



STATES OF DELIBERATION

HANSARD

UNEDITED TRANSCRIPT

**Royal Court House, Guernsey,
Wednesday, 18th October 2023**

PLEASE NOTE:

As this is an unedited transcript, direct quotes may not be used, as corrections will still be made before the final Hansard report is published.

States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCATION

Billet d'État XVII

POLICY & RESOURCES COMMITTEE

5. Funding & Investment Plan – Debate continued

5 **The States' Greffier:** Billet d'État XVII, Article 5, the continuation of the debate.

The Bailiff: Members of the States, in the hope that it is of some assistance, there is a sheet of paper on your desks which was my homework from last night.

Who wishes to speak on Amendment 1?

10 Deputy Ferbrache.

Deputy Ferbrache: Sir, the Vice-President said yesterday, the Vice-President that is leading this debate on behalf of P&R, very ably so if I may say so, that P&R supports Amendment 1.

15 Now it is a complicated amendment, I think anybody would say that, and in fact you have got to have your degree in political science to understand it completely. But I am grateful for the, I think it was a suggestion from Deputy Brouard, that we think about it and reflect overnight. And I am also grateful to you, sir, for your homework, and I am actually going to give you a pass mark on this, so well done. *(Laughter)*

20 But in relation to this, P&R on the basis of the understanding set out very helpfully in the note that we have all got, confirms that it still supports the amendment. Of course it will be, if successful, then when it comes to a substantial Proposition it is debated, P&R will have a fair bit to say.

The Bailiff: Deputy Falla.

25 **Deputy Falla:** Thank you, sir.

Sir, I believe that Deputy Roffey has brought this amendment for the best of reasons and with the best of intentions, but I cannot support it. It is just not clear enough what the consequences may be.

30 The fact that during the recess most Members appeared to be scratching their heads trying to make sense of it, and then overnight we have had a number of diagrams and instructions about how to approach it, makes me feel like I am not alone.

At worst, we could end up voting for no revenue-raising and a long list of spending. It feels like a game of snakes and ladders, (*Laughter*) and I, for one, do not want to slide down a snake.

35 **The Bailiff:** Deputy de Sausmarez and Deputy Dudley-Owen, is it your wish that you both be relevée?

Deputy de Sausmarez: Yes please, sir.

40 **Deputy Dudley-Owen:** Yes please, sir.

The Bailiff: I will mark you present.
Deputy Gollop.

45 **Deputy Gollop:** I was actually puzzled by the original Propositions in the Policy & Resources programme, because for example, unlike last time in February, it did seem to me if one did not vote for the package in Option 3, the second or third Proposition, we would never even get to the vote on whether we would have supported GST or not, and that amused me because I thought I will not have to make a decision on that one, because it would be wiped out and you would cascade.

50 How this changes it I am not entirely sure, but I also fear if this goes through, and I think I will support it, but it is not good to have these composite packages because if we are trying at the same time to do both, a financial planning debate, a long-term tax debate, and a capital spending and a borrowing debate all in one.

55 But I liked the explanatory note. Of course Deputy Roffey writes that does allow Members in theory to vote the highly irresponsible combinations of options. For example, maximum capital spending funded by a very high level of borrowing, with very little in the way of revenue-raising measures.

60 Well I hope I will not be that irresponsible person, but you never know. People come and go, they miss one vote or are not in the Chamber, and indeed I have just been talking before I arrived with people who are concerned about the level of borrowing.

65 So I really want a detailed explanation of how this can materially change outcomes. For example, will we, I suspect some people think we will come up with nothing, and I suspect the most I hope maybe my seconding Deputy Trott game-changing amendment on Income Tax might be a winner, who knows. But my suspicion is we are likely to come out with a package of supporting some of our infrastructure and capital programme without really a medium- to long-term funding stream.

So that means we should be extra cautious in voting for these Propositions.

The Bailiff: Deputy Oliver.

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

I actually look at it the other way round to Deputy Gollop, because I think some people might want to vote certain things but not actually vote for the debt, because the debt is just going to be saddling our future generations, and let us be honest debt is very rarely ever paid off. It just merges into new more debt.

75 So I think this is actually an opportunity to, and I am hoping, I have faith in us, but no one is going to be stupid enough to vote for nothing and then just vote for the debt. But I think people might want to vote for something and no debt, so that is why I think it is probably a good thing.

The Bailiff: Deputy Kazantseva-Miller.

80

Deputy Kazantseva-Miller: Thank you, sir.

I am extremely surprised how easily P&R has decided to agree to this amendment, which actually fundamentally changes the nature of their own proposals.

85 I think they have explained to us numerous times how long and carefully they have considered how to approach the issues facing us, and hence they developed scenarios. The scenarios are developed on the basis of revenue-raising measures, of what you want to spend the money on, and how you are going to fund them.

90 The scenarios hold as a whole. They do not hold if you start picking and choosing them, so I think it is extremely surprising, but also dangerous, territory we are potentially being exposed of, because that goes totally, in my opinion, against the principle of how P&R and officers have carefully and over many months of consultation and effort, have developed no scenarios.

So I will not be supporting, unfortunately, this proposal because this is fundamentally against the core of P&R's proposals that are in front of us.

Thank you.

95

The Bailiff: Deputy Parkinson, do you wish to be relevé?

Deputy Parkinson: Yes please, sir.

100 **The Bailiff:** Thank you very much.
Deputy Gabriel.

Deputy Gabriel: Thank you, sir.

105 Much like other Members, I was pretty confused yesterday, but I managed to get my head round most of it, and imagine my surprise when I asked Deputy Matthews, the seconder of the amendment, some of the intricacies around it and what one or two things mentioned, and he said, 'I am not sure, I thought I would ask the person next to me'. (*Laughter*) So, unfortunately, that did not give me much confidence.

110 This amendment could be the best of both worlds but unfortunately it also could be the worst of all worlds with a huge amount of borrowing, £560 million, with no funding stream or anything like that to look at the repayments, and for that reason, I too, will not be supporting this.

Thank you.

115 **The Bailiff:** Deputy Mahoney.

Deputy Mahoney: Thank you, sir.

Just briefly, I am not really sure what Deputy Kazantseva-Miller's problem is with it. Everything in P&R's policy letter is in there. That decouples a bunch of stuff. I do not necessarily agree with all of it, but not enough to make me not support this.

120 It does raise the risk, as others have said, of people being incredibly irresponsible, but let us hope that there are enough adults in the room that we do not do that.

The Bailiff: Deputy Le Tocq.

125 **Deputy Le Tocq:** I would just like to underline what some of my colleagues have said. We are trying our best to find a way forward, bearing in mind what has happened so far. I think there are risks obviously in decoupling the things, and that is probably what Deputy Kazantseva-Miller was referring to.

130 But we are prepared to do that, because certainly I do not want to leave here with nothing, but at the same time I think it is important that we allow for Members who have got particular concerns, perhaps about borrowing for example, to be able to express those desires in an appropriate way.

135 It would have been impossible for Policy & Resources to provide so many different alternatives. There would have been at least 40 different alternatives if we had responded to everybody here in terms of consultation, in terms of what they wanted. So we did the best we can in the system and structure that we have. I think this helps to some degree, and so I will be supporting it.

The Bailiff: Deputy Trott.

Deputy Trott: Sir, I will be brief.

140 The problem with this sort of amendment is we need to embrace, I think at this stage, the cost of borrowing.

Now I was watching a recorded version of *Channel News* last night, when I learnt a couple of things. The first was that Lord Digby Jones, a man for whom I hold in the highest regard, believed that the cost of borrowing for us if we were to borrow £450 million, would be about 7%. For what it is worth, I think it would be slightly less than that, but I also learnt of course of the Chief Minister's fondness for Kevin Costner, which was something I had not appreciated.

145 But, on £450 million at 7% the annual funding cost is an absolutely staggering £31.5 million. But I do not like to talk those sorts of numbers, because obviously that is for my friends on P&R. I like to talk in word pictures: £31.5 million of annual interest is the equivalent of 63 homes at £500,000 a home. These are the numbers. They are not door numbers, these numbers are absolutely enormous. And whilst, as I think I may have mentioned on a few previous occasions so I do not think another time will hurt, the decision taken to borrow £335 million at the time that decision was taken, was of course spectacularly good, whereas if we were to be borrowing money now it would be spectacularly bad in most market commentators' view.

