again is in a comparison. Having been employed, and I think I started work at 12-13 years old doing dishes. I do not know if that is legal or not, but I have always involved working. But looking at rates of inflation compared to when I was earning, age 14 I was stacking shelves in Le Riche's – it became Checkers, now a Morrisons, if anyone is interested – and with inflation that works out in today's money at £5.80 per hour. Age 17 I was washing cars, which was cold, wet, gruelling work, and I worked very hard. In today's money that equates to £7.60 an hour, that finished on.

3320 So I just want to put on record that I think the rate of pay for 16- and 17-year-olds is extremely high but I will be voting in support of the proposals.

Thank you.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, sir.

3325 I would like to say to Deputy Taylor, I actually 100% agree with that point and it is a shame that it cannot be split between the two, because I know that for any youngsters who are starting a job, they have no incentive whatsoever. They just say, 'Well, I'm paid a really good amount now', they are not even going to look for going to that next level. So it is a shame that it cannot be done, but I fully endorse, and actually I wish I would have thought of that before it had come through.

3330 I would like to add into the muddle or kerfuffle of how we are talking about this, in effect, straightforward point of whether or not we are going to accept another increase which has been happening systematically and will need to continue on a bit further. So I am just going to remind, first of all, that predominantly I see this conversation is all about the hospitality industry. That is the direct part, and bear with me, because you have got hours of 45, 50 hours plus, and straightaway
3335 there is going to be an impact. It is even more clear it is very targeted to hospitality because if you look at 1.8 it talks about the limit on accommodation, limiting it, or accommodation and food, between £87 and £122 a week, and they do that on purpose to balance out the hours. So it is cleverly allocated in there.

3340 Having said that, and as we all know, it is not the only sector. There are other sectors. There is the commercial sector, there is the industry sector, there is the non-financial sector, I am going to say, because finance will not come into that category. There will be the labour sector and all of these. I have historically been very much a key believer in market forces. In just saying: let the businesses do it. So someone starts off and someone says, 'Right then, you're going to start off and you're going to just be stamping the documents, making the coffees etc., but you're going to build
3345 up and you're going to end up as a manager or as accountant trainee' etc. That worked historically.

However, in spite of my belief that, and I have seen people do this, I have been through that area etc., in spite of all of that, I have now reached the point where I am actually turning a full circle

on this now, or changing tack, because I can no longer feel that we can do it like that. Because we have reached a place where even with development and training, if we start off on the wrong amount of money, the youngsters or the workers – I am not necessarily defining it as a youngster – just cannot afford to live. So it is us changing our social values, rather than us just saying, ‘Well, they’ll have to work harder, they’ll lead a better chance.’

So it is clear that we have so many, just in Guernsey alone, types of businesses with a huge range of different profitability. Some have a huge profitability and they are doing what they love doing, and some have a miniscule profitability, if any, especially after, and as again Deputy Taylor is referring to, taking into the costs of the hours or the changes or trying to make life work better.

So we need to have, in effect, a fair starting point, so actually even with all the talk now of the £9 increase etc., I am almost of the opinion we need to be higher. I think a bit like Deputy Inder was saying, if we are going to discuss this, let’s discuss to the point we get to and start it at a point where ... But that point has to be important.

Let’s say it is £10 or £11 an hour, I would need to be reassured by Deputy Roffey that this would actually have an impact and I would have a question for him: will people fall out of income support if we reach that number? Will that possibility be there? I pay my taxes to fund the cost of services provided to the public, but I am not necessarily keen to subsidise the profits of businesses, or business owners, who cannot pay staff adequately for whatever the reason.

Then it comes into other areas as well. If we are going to take this whole thing, as I said, it is the social aspect of it. What else will make a difference to the President, Deputy Roffey, to make these changes? Maybe it is childcare. We offer so many things and we need childcare as part of our education so that, again, it is another determinant removed so we can actually get people working. So it is like we have to look at all of this.

I would like to almost have, if it is possible, again asking the President of ESS, to see a breakdown of the nature of people receiving income support which was mentioned earlier, that is how it works across the industry, and then we could see where the adjustments are needed. We need to work out one piece to work out where the other piece is. We cannot just keep on behaving in the way we have been doing all these years. I have got an economics background and I am now, I was listening to Deputy ... **(Two Members: De Sausmarez.)** *de Sausmarez* talking about circular economy and the Nobel Prize winners, and I must agree that this is the way forward, but we have to be pragmatic, we have to be practical, we still have the wheels of industry to turn.