150 So I think we need to keep that in mind as we move, if you like, from talking purely about tax. We now need to start considering the issues of the cost of borrowing, which are, as I have said, absolutely enormous.

The Bailiff: As I do not see any other Member rising, I will turn to the proposer of the amendment, Deputy Roffey, to reply to the debate, please.

Deputy Roffey: Thank you, sir.

165 First up was Deputy Ferbrache, who confirmed that P&R supported this amendment. I did not know whether to be exultant or my heart to sink, because I was not sure whether that made it more or less likely to go through this Assembly, but I do thank him for his support,

Deputy Falla, this amendment is incredibly simple. It is not complicated. It leaves the same choices over revenue-raising that P&R put in the policy letter, and over capital spending and borrowing that P&R put in the policy letter, but instead of you opening them together allows them to be made separately.

170 Now Deputy Falla says, 'Oh, that is dangerous because what if we vote for no revenue-raising at all, and yet maximum spending and borrowing?' What I would say to Deputy Falla is this amendment treats this Assembly as adults (**A Member:** Hear, hear.) and lets them make the responsibility for their own decision. If they do that, then the whole Island will be in no doubt of what sort of Assembly they elected (**A Member:** Hear, hear.) the last time around. We should have the freedom to do, to make those choices and to use our responsibility.

175 And actually, that danger is already there. Look at Scenario 2. It borrows £200 million. It spends most of the Health Reserve. It spends, I cannot remember how many hundreds of millions of pounds on capital works, and other than the base case in core **thing???(09.46.07)** in number 1 it raises no extra revenues at all. So if that is the danger, then that danger already exists in Proposition 2.

180 Deputy Kazantseva-Miller said this goes against the whole *raison d'être* and the whole approach. I fundamentally disagree. I think one of the problems with this policy letter is that it makes it look as if the main reasons to raise revenues is to fund a particular capital wish-list. That is the way, it is

not the main reason that we are, that there has been proposed to raise revenues, is to fund the ramping up of revenue costs that we know is coming down the road.

185 So in a way, if it just aggregates the capital wish-list from the revenue-raising, that is a positive. That is actually a better way forward because it is more, it is just the way it should be framed.

Now, Deputy Trott is worried about the cost of borrowing, and I do not blame him. But there is nothing in this amendment that obliges you to vote for one penny of borrowing. You will be just as free to vote against borrowing as you are in the existing Propositions. In fact it will probably be easier to vote against it, because some people may want to raise revenues but not borrow. At the moment the only way they can vote to raise revenues is if they also vote for a big amount of borrowing, so I actually think that this is helpful in that respect.

190 So I say to Members, do you feel like adults? Do you feel you are able to make a responsible mix of decisions over revenue-raising and spending? If you do not, if you really feel that you need to be spoon-fed packages that fit together and you cannot actually take responsibility for your own actions, then throw this amendment out. But I hope you do not feel that way.

The Bailiff: Well, Members of the States, it is now time to vote on Amendment 1, proposed by Deputy Roffey, seconded by Deputy Matthews, the effect of which, if approved, would be that there would be a new set of Propositions in their entirety.

200 And I will invite the Greffier to open the voting please.

There was a recorded vote

205 *Carried – Pour 20, Contre 19, Ne vote pas 0, Did not vote 0, Absent 1*

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	Blin, Chris	None	None	Leadbeater, Mark
Brouard, Al	Burford, Yvonne			
Cameron, Andy	Bury, Tina			
Dudley-Owen, Andrea	De Lisle, David			
Fairclough, Simon	De Sausmarez, Lindsay			
Ferbrache, Peter	Dyke, John			
Gollop, John	Falla, Steve			
Haskins, Sam	Gabriel, Adrian			
Helyar, Mark	Kazantseva-Miller, Sasha			
Inder, Neil	Le Tissier, Chris			
Le Tocq, Jonathan	McKenna, Liam			
Mahoney, David	Meerveld, Carl			
Matthews, Aidan	Parkinson, Charles			
Moakes, Nick	Queripel, Lester			
Murray, Bob	Soulsby, Heidi			
Oliver, Victoria	St Pier, Gavin			
Prow, Robert	Taylor, Andrew			
Roberts, Steve	Trott, Lyndon			
Roffey, Peter	Vermeulen, Simon			
Snowdon, Alexander				

The Bailiff: So the voting on Amendment 1, proposed by Deputy Roffey and seconded by Deputy Matthews, is that there voted in favour 20 Members, there voted against 19 Members, 1 Member did not participate in the vote as he was absent, and therefore I will declare Amendment 1 carried, which means that you can ditch the Committee's original Propositions and work from Amendment 1 hereafter.

210 You will, I am sure, by the time you come to vote, get a nice little sheet of paper with all the Propositions in the order that they are going to be.

215 So the next amendment is going to be Amendment 6, being proposed by Deputy Brouard, if
you want to move that amendment now, Deputy Brouard.

Deputy Brouard: Yes sir, I think that would be very helpful to the States.

220 **The Bailiff:** When you are looking at Amendment 6, Members, it is not to replace Proposition 4
any more, it is simply to replace Proposition 6 from Amendment 1 and so if you are comparing the
two, if you have open the third sheet of Amendment 1, you will see what is currently the Proposition,
and this is to replace Proposition 6 with a new Proposition.

Deputy Brouard.

225

[Amendment 6](#)

To replace Proposition 4 (Scenario 1) as follows:

*"4. To agree that the States shall, with the exception of Our Hospital Modernisation Programme –
Phase 2 and associated works, limit investment in public infrastructure to critical investment only
until such time as measures are agreed to address the structural deficit and to:*

*a. adopt Portfolio 1, capped at £340m (including the in-flight schemes and including a contingency
of £30m to cover any additional inflationary pressures) as the agreed capital investment portfolio
for the remainder of this term, subject to the following amendments;*

*(i) substituting the sum of "£340m" for "£190m" where references in the policy letter to funds
available in respect of Scenario 1 appear;*

*(ii) reading Scenario 1 and Appendix 2 and Appendix 5 in the context of the revised capped figure
of £340m in (i);*

*(iii) inserting 'Our Hospital Modernisation Programme – Phase 2 and associated works at an
estimated cost of £120m', as 'Do as Planned' works in Portfolio 1 in Scenario 1 (shown on page 5
of Appendix 1);*

*b. fund the amendments to Portfolio 1 of Scenario 1 set out above by either Option 1, 2, 3 or 4 of
c. below;*

OPTION 1:

*" 2 c. agree that, on the basis that funding available is insufficient to fund the amended Portfolio
1, new borrowing should be taken out to support the funding of capital expenditure.*

*and to authorise the Policy & Resources Committee to implement these agreed measures and
direct it to return to the States by September 2026 with proposals for addressing the deficit and
putting the finances of the States into a sustainable position."*

OR, IF OPTION 1 IS NOT APPROVED:

OPTION 2:

*" c. agree that, on the basis that funding available is insufficient to fund the revised Portfolio 1,
new borrowing should be taken out to support the funding of capital expenditure, in addition to a
maximum of £46m from the Guernsey Health Reserve, to contribute to the funding of the Our
Hospital Modernisation Programme – Phase 2.*

*and to authorise the Policy & Resources Committee to implement these agreed measures and
direct it to return to the States by September 2026 with proposals for addressing the deficit and
putting the finances of the States into a sustainable position."*

OR, IF OPTION 1 OR 2 IS NOT APPROVED:

OPTION 3:

*" c. agree that, on the basis that funding available is insufficient to fund the revised Portfolio 1,
new borrowing should be taken out to support the funding of capital expenditure, in addition to a
maximum of £90m from the Guernsey Health Reserve, to contribute to the funding of the Our
Hospital Modernisation Programme – Phase 2.*

*and to authorise the Policy & Resources Committee to implement these agreed measures and
direct it to return to the States by September 2026 with proposals for addressing the deficit and
putting the finances of the States into a sustainable position."*

OR, IF OPTIONS 1, 2 OR 3 ARE NOT APPROVED:

OPTION 4:

" c. to agree that a maximum of £90m from the Guernsey Health Reserve can be utilised to contribute to the funding of the Our Hospital Modernisation 3 Programme – Phase 2 to enable this work to proceed and to be supplemented by the General Revenue reserve and/or through the use of funding to be set aside for capital expenditure in future years.

and to authorise the Policy & Resources Committee to implement these agreed measures and direct it to return to the States by September 2026 with proposals for addressing the deficit and putting the finances of the States into a sustainable position."

Deputy Brouard: Thank you, sir.

It is starting to get like 3D chess this morning. The purpose of this amendment is fairly simple. It is, in each of the scenarios there is various amounts of capital, or capital projects that will continue. 230 So in the original Scenario 3, hospital modernisation and education facilities were funded.

And then in Scenario 2 also the hospital modernisation and also education was provided for, but in Scenario 1 there was no facility for education or for the hospital modernisation. So in that particular scenario, so when we drill right down, we end up at that particular position.

This amendment puts into Scenario 1 the option for people to vote to continue with the hospital 235 modernisation Phase 2.

To make it even more complicated, we have done a cascade for you. So in Scenario 1 we can add the Hospital in, but you have options as to how it is funded. The first option would be to have it funded basically through borrowing, and then you have an option to use some of the Health Reserve, which obviously we would not like to use, but if we have to we will.

240 And then you can use more of the health reserves, and finally you can use basically the majority of the health reserve, and you can postpone the last piece of the jigsaw because we would use £90 million of the health reserve. We would be short by about £30 million or so, and that could then be funded in four or five years' time from either the Capital Reserve or from general revenue. That would leave the option open.

245 But the main thing is, and this is the whole *thing I want to stress???(09.52.53)*, you are going to need to increase the facilities at the Hospital at some stage. It is not going to be any cheaper tomorrow than it is today, so you can kick that can down the road and make it more difficult for the next set of States' Members to deal with, or you can actually do something about it today.

250 We know we have got the demographics that are coming against us. We are actually feeling that pressure now already. So the choice will be yours. You can do something in this term or you can leave it as a fudge for someone else to pick up.

We will continue, whatever you do, we will continue to try and make the Hospital work as best as we can, but it will not be satisfactory. It will not cover all the risks that we run daily. It will not cover the fact that we will then have perhaps some loss of hospital staff because they now know 255 that we will not be having the new extension, which they have been so much looking forward to.

We will also not be able to attract doctors as much as we could have done by having a modern facility where they want to work. We compete for our staff in a worldwide market these days. It is no longer that you grow up here and then you become a doctor here. Some do, but the majority we have are from around the world, and if we want to attract the best we need to have facilities that 260 also reflect their careers and their aspirations.

So, it is entirely in your hands, Deputies. I am fairly passionate about this, and so is our team. We also have one, well a couple of advantages compared to other places. We are not like Jersey where they have got very much difficulties with their hospital because they cannot expand it where it is, and we also have all our staff, there is probably one who does not, are signed up to this. The doctors want it, the nurses want it, the professional staff, the administrators want it. We have everybody on 265 the same page wanting the hospital modernisation. and they have agreed the plans.

The plans will not be perfect, and they will be out of date in 20 years' time, but it will give us a good 20, 30, 40 years of use of that site, and also it will be able for us on-Island, because again we

270 cannot always rely on other countries to provide our services for us, We need a safe place to stabilise
people before we go to other countries. So we need to have a hospital on here that is fit for purpose
and that can deliver 21st century care.

So that is basically the gist of the amendment. It is a cascade amendment, but it will allow you
in all options, whether that is high GST, high borrowing, low borrowing, no GST, whatever it is, it
will give you the option at the end to ensure that the Hospital Modernisation Programme continues,
275 if you want it. If you do not, then vote against it.

But it will also give you the option to cascade through where you could have some borrowing
and use of the Health Fund, or virtually wipe the Health Fund out. There are implications if you wipe
the Health Fund out, there is no doubt about it. It has already been ring-fenced for Health, but we
are using those funds to pay for NICE drugs and for some of the initiatives to catch up on the
280 backlog.

But to be fair, the NICE drugs were always going to be eventually funded from general revenue.
That was always going to be on the cards. It was just at the time to be able to bring them in, the
Health Fund was actually used as a way to ameliorate the position. And of course, we are going to
probably be bringing very shortly another paper with the next advice to you on whether or not you
285 expand the list of NICE drugs, especially for cancer care etc. That will not be cheap.

But those are the decisions you make on behalf of the Islanders, and that is why I said yesterday,
we do not tax for fun. We tax to provide services, and it is up to us to decide which services we
provide. But unfortunately, I get those phone calls now where people say they would want more
care. If you do not go ahead with the hospital modernisation you will start to get more of those
290 phone calls.

I think I will happily pick up any questions as we go through, but I think that in the rounds of
that gives you a fairly good gist of what the amendment does. It is a cascade. It means that in
whatever option we pick, you will have a choice in the final vote whether or not you go for the
hospital modernisation or not.

295 Thank you, sir.

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

300 **Deputy Bury:** Yes, I do, sir.

The Bailiff: Thank you very much. Deputy Gollop.

Deputy Gollop: Yes, thank you, sir.

I support the thrust of this amendment, but again it is extremely complicated, and I suppose for
305 reasons as a loyal Social Security Board Member and former Member of the Committees that
Deputies Alastair Langlois and Michelle Le Clerc led, that I would prefer to see £46 million or less
used from the Health Reserves than £90 million. I would prefer the capital to be made available
through responsible borrowing or greater income, rather than just out of what we have got. But this
covers all bases.

310 We have seen perhaps this year in some areas a little bit of demoralisation in some elements of
the medical profession, and I think we have had the message loud and clear from professionals like
managers, nurses, MSG therapists, that the Hospital needs modernisation, and if we fail to
modernise it Deputy Brouard will explain it could be just as costly in the medium to long term.

315 We need to minimise litigation. maximise the attractiveness of this Island as a place for people
of all kinds to live, with all kinds of health conditions, and the work is already completed, and some
of us have been round the Hospital several times.

I am not always particularly well, some people might say my sickness is self-induced, but I have
spent time in the Hospital and also visiting specialists for lungs and diabetes and other conditions,
so I cannot be a hypocrite and say it is for someone else to pay for, and for other people.

320 We need it to bolster our potential for not only health provision, but possibly preventative health definitely, and health tourism in as much that I think there is potential for greater usage of private medicine, that it not that I want to see it as an alternative, but I think we voted in principle to look at that as a cost reduction, and in any case I think we need to raise more money from private health provision in top quality facilities, and this will also be part of that.

325 Do have reservations about the project even though the builders are clearly well stuck into it? Yes, I do. The first is the cost began when Deputy Soulsby was President at a sort of again ball park, I do not know, £55 million-90 million and it has gone up significantly since then, not just because of building cost inflation and medical cost inflation, but I think the latest figure was £125 million-130 million and it may go higher. And that is a general way in which for some reason we as a States have difficulty maintaining procurement costs down, and when I asked, and other Members, could we have a breakdown of a certainly that the constructors will build to a particular price, they said of course we cannot do that because that is just not possible, and we have seen elsewhere what happens when builders are tied to unrealistic contracts. So that is a concern.

330 The other concern is I received, like probably everybody else, a letter from a well-known individual of great respect, who said, as always, why do we need GST? We have too many civil servants, too highly paid, too many vanity projects. We must show restraint. We will hear those arguments probably over the next few days.

335 Now what is a civil servant? Actually we have relatively few civil servants I believe, Health & Social Care do not have nearly enough in terms of Policy & Legislation, and preventative work and maybe even active travel. But we do have public servants, public employees, and they include doctors, nurses, cleaners, therapists, essential catering workers to the Hospital, porters, and many other professionals, And they need competitive salaries, in some cases to retain them or bring them here, and also that includes accommodation.