So I do think that maybe we need to look at different ways of looking at all the cogs together so it is not just that wage. But right now, and even for the hospitality where – I referred to at the beginning where this seems to be guided towards them – putting it even to this wage is not enough to get them over here working in any case. So from now on we can do it for them, we can do it for our unemployed youngsters trying to get back into work or unemployed people getting back into work. I have noticed already market forces do still work. Look at the labour force work over here. I see jobs now going averaging £12, £13, £14 an hour. That is not because they were forced to by a piece of paper or a new Law, that is because they realise that is the market rate. If they do not put that, they will not be able to do it; and that means prices have to go up. So when you want your labour done around your property you will find the hourly rate you are paying is £18 or £20 and not £15 or £16. It is going to mean as well, when we go to our restaurants and cafes and bars, we are going to pay a bit more, but our society will then work. And if the main area of success is we are helping people, getting them off some of the income support and giving them more opportunities, then we win. Then we get the result we need.

Thank you, sir.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Yes, sir, thank you.

I think work has to be rewarded and also encouraged. Given the fact that in the Budget Report today we have seen 4% increases basically across the board, I think that it is fair to see an increase

3400 in the minimum wage rate of the 4% also, to be fair, because that is a rising cost for people with respect to the increases that we have seen through the Budget this year.

Of course we have to remain competitive with other jurisdictions and this is very important that we do this. And if we are a little above other jurisdictions, well, then that gives us an edge, if you like; a competitive edge. But as others have been saying, I think most employers are paying well above that particular rate and there is a lot of competition in the marketplace now, given the crying need for employees in many different industries.

3405 So I am quite happy with these increases. I think also we have to realise that the States have decided earlier that the wage rates would be equalised between young persons and adults, and that is one of the reasons why there is a movement, if you like, upward with regard to Guernsey's young person rate in order to bring it to the level of the adult rate.

Thank you, sir.

The Bailiff: Deputy Haskins.

3415 **Deputy Haskins:** Thank you, sir.

I feel I must congratulate some of the speakers, but especially Deputy Blin, there, because I thought what he was getting at was pretty much exactly what I have been thinking. I think Deputy Roffey can take some solace in the whole Assembly is in essence saying be a little bit bolder in it. I think we do understand the effect, or the wider effect, and we are happy with it.

3420 I think one of the things that we are slightly hesitant on is the data capture. I know I am. So the inability to know how many people are on minimum wage. But part of that, one of the solutions I might think of, is how many people on income support are on minimum wage, how many hours. That data capture is really invaluable and then potentially you can break that down into age to see some of the things that I think Deputy Oliver and Deputy Taylor are worried about. But that data I think would really help inform us about where we need to change and how we need to change.

The Bailiff: I will turn back to Deputy Roffey to reply to the debate, please.

Deputy Roffey: Thank you, sir.

3430 Well, one of the messages from a number of Members has been be bolder, and I think that is probably right. But, you know, the zeitgeist in politics changes a lot over a few months, and when we were putting these proposals together a few months ago, I do not think this Assembly was feeling quite so bullish about the economy and about everything that they are now, so we were obviously formulating it in that backdrop.

3435 Yes, we could technically have amended our own proposals on the floor today. I think that would have been seen as riding roughshod over the consultation that we had gone through. Anybody else, of course, who felt we were not being bold enough was perhaps not trammelled by that nicety and could easily have put forward an amendment for a higher figure if they had chosen to do so. I would have put up a token resistance on behalf of the Committee, but I would have understood where they were coming from.

3440 What I can say going forward is that we do intend indeed to be bolder. No, we are not going to do what Deputy Inder suggests, which is just go straight away in one fell swoop for 60% of average earnings on a 40-hour week, but we will be proposing, barring any kind of catastrophic circumstances that we cannot foresee, like a third lockdown or whatever, we will be proposing doing that within the term of this Assembly over the next three years. That is our full intention; is basically returning to the policy of the States and implementing it as was originally intended. So I give notice of that now.