340 Now Deputy Inder, who is always on the ball with these things, and I will call him asking questions about how much Phase 2 and 3 will add to the public purse if everything goes smoothly. And I forget the exact details Deputy –

I will give way to Deputy Inder.

Deputy Inder: [*Inaudible*] ... There were a set of Rule 14 questions which I submitted and I reference later in my speech. The total revenue cost by 2030 will be an extra £9 million for 180 staff.

Deputy Gollop: That is my answer to people when they say John, you are not representing us as a Deputy, and I will answer them, At the end of the day, unless we are going to significantly charge for health or reduce it, Deputy Roffey is right on the money. The issue is not really about capital infrastructure, that is just an aspect to our long-term revenue projections.

355 And my answer to people is that at the end of the day, there is only two answers short of austerity or charges. One is a GST of some kind. The other is raising income tax, which as people know, I have seconded a putative amendment when Deputy Trott. And we do not want to borrow ideally without a) a revenue stream and b) a fiscal structure that ensures that we maintain within current parameters and we do not put on the burden that Deputy Oliver and others rightly pointed out, for our children and grandchildren.

360 So, with those reservations and of the two I think the hospital is more important than the school college, although that does not mean to say I will not support the school college.

I do support this amendment, but I probably want greater explanation as to what impact it will have on subsequent votes we make for capital and revenue.

The Bailiff: Deputy Inder.

Deputy Inder: Sir, thank you. It is working, sorry, the lights are not on.

370 I understand where HSC are coming from. Quite clearly they have been down a long path and they really want the hospital modernisation programme. So does education. There is actually

nothing that Deputy Brouard said, in all the reasons he gave to be able to build his Phase 2, that Deputy Dudley-Owen could not have said. The staff want it, the patients want it. It is on.

375 The staff want it, and what I find rather odd about this – I have got to choose my words carefully, but I think I am going to say it, it seems to me a slightly selfish carve-out of a project which is needed and effectively could damage our education. I am sure Deputy Dudley-Owen will give us a greater view on it.

380 Because we are going to be discussing a skills strategy at some point, and I thought – *I thought* – that the removal of the library down to TGI was fairly important. Now we have got to be a bit careful here, Deputies, as Deputy Brouard says this is critical infrastructure. I do not think schools are not critical infrastructure. I genuinely do not.

385 For the hospital modernisation to go ahead, actually it works with the TGI, because there is a lot of the library work from that second or third floor – I have been in it once – it seemed a voluminous building the last time I saw it, weirdly enough – it actually had buckets on the floor because Guernsey has yet to build a roof that does not leak.

390 So, I understand where Health want to, where they are coming from, because it is incredibly important for them in the isolation of their world. But also, I do not think we, as a Government, can disaggregate it from education as well, and I do not think it is really fair or right even, to suggest this is just about capital costs. It is about ongoing revenue. There is no two ways about it, this is ongoing revenue.

395 Health can barely staff the accommodation that they have now. They are struggling finding staff. Once the hospital modernisation is built, on the Rule 14 questions referenced by Deputy Gollop, the response back from, I cannot remember where it was, sometime earlier this year, Deputy Brouard said, which was off the back of a States' meeting, but I will read it. At the end of his last statement from Deputy Brouard, at the end of his statement, he said:

???The elephant without a room is accommodation for key workers

400 That is exactly what he said, and he confirmed that. And I asked could he provide details where these 180 staff are going to live, and identify the sites and when they will be complete. In response:

???The Committee for HSC is not responsible for housing matters and where staff live is essentially outside of its control.

405 Well what kind of answer is that? And with the greatest respect, in this system of government what kind of answer is that? We are being asked here to carve out a substantial capital project and we are utterly clueless where these staff are going to go.

410 Now if we are going to play flip a coin here, at least education, if this is what it is about, really who wins, Hospital over education, then it is quite clearly education, because at least they have got their staff on the Island. They have not got the same staffing problems that Health have got.

He goes on to say in that response:

...and we cannot ignore the housing problem. We simply cannot ignore it. ???

415 To make that decision to build, spend significant amounts of money on what potentially could not only be the elephant in the room, could end up being a white elephant, Deputy Brouard.

This could be a completely brand new building with mice running, well maybe not mice running round it, with air conditioning working, and we cannot staff it. The critical issue that this Government has, this Island has, is staff, staff and a lot more staff. That is the problem we have got.

420 Now it is entirely up to Members what they do today, but I will not be supporting this, because I do not think we have dealt with that elephant in the room, which is housing. And I will say, Members, and I think this goes down to the core issue that we have got and the system of Government.

425 With some hindsight, it is actually the Dairy that broke the accommodation. That is exactly what happened, and we do not remember. It is only after we made a decision in isolation, to realise five years later where it has all gone wrong.

Had there been anything that looked like either a Housing Minister or an Infrastructure Ministry when we made the decision for the ... oh, sorry, when we *did not* make the decision for the Dairy back in 2018, that Ministry would have had a bird's eye view of what all of the other Committees would have needed.

430 That Minister then would have said, 'Okay, right you want to move the Dairy. Why do you want to move the Dairy?' Well for all the reasons mentioned. Okay, what can we do with that now? What about the key workers, because they would have tapped up the Health, but then I suppose it was Deputy Soulsby at the time, so what could we do with the Dairy? I will tell you what, we have got a housing problem come up, there is a great idea, we could have used the Dairy for this, because by
435 now, having had anything that looked like infrastructure, looked like a Machinery of Government that is fit for the 21st century rather than medieval laws and a Victorian system trying to deal with 21st century problems. That decision back in 2017 would have got Deputy Roffey or whoever, and I think it was Deputy Ferbrache, through the line.

440 Because the argument would have not been just about the Dairy. The argument would have been the Dairy has got to move because it is critical to move the Dairy up to the Brickfield, or whatever version with this, the site would have been cleared now, we would have then been building this block on the Dairy. There would not have been a choice for Health to look at effectively a field. There would not have been a requête. There would not have been an amendment. There would not have been an S5, and by now I am fairly sure we would have had something that looked like
445 accommodation coming out.

So, sir, Members of the Assembly, I cannot support this. Not because I do not think the Part 2 is important, because it can be delivered, but you are not going to staff it. We cannot staff it. We cannot find the people, and if you could find the people we have nowhere for them to live.

Thank you.

450

The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir.

455 I largely share Deputy Inder's concerns on this. I would be reluctant to change Scenario 1 in P&R's scenarios that they have offered us, because I personally plan to work with that with the suggestion that if P&R want more borrowing they can come back to us for it.

460 But in this capital debate, somebody, and I think either this Assembly or P&R, are going to have to do some sequencing on all this. You have got Education, Health, we have got a waste problem coming up that Deputy Roffey has highlighted either in emails or in this Assembly, and Housing that has to be done.

We have got a limited capacity in our building sector, having lost a major contractor. I know the builders have said, 'Oh, we can manage two projects at once ...'

Deputy Inder: Thank you for giving way Deputy Dyke.

465 Would he agree with me, that there is also Leale's Yard by the same firm looking at building that as well? We have got potentially hospital, education, and Leale's.

Deputy Dyke: Yes, there is that, but I counted that under Housing because there may be things going on with that.

470 Yes, there is that as well. The Builders have said, oh we can cope with all this, and we can cope with two projects at once, i.e. the schools and the hospitals, we can do at once. But that is a bit like asking my dear departed Springer Spaniel if she can cope with two cans of dog food as opposed to one. I mean they are bound to say that, and we have to be a bit more cautious in terms of how we handle it. So the sequencing needs to be discussed.

475 I will give way to my friend.

Deputy Oliver: Builders can definitely cope with it. If you ask them to build two lots of foundations at once on different sites that is a little bit of a problem. But if you sequence it right, so you have got the foundations going at one, then you have got the foundations and you start going up, they can quite easily deal with two sites, if it is sequenced correctly.

Deputy Dyke: I thank Deputy Oliver for her intervention. Yes, quite possibly. But we are not talking about two things are we? We are also talking about accommodation, which is vital. We are talking about certain projects, which I do not think I should mention in detail, that are likely to be going ahead. We need more social housing. Private housing has to continue to be built. We need offices and all that sort of thing. So if we pile too much into our construction industry at once, then inevitably the prices go up even more than they have done.

So that sequencing is going to be vital, and as Deputy Inder has mentioned, with the Hospital, as well as building the Hospital. Health have to catch up with having a problem accommodating existing nursing and leading to retention issues, agency staff and extra expenses, and then adding another 100 staff on to that where we have no hope of housing them at the moment, seems slightly reckless.

I fully appreciate that these hospital plans have been thought through and no doubt are very good, and I am grateful for all the work they do on this, but as again, I will just come back to somebody has got to decide on the sequencing on this. Whether it is us or P&R, it simply has to be done. So I am not going to support this amendment.

Thank you.

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

I will briefly be tangential at the beginning, and say in response to Deputy Inder's remarks that every single time over many years that the SCSB has advocated for a new Dairy, it has absolutely stressed that one of the advantages of that would be releasing an absolutely valuable and crucial site for key worker housing for the Hospital.

But coming back to this particular amendment, it does cause me some dilemmas, because I am almost, I cannot say as nailed on as Deputy Brouard because I do not think anybody is, but almost as nailed on as Deputy Brouard about the advantages of seeing through on the Hospital redevelopment and moving on to Phase 2.

I do have one or two qualms about the way this amendment has been put forward though. It takes away completely the 'do minimum' option for those Members that want to support it. I am not one of them.

At the moment we have got Proposition 4 is to do maximum on capital and borrowing. Proposition 5 is the medium, if you like, and Proposition 6 is to do minimum. I would have preferred though, if HSC wanted a variation on the do minimum, that they put forward yet another option, sort of maybe between 5 and 6, saying that. At the moment, if we pass this, those small Government, small spending Members will have nowhere to go to. It is probably not my problem, because I am not one of those, but it does take away that option.

I am sorry, Deputy Brouard, it does, because Scenario 1, the spending side, in its form that it is at the moment will no longer exist, it would have been amended to big it up to include spending either quite a lot of borrowing or the Health Fund and building the hospital as well. Now I do not have a problem with that, but I just think it takes away that suite of options.

How responsible in the borrowing at the beginning of the cascade, I think it is about £100 million if we do not want to spend the Health Fund, how responsible that borrowing is will depend on what has happened in earlier decisions. If we have decided to do the maximum in revenue-raising, whether it is through P&R's proposed package, whether it is through extra money on Income Tax,

or whether it is through any other tax proposal, then actually the £100 million will be highly responsible, because it will be a really quite modest amount compared with the revenue-raising we have put in. But obviously, it is going to be difficult to vote for it if we have had no revenue-raising approved earlier on.

I think I am going to vote for this, because I just, even though it is not in a perfect form for me, I just think personally, and yes, we will have to tackle, of course we will have to tackle the key worker housing issue to make sure that the hospital modernisation can work and have sufficient staff, but I can see the biggest societal problem facing us over the next 20 years is going to be a massive increase in pressure on our health services, and it is going to have to be tackled, and I prefer this way of tackling it than going down on bended knee to the NHS hoping that they will take our cases when they are going to be saying, they have got the exactly the same societal problem, they will not put us at the top of the list above people from Hampshire and wherever else.

So, I think that this is probably the key project, so it is not in a format ideally I would like, but I will support it because I just think that if we turn away from this one, then we are really are storing up massive problems for ourselves.

The Bailiff: Deputy McKenna.

Deputy McKenna: Sir, I rise in support of Deputy Brouard and Deputy Bury.

I have heard Members say to me that the Hospital, it is just a building. I have heard people say the Hospital does not make us any money. Inside that hospital building is 56 boxes. And inside each box they need plumbers, electricians, they need maintenance crew, they need auxiliaries, they need nurses, because there is patients in every one of those 56 boxes. Also, you have the security, you have got the porters lodge that is 24 hours a day, 365 days a year, as the Hospital is.

You also have the garden crew, you have the hospital kitchens, then again service, patients and the staff, 24 hours a day, 7 days a week, 365 days a year. Inside those 56 boxes is our community. It is our mums and dads, our aunts and uncles, our family and friends. In the hospital, in particular you have Loveridge Ward, and right next to it you have Frossard Ward. And in Loveridge Ward, I call it, where you see the families do the stride of pride they have the balloons, they have their cards and they are walking to new life. A baby has been born, and they walk elevated. Next to it is Frossard Ward, which is the Children's Ward, where people walk in pain, because their new loved one, their young one, is in trouble in their health.

They then move down a section and you have got Carey Ward and De Sausmarez Ward, and that is where life is ebbing away. You then go further on to the other side of the Hospital, and the Accident & Emergency, you have Le Marchant Ward, which is a rehabilitation ward which sometimes unfortunately is for the stroke victims who are hoping to be rehabilitated while they go into a nursing home, care home, residential home or possibly go home to their loved ones and be looked after.

Now that is what we have at the moment. Unfortunately, if there was an electrical fire on Frossard Ward, the children's ward, and the people, the nurses and the patients, had to come out, they would not be allowed in. The Fire Brigade would not let them back in because it does not meet up to current standards. The electrical points are too close, the beds are too close, and there is asbestos in the walls.

In the second phase of the development, the idea, and I hope you will correct me, Deputy Brouard, if I am wrong in anything, please correct me, in a new development the Theatres will be put all on the same first floor. The Theatres with Frossard, with Loveridge. So again, everything is time critical. If a baby happens to be in foetal distress, they think it is something within 13 minutes, as I am saying please correct me, the crash team, the anaesthetist, the surgeons, everything could be assembled. Everything is on one floor. Now this is in Phase 2.

Now the staff are already there for it, and I have been told many times that with this new development we need 180 more staff. Now if you looked at the what, if you were at the presentation, what it says is this:

???Loveridge, Frossard, de Sausmarez, Carey, will be brought on to the same floor.

580

That staff is already there. Now if, for example, in the three Theatres that are going to be built in the second phase, if we do not have the staff, the facility is there so when we do have the staff that facility is there. We are not saying what are we going to do? And if you knew building, if you know building, if you are going to build something of 5,000 square feet, 20,000 square feet, to add an extra 2 or 3,000 while you are there, we have learned that at our cost on the Airport runway, to extend that little bit further while we are there, the cost is minimal in comparison, because you have got the crew there.

585

But the Hospital is the heartbeat of our community, and the idea of this new phase is to literally turn the second phase into the London Bridge Hospital, where the Chief Minister was always hoping at the start of the term, medical tourism. We can offer that, because Victoria Wing will take up the new phase of Frossard and Loveridge.

590

So it will be huge, and we can offer then people who have got private medical that we can then provide that service, as a revenue stream, with medical tourism. That is what the idea is, and it would be done like the London Bridge. And people say, well I have never been to the London Bridge. Well, put it this way, if you are a fan on the Premier Inn that is what you would be getting, is the Premier Inn. You will get the exact same as the London Bridge. It is the same architect designing that for the Hospital.

595

So as Deputy Brouard has said, many times before, it is the heartbeat of our community. It is not a building. I hear capital expense. Well, you have heard me before, what price a life?

600

So, I will be supporting Deputy Brouard and Deputy Bury. Do you know, I am past the point of caring what anybody else votes for, but my life, 39 years in health, it is essential. It has to be done. Think about your loved ones, think about your family, your mums, dads, family, friends, and so forth. Unfortunately it is going to come to your door one day, and you will hope that that facility is five star when you need it.

605

I support you, Deputy Brouard.

The Bailiff: Deputy Leadbeater, is it your wish to be relevé?

Deputy Leadbeater: Yes, please, sir.

610

The Bailiff: Thank you very much.
Deputy Ferbrache.

Deputy Ferbrache: Sir, if I may say so without in any way sounding patronising, that is the best speech I have heard Deputy McKenna give since he has been a Member of the States. It was a top-quality speech, said with passion and with knowledge, and we often have people speak in this Assembly without passion and without knowledge, but that was a top-rate speech.