3445 I will go through a few of the individual speakers. I was slightly confused by Deputy Inder, because on one hand he was saying do not shilly-shally, go straight for the figure now and, 'I don't ever vote for anything that's inflation busting', so I did not quite see how those two statements went together, but I am sure he can reconcile them.

Deputy Oliver, and actually this whole discussion of the young person's wage. We had, actually, some opposites. Some people say, 'Oh, that's high, it's much higher than in other territories, it's actually quite close to the adult wage, will that disincentivise employers from taking on young people?' Then we had Deputy Oliver saying, 'Oh, this is a bit ageist, you could have two people doing the same job being paid differently.' The reality is – and I know we have got a lot of new Members – this Assembly has instructed ESS to equalise those sums. I was one of the cynics. I was actually one of the ones that said maybe not in the present climate, but if you did have a level of unemployment that young people might find it difficult to actually get jobs if employers had to pay them exactly the same when they were 16 as if they were 26, and I thought that might be a problem. I was on the losing side of that argument, the States decided that it should be equalised and we are implementing that States' policy. But I would say to Deputy Vermeulen that it is quite clear in the rules around the minimum wage that young people on apprenticeships are outside these rules and will not have to be paid the full minimum wage. So I think when he goes back to the people who were trying to educate him about those dangers, perhaps he can explain that to them so that they understand that it is not the issue they think that it is.

Deputy Queripel says we have talked for years about a living wage. Actually, ESS have never talked about a living wage. We do not really understand the concept, because different people in different circumstances require a different level of income in order to live reasonably. Many of us in this Assembly live in homes that we own where the mortgage is completely paid off, our children have reached an age when in theory they should no longer be dependent upon us, and therefore probably could have a reasonably comfortable existence on a relatively modest wage. Other people, with big mortgages or private sector rent and three kids to look after obviously need far more to live on. So I think the term living wage is a little bit misleading personally but I understand what they mean by it when they advocate for it in the UK. It is just basically a decent wage, and we are not telling employers that £9.05 an hour is a decent wage. We are just saying is it exploitative to go below that, do not go below that. That is a minimum you can go. If you can afford to pay more, then certainly do so. I think the vast majority of employers do just that.

Deputy Vermeulen said, well, why are you working out on a 40-hour week because there are lots of opportunities to work 50, 60 hours and do overtime. I find that astonishing, frankly. The idea that we can justify a lower hourly rate because people can work all hours that God sends and therefore have a reasonable pay packet at the end of the week, I find that a disgraceful attitude, quite frankly. If you do overtime, if you do extra pay, you should be rewarded with an enhanced pay packet, not be told, 'You don't need to be paid so much per hour because you can work all hours if you see fit.' That is not a business model I think that I can –

Deputy Vermeulen: Point of correction there, sir.

The Bailiff: Point of correction, Deputy Vermeulen.

Deputy Vermeulen: I hope I am accurate this time. I was saying that people needed to be encouraged to get into work, so I would hate to think somebody, and by your own admission I think some of this is confusing when you have got major employers being confused over apprentice rates, which are not in here. I would hate to think somebody is at home doing the maths saying, 'Well, look, that's the minimum wage, I'd earn 40 hours at that and that's it', when in fact there is extra over the 40 hours to be earned. But I would hate somebody to be doing the sums thinking, 'Well, I'm going to go on the benefit and I'm not going to work because if I work for the minimum wage' – which nobody is paying, by the way – 'for 40 hours' – which not many people are paying 40 hours these days – 'I'm only going to earn this.' The reality of the situation is people are being paid the going rate and they are working *a lot* more than 40 hours.

The Bailiff: Well, Deputy Vermeulen, I am afraid once again that what you have not done is seek to correct an inaccurate or misleading statement made by Deputy Roffey. You have effectively

sought to have a second explanation of what you were saying before. But anyway, Deputy Roffey to continue.

Can I just say, points of correction have to be raised in accordance with the Rules. If you are not raising a point of correction that is in respect of an inaccurate or misleading statement being made by the Member who is speaking, it is not a point of correction.

Deputy Roffey to continue, please.

Deputy Roffey: Anyway, our view is we are trying to move towards the point where on a 40-hour week people will, if they earn the minimum wage, earn 60% of average earnings. We think that is a right aspiration on behalf of the Assembly, and if people choose to work more than that we are not trying to discourage them, we think that is great, but they should be rewarded therefore by having an enhanced income. That is certainly our stance.