615

Now what I am saying in relation to Deputy McKenna and others, is whatever the vote on this particular amendment, we must, *must*, as an Assembly when we walk out of here on Friday or whatever day it is, we must put in a package which can advance the Hospital Phase 2, and the education facility, further education facility *et al*.

620

We must do that. We must have that degree of responsibility, because the points are made, and I think it is, Deputy Brouard I think said in a previous debate that, I have got the figures wrong, he can correct me when he replies. But in any event they are going to have to increase staff by about 95, but if they build Phase 2, which is about 180-185 whatever it is, so roughly that. Now, so we are going to have to do that.

625

Now I do not think as a society like Guernsey, we do not have lots of natural resources other than our beauty, but we do have, we are an affluent society compared with just about any other place, most places in the world, and Deputy Helyar was referring when he was most ably opening the debate yesterday, to his heritage going back hundreds and hundreds of years, and I can say

630

exactly the same. I gave an example once about my many, many grandfathers marrying one of my many, many great grandmothers at our church in 1645. So we have been around a lot.

635 I have been around for a fair part of that period too, but in relation to that, this is a community that is second to none, and once we have core facilities such as education and health go second class, without going over the top and doing things that we are never going to need, then we are taking away what we should be.

But, the caveat to that is, it has got to be paid for. It has got to be sustainable. We cannot just say the nice words, there is the hard graft as well to make it happen, and make it happen now or as soon as possible.

640 Deputy Inder is right, it is going to be very difficult to start it. It is going to be very difficult to get 180 people in five years or whatever it is, but things may change. But you do not give up because it is difficult. In fact, if it is a difficult problem that is where you show your mettle and you try and do things, and you try and resolve problems.

645 Housing is incredibly difficult in so many different contexts, whether in housing nurses or people for the finance sector who want to come and work here, or people who are the locals who have lived here, had their families who have lived here for ever and ever, and we are not addressing that.

Part of it is our system of government, which is frankly not fit for purpose in the 21st century. You cannot have 40 people chewing over every conceivable decision and debating it to death. That might be pure democracy, but it is equally anti-common sense. You have got to invest power in
650 certain people and allow him or her or them to respond.

That is perhaps wider than this particular amendment, I do not care, it needs to be said, because we have not, as a group of people, 40 people as we are now with Deputy Leadbeater coming in, 40 people. We have not grasped that real challenge and done anything about it, because everybody wants to be an expert and speak on everything. Now, and it is not me saying well because I am the
655 President of P&R, I will not be the President of P&R in due course, and somebody else will replace me, and somebody else will replace that replacement, etc. But it is important that he or she have a Committee of people with real responsibility to move it forward, so we can do the things that Deputy McKenna has so ably and passionately spoken about.

So we can do the things that Deputy Dudley-Owen in the past has so ably and passionately
660 spoken about. So we can do things rather than just talk about them, and we can build some houses, (**A Member:** Hear, hear.) and we can build some staff accommodation, and we can actually perhaps rather than giving out cows and having senior Members looking across, wistfully across a garden fence, we can actually do something and build something. Let us do that.

But I am very grateful, and I was not going to speak in this debate, but I am very grateful to
665 Deputy McKenna for saying what he said, so whatever, but I want you to understand it, whatever the vote is on this particular amendment, when it comes to the substantive Propositions, we should be doing whatever we can to make sure the Hospital is built and that the education is built.

Thank you for listening.

670 **The Bailiff:** Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

Just a point with regard to the last speaker. It is the quality of course, of the people that we hire and that we have. [??ENR\(10.30.59\)](#), educational and hospital services that are really important.
675 Certainly, that is the primary side of things, not buildings, and I think that is an important point to remember.

But I would also like to thank you, sir, for allowing me to make a point, a brief forward-looking point. Sir, the time has come, given the difficult situations that Government finds itself in with respect to funding capital projects, and the ramping up of taxation and charges on the people of
680 Guernsey to pay for capital projects.

It is time that we look to the private sector funding for new wings and phases of development for the Hospital, for housing and educational facilities. It is not the revenue budget, but more so the capital budget, that is in question for funding.

685 Sir, in other jurisdictions that I have worked in, high net-worth individuals who receive benefits such as caps on income tax and other sweeteners for locating in the jurisdiction, generally give back to the society that they find themselves in, and develop and build whole wings to hospitals and private schools.

690 Now my point is simply that there needs to more emphasis by P&R in this direction to encourage private sector individuals to invest and to provide funding for major capital projects of this particular nature.

Thank you, sir.

The Bailiff: Deputy Bury.

695 **Deputy Bury:** Thank you, sir.

I too, was very glad to hear from Deputy McKenna, because that is where I was going to start in my speech. Rightfully so, Deputy McKenna has very passionately over recent times grilled HSC about waiting lists, and he did right to do so. We are already struggling, We already have backlogs and that is not going anywhere other than up. We need more capacity in our Hospital.

700 To Deputy Roffey's point, the magic wand of asking the NHS does not exist. They are struggling as it is, and even further afield we are small fry. We have got nothing to offer a bigger jurisdiction in terms of doing business with us, really.

705 They can pick and choose the preferred options, the less complex ones, and as our own evidence has shown us, even when that capacity is available, when you look at the numbers of people that need an operation, you have to see who is suitable to go. That reduces your numbers.

And then our own data has shown us that when you offer it, who wants to go, reduces it by about 50%. People do not want to travel off-Island and then travel back in pain, struggling, travel concerns, etc., so the magic wand of elsewhere does not exist.

710 It is an option and we can supplement, but we do need our own capacity and efficiency here, and we are already struggling and the demographics are not even on the horizon any more, they are on the doorstep.

715 So that is why this amendment is here. While it is not ideal to carve it in, I do not think that selfish is probably the right word, I do not think that Deputy Brouard and myself are planning on using it just for ourselves, it will benefit quite wider. But, having that efficiency and capacity affects wider than just the waiting list. You are talking economic participation as well. In pain, not at work, waiting for an operation. Get them through quicker. Get them back to work. So it is not just about people that are living longer with more co-morbidities, there is that element to consider as well.

720 Clinical risk and recruitment and retention are completely interlinked. Who wants to come and work somewhere where you are carrying an unacceptable clinical risk daily? Because in some of our departments that is the case. We have clinical risk. In maternity we have been carrying it for over a decade. The work is hard enough as it is. It is challenging, it is hard, it is emotional, but they do it because, as is often said, it is a calling. But is that appealing? Come here and carry some extra clinical risk?

725 And as some of our staff have told me, it is actually very unsatisfactory on a personal level to be working in facilities where you cannot provide the care to your patients that you want to. So, clinical risk and recruitment and retention are really interlinked, and Phase 1 has already started to prove to us in our CCU that the new facilities are appealing. We have quite easily filled the new positions there.

730 On to some points that Deputy Inder made about housing, of course housing is an issue for us currently in BAU but of the 180 number that is being used, 90 are needed anyway. So, and at the moment we cannot have them. Thankfully, hospital Phase 2 is not going to be built tomorrow, so the timelines and the officer legwork that has been done with the three major projects, housing,

education and the Hospital, is that with the new sites that have been brought online through the hard work of ESS, housing will be in development.

735 So the timelines are starting to work together, but accommodation is an issue. I am not trying to dismiss that, but it is not an immediate issue relating to the new staff, and not all new staff will need key worker housing either.

And just to go back to the CCU point, they are established staff, they are not agency, so we are essentially saving money there as well.

740 To remind people, the Hospital is not a gold-plated option. There are various options, more expensive options, but it has been through a huge amount of challenge, and while it still addresses issues, capacity, efficiencies, etc., it is not the gold-plated option.

745 And in terms of adding revenue, which Deputy Inder mentioned, health costs are not going down. That is it. Full stop. At all. We often have a phrase 'spend to save'. There is no spend to save in HSC. I am calling it spend to plateau, because that is all we can do at this stage.

I think those were the points that I wanted to ... oh, and the seamlessness. It may be a minor, it may feel like a minor point, but the contractors have learned so much by being on site already, and working alongside an operational hospital. To take them off site and lose all of that would be really damaging. I think anyone that has worked in project management or a practical way will be able to see that. Perhaps those that have not, will not as much, but it would be a real loss of learning.

750 So this amendment, while it may not seem ideal as Deputy Roffey said, it is a bit hook or by crook to be honest, but for all the reasons that I have just laid out, we cannot afford to be increasing our waiting lists and not just getting on with this.

Thank you, sir.

755

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

760 Apologies everybody for being late in this morning, but I did catch a bit of the debate on the radio on the way down, and one thing I did not realise was that Deputy Inder now works for HR and HSC, because he seems to know a hell of a lot about how we cannot staff our Hospital once we, if we, build Phase 2.

Because Phase 2, let us put things into context, Phase 2 is not going to be coming on line until about 2030. That is like seven, eight years' time. In that seven or eight years' time –

765 I will give way to Deputy Inder.

Deputy Inder: I, with the greatest respect, sir, to Deputy Leadbeater, my answers came from the Rule 14 questions that were provided to me by your Committee, by his Committee, sir.

770 **Deputy Leadbeater:** Okay. But the point I am trying to make is, what we have got to understand is, we have not got enough staff accommodation now. We know that. This is why we are trying to propose a couple of blocks for that cohort that need to be near the Hospital on our hospital grounds.

775 This is why, that luckily we have got ESS that are bringing forward CI Tyres, for example, and the one in the [10.41.35](#). Those will be on line far in advance of the completion of Phase 2, so we will hopefully by 2029-30, we will not be in the same position now with no key worker housing, because if we are then we are all completely finished.

Now we all appreciate that housing is our biggest issue and it is an enabler for all these sorts of projects, certainly for Phase 2 of the hospital modernisation.,

780 Capacity. I think Deputy Oliver, listening to Deputy Oliver's interjections or her short speech before, and she is right, it is all about co-ordination. But that is not new. In construction, every construction company does not have one job, even if it is one big job, they do not have one job, they have a multitude of different jobs, and Deputy Vermeulen is nodding away because he knows.

785 You co-ordinate and you organise your trades accordingly, and that is why you start this project and then you start that project, and then you coordinate it with the DPA and with Building Control, for example. This is what has always been done. We do not have to start doing anything new to be able to achieve this.,

790 There are only 80 men on hospital modernisation Phase 1 – 80! There are thousands of tradespeople in this Island, thousands, and we are only using 80 on that project. Can we please put things into some sort of order here, because we can do the ???(10.42.58), we can do that project, we can do our project, we can bring on Leale's Yard and all these other things if they are co-ordinated properly.

I have not got an issue with that, and one thing I really do not appreciate, is people that know nothing about construction capacity telling me that we have not got the capacity, because we have.

795 I know we might have lost one large construction company, but those tradespeople have not gone anywhere. They are still here, and all they have done, all of the people that work in the management, they have just moved to other companies and made them have more capacity and more resilience to be able to take on capital projects. I really do not think this scaremongering about construction capacity is helpful in the slightest. (**A Member:** Hear, hear.)

800 Revenue costs was mentioned I think, by Deputy Oliver, and Deputy Inder as well. It has been talked about by other people. But regardless of what we do, if we do not build Phase 2 of the hospital modernisation, our revenue costs are going to be exactly the same as if we did. Because we have to send people off-Island now as Deputy Bury has pointed out. People do not want to go off-Island. They really do not want to go off-Island.

805 If you go off Island and have an operation on your knee or your hip or your elbow, or whatever it may be, and then you get on the plane and you come back and you are in pain, and there is a complication. What happens then if there is a complication? You cannot just rock up to PEH and see the same surgeon and the same team before, because they are off-Island somewhere, and that is if they have the capacity in the NHS to be able to take us off-Island.

810 And of Deputy McKenna, I agree with Deputy Ferbrache, cracking speech, an absolutely cracking speech, and I really appreciated his support.

I have not listened to all of the debate so far, and unfortunately I did not listen to Deputy Brouard's opening, but I just think we just need to put things in complete context here. I do not want people thinking that if we go and, if Phase 2 of the hospital modernisation goes ahead, and if 815 all of these construction projects go ahead, that we are going to be in some absolute mess. We are not.

There is going to be a hell of a lot of people that are very happy in the construction industry because they have got a hell of a lot of work, which is great. But we are not going to get to the stage where we have not got the capacity, because we will co-ordinate these projects accordingly.

820 One point that Deputy Inder made as well, is that, I am sorry because most of the time I was listening on the radio it was his speech, he said that we cannot build a roof that does not leak in Guernsey. Well that is not right. We can build a roof that does not leak, it is just that we just cannot maintain the thing (*Laughter*) and that is not a Guernsey-wide problem, that is a States' problem.

825 Because this is a thing I cannot understand, 'Oh, we have got to seek help because the roof is leaking.' Well fix it! It is not difficult. I can go there myself if you want and I will give you a quote. It is not really difficult to fix a roof.

Anyway, that was my bit. Thank you very much, sir.

The Bailiff: Deputy Prow.

830

Deputy Prow: Thank you, sir.

I can be brief, having listened to all the speeches so far. I agree with Deputy Ferbrache about Deputy McKenna's speech. It was an excellent speech. And we have had speeches from Deputy Brouard, Deputy Bury and indeed now from Deputy Leadbeater.

835 I think the issue with this amendment for me, is that we are discussing a Funding & Investment Plan, and I think the debate so far completely illustrates to me that you have to look at all these things in the round. And the difficulty with this amendment for me, is that quite early on in looking at these amendments we are discussing one particular programme, which is the hospital modernisation programme.

840 Now I do not need to be convinced by anybody of the need for this programme. I was on Health & Social Care last term, working with Deputy Soulsby, where this whole concept started. I do not need to be convinced. I think it is an excellent initiative, and I think in this Island, which as Deputy Ferbrache has already said is all said and done, an affluent Island. We need the medical provisions to service the needs of our population.

845 But, in this debate already, we have had some very good speeches in my view. We have had speeches from Deputy Inder, we have had speeches from Deputy Dyke, and indeed from Deputy Leadbeater, around the need for housing. But that just demonstrates the difficulties we have on this Island, right across the board, and this is where I want to move on and talk about this project in the round, because there is issues around staffing and recruitment and retention, and when you bring in people from outside the Island, where do we house them? I think that that is a fact.

850 But where I agree with Deputy Ferbrache entirely, is that I think we also have to look at the education provision as well. In an Island like this, we need to be investing in both health and education. And interestingly, there are synergies, because the Institute will provide provision for degree courses for Health & Social Care staff, and so that in considering the needs of the Hospital, you need also to be considering the wider implications around education, and how we can feed in those staff that we desperately need, which takes the pressure off housing and indeed, as Deputy Leadbeater has outlined, how we can phase in all these things together. And that brings us back to the Funding & Investment Plan which we are debating.

855 So all these arguments that we have heard so far are all very valid. Nobody needs to convince me of the need to invest in the Hospital, and also nobody needs to convince me about progressing with the education programme.

860 These are absolutely fundamental for me, and my problem with the amendment is I think, and I hope, we can there without having to make this choice. As is described in 4(a)1 and 4(a)2 are enablers for the hospital modernisation programme, but that is a limiting factor, and I do not think it is right and proper, particularly at this stage of debate, that we should be making an either/or choice. I think that is completely wrong, and I urge this Assembly to look at the Funding & Investment Plan in the round.

Thank you, sir.

870 **The Bailiff:** Deputy Queripel.

Deputy Queripel: Sir, thank you.

875 Sir, on the issue of States maintaining its properties, I am absolutely delighted to see the statue at the top of Smith Street has finally been pressure cleaned. I asked for that to be done five years ago. It was an absolute disgrace. (**A Member:** Hear, hear.) Same with the sunken gardens, same with the walls on the outside of this building and the balustrades on the east side and the steps. This is the seat of Government. It is a disgrace that those areas have been allowed to fall into such an awful state.