I did write down also that Deputy Vermeulen said if a minimum wage is too high it will destroy jobs, and I have actually been reading the same ... I think we both read *The Guardian*? Online these days, because we cannot get it over here, but I was certainly reading that. And actually, that was said: when the minimum wage was first brought in the UK, people genuinely held the view it was going to destroy a million jobs and it would be catastrophic. The reality is that if you have got more money circulating in an economy it actually has a multiplier effect and that is not the consequence. Having said that, obviously competitiveness with other territories does have to be taken into account as well, and we have done that, and I repeat that the UK, the Tory government in the UK, is aspiring towards £9.50 an hour, Jersey have already now I think firmly decided to go to £9.22. So if anything, on the competitiveness stance, I think the accusation that we have not been bold enough is a valid one.

Deputy Taylor, I think I have explained why the young people's pay is as it is. I am not sure that Nobel Prize winners are totally divorced from the real world. Actually, I think that studies over many years is actually what is going on in the real world. I do not think the Nobel Foundation are likely to actually hand out gongs to people who they think have just been in an ivory tower and not actually doing their research properly. But they may not have worked in Deputy Taylor's coffee shop, and if they have a big chunk of world experience has been missed on them, I quite understand that.

Deputy Blin asked whether people would fall out of income support if we put up the minimum wage. Well, the answer is some will, probably not many, but those that stay on income support will need less income support than if their wage was lower. That is the point. So anybody that is on income support, if their wages go up, of course the requirement rate is still calculated in the same way, the differential is what income support pays and therefore there will be a saving in that respect.

A number of people have said where are the stats, where is the proof, how many people are on minimum wage. That is something I think we are about to get, I understand, from the statistics department. It is something we at ESS have wanted to have for years. Because what we know, Income Tax know how much people's income is, that it has never been able to be correlated with how many hours they were working and therefore how many people were actually on minimum wage. I am not quite sure what clever mechanisms are being deployed to actually get those stats but I do understand from what used to be called the econ stats department – I do not know what they are called now – at P&R that we will get an indication fairly soon of how many people are on minimum wage.

Just a reminder what we are talking about here is do we want to endorse anybody in Guernsey, certainly an adult, being paid less than £9.05 an hour? In our present tight employment situation, in our really expensive Island, I really hope we do not, and I do promise those Members who feel we are not going far enough, our intention is to up the ante next year.

Thank you.

The Bailiff: Well, Members of the States, there is a single Proposition, whether you are minded to approve the Regulations that have already been made by the Committee, so that they can effect, as explained, by virtue of section 31(3) of the 2009 Law, and there was a request for a recorded vote.

So Greffier, we will just have a quick recorded vote, please.

There was a recorded vote.

Carried – Pour 35, Contre 0, Ne vote pas 1, Absent 3

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Cameron	None	Deputy Vermeulen	Deputy Le Tocq
Deputy de Lisle			Deputy Leadbeater
Deputy de Sausmarez			Deputy Trott
Deputy Dudley-Owen			
Deputy Dyke			
Deputy Fairclough			
Deputy Falla			
Deputy Ferbrache			
Deputy Gabriel			
Deputy Gollop			
Deputy Haskins			
Deputy Helyar			
Deputy Inder			
Deputy Kazantseva-Miller			
Deputy Mahoney			
Deputy Matthews			
Deputy McKenna			
Deputy Meerveld			
Deputy Moakes			
Deputy Murray			
Deputy Oliver			
Deputy Parkinson			
Deputy Prow			
Deputy Queripel			
Alderney Rep. Roberts			
Deputy Roffey			
Alderney Rep. Snowdon			
Deputy Soulsby			
Deputy St Pier			
Deputy Taylor			
Deputy Aldwell			
Deputy Blin			
Deputy Brouard			
Deputy Burford			
Deputy Bury			

The Bailiff: Members of the States, in respect of this matter, there voted Pour 35, 1 abstention, 3 Members were absent at the vote, and therefore I declare the Proposition duly carried.

We will now adjourn, Members of the States, until 9.30 tomorrow morning to continue this Meeting.

3560

The Assembly adjourned at 5.39 p.m.