880 Now, why am I saying that? Well, I am saying it for several reasons, primarily to highlight the fact that once again the States' record for maintaining its own properties is absolutely woeful. *Absolutely woeful*. And yet we are being asked to agree to spending tens of millions of pounds on new buildings, with no thought whatsoever given to their future maintenance.

885 And I was told when I made phone calls to the property manager of this building and the other people that were on that look after the statue and sunken gardens. Three different separate committees, by the way, three different departments, which is a nonsense. I was told that it is on the list of things to do, but there is a lack of resources. Resources are always the problem.

890 And I offered to pressure clean everything myself, for free, but no-one had the courtesy to get back to me about that. I would have done the pressure cleaning on the statue. I will do the pressure cleaning on the sunken gardens. I will do the pressure cleaning on this building, for nothing. No one got back to me, had the courtesy to get back to me about that.

And they still have not been done, those other areas. And bearing in mind this is the seat of Government, in my view it is an utter disgrace that the States do not maintain their own buildings.

895 So I cannot support the building of yet another school, it is the same reason I cannot support this amendment actually, to continue with Phase 2 of the modernisation of the Hospital to bring it into Scenario 1. It makes no sense at all to build new buildings unless we are prepared to put resources in place to maintain them. We cannot even afford to maintain the Hospital we have got now, and yet we are being asked to agree to adding to the areas that would need to be maintained in the future.

900 If you go and look at the Hospital, the older areas, you will see there is weeds in the gutters, weeds on the roof even, and if you go to the headquarters, HSC headquarters, you will see a rotten piece of fascia board, a rotten piece of soffit, that have been there for absolute ages. I highlighted it when we, the Deputies, had a tour of the headquarters quite some time ago, and I was told, 'Yes, guess what, it is on the list of things to do but we have got a lack of resources.' Now where have we heard that before?

905 When I asked Deputy de Sausmarez during a recent debate on when is the Victorian greenhouse in Candie Gardens going to be repaired and when it is finally repaired will it be maintained? And she explained the work is specialised, it is taking longer than anticipated, finding qualified tradespeople, which I get, to repair it, and because funds are scarce she could not commit to it being maintained.

910 Now, I am not putting the blame on Deputy de Sausmarez in any way. What I am doing here is highlighting the sad and sorry state of affairs we are in regarding maintenance, and we have been in for several years now. We do not even maintain what we have got due to lack of resources.

915 So what is going to change in the future? Nothing. Is Deputy Brouard going to tell us a pot of money has been put aside for future maintenance of the Hospital? And that it will not be a problem finding qualified tradespeople to do the work? I hope he is going to tell us that, but I doubt if he will, because the reality is we have never got the resources so we have never got the funds. We have not even got the funds to maintain the Victorian greenhouse in the Candie Gardens, for goodness' sake.

920 As we know, the States have made housing the top priority, which means housing is at the top of the list. Now I will say that again, sir. The States have made housing a top priority, and yet we are still being told that building another school is priority, Phase 2 of the modernisation of the Hospital is priority, upgrading the States' IT systems is a priority, modernising the Dairy is priority, and the list goes on and on, and everything is a priority, then nothing is a priority.

925 We say we need everything. We know we need everything. We would love to have everything, but we cannot afford everything at this time, so we need to cut the clutch.

And surely our saying housing is our top priority, cannot be allowed to be just words. Words said just to make us sound good in the eyes of the community. If it is just words, then we should all be ashamed of ourselves.

930 Now as we all know, some members of our community say the States should just stop spending. But they do not appear to have thought that through, because in the next breath they will say 'when are you going to build more properties for our young people, that they can afford? My son and daughter will be stuck at home for ever unless you build enough properties that young people can afford right now. So please just get on with it.'

935 And when I said in a States' debate not long ago the housing situation is so dire and desperate that we need to blitz it, Deputy Ferbrache agreed with me. But we are not going to blitz it if we are spending so much money and using the labour that is available here in the Island to us on everything else as well, we cannot do everything else as well.

940 We said housing is our number one priority. In order to make that a reality we need to focus exclusively on building houses and flats now. And I am reminded once again of what former Lieutenant Governor Sir Peter Walker said when I asked him if he ever felt like getting up and saying anything during a debate, and he said, 'Yes, I often feel like getting up and saying you are all missing the point.' And the point we need to bear in mind here is that we might want everything, and we need most things, but we have to accept that we cannot afford everything.

945 We should be focusing on our top priority, or at least what we said is our top priority. It is not as if we have not got the land. We have been buying up numerous plots of land recently all over the Island. What is the point of buying land if we are not going to build on it? (**A Member:** Hear, hear.) And I asked that question some time ago of P&R, what is the point of buying all this land if we are not going to build on it? When are we going to –

950 **Deputy Mahoney:** Point of order.

The Bailiff: Point of order, Deputy Mahoney.

Deputy Mahoney: Thank you, sir.

955 I wonder, this is a very defined, narrowed bunch of statements here to put in to change the current Propositions of this amendment. We seem to be talking about greenhouses and fields and all sorts. Perhaps I should have sprung up earlier when others were talking about housing, but we seem to be getting off the point about whether this amendment should just replace, or be added rather, no replace, the current number six that is in there. I just wonder if this is going beyond stuff
960 that is in the amendment.

The Bailiff: Deputy Queripel, I think Deputy Mahoney has a point there, that this is a choice between what is Proposition 6 from Amendment 1 and what would be a replacement Proposition 6 if this amendment were to be approved. It is confined to that, so please can you keep your
965 comments to that issue?

Deputy Queripel: Sir, in response to Deputy Mahoney, I never once mentioned greenhouses. I spoke about a Victorian greenhouse (*Laughter*) but that was inferring I am talking about redundant greenhouses and derelict greenhouses in my view.

970 Sir, the point I am making here is I am not going to support this amendment, I think I have already made that clear. I am not going to support the building of any new establishments until such time as we put money aside to maintain them. Where there is a will, there is a way. And I thought it was quite relevant, sir, to highlight the fact that we have made housing our top priority, and yet we are still spending time debating so many other things.

975 Well I have just been through two pages of my speech, sir. Regarding this seamless issue, gliding into our Phase 2 as soon as Phase 1 is completed. That is not the case. Deputy Brouard was there when I asked about that of the developers when we were on a recent presentation, and the developer told me, and Deputy Brouard heard this, there would be a delay of a year. So where is this seamless gliding from Phase 1 to Phase 2?

980 A delay of a year means to me employees and plant equipment will have to be moved off site for a year. So I would like Deputy Brouard to clarify that, what he remembers of that conversation, please sir, when he responds.

I have just been through that page. Am I not allowed to make any points about maintenance, States' record of maintaining its properties?

985

The Bailiff: Deputy Queripel, that is really something for later in debate, when we get to general debate, if you want.

990 **Deputy Queripel:** Sir, I have already spoken in general debate, so I was taking the opportunity to get my points in now. Well, you have rumbled me, sir, so I accept your ruling.

I am not sure what else I can say then, in that case, but I wanted to say things like we have got Islanders sleeping on couches in people's homes and stretching friendships to limits. Really Islanders living in dire, desperate situations, right here, right now, but I will not elaborate on that. In this day and age that is just not acceptable.

995 So I think I had better end now, because I was just going to elaborate on my original points on my last page, sir. I will leave it there, sir, I thank you.

The Bailiff: Deputy Oliver.

1000 **Deputy Oliver:** Thank you, sir.

Bringing it back to the amendment, I think if it was just a choice of saying do we need to do the hospital modernisation and we have the ... and there are no other things that need to be done, then I would totally be behind this.

1005 But I have spent more than my fair share in the Hospital, I think it was 12 weeks counting in one fell swoop, so I got to know the staff pretty well. I have to say I have also had an emergency C-section as well. My baby became in distress, and they were quite worried about getting me down to the theatres.

1010 But what I really want to hear, and I have keep asking Deputy Brouard this, is tell me what the risks are. Tell me how much it is going to cost, and I know I think at the moment we are running about two years behind in knee operations, I think, I am not saying that for sure, but there must be things that this modernisation will be able to shorten our waiting lists. How much to we spend on pain meds while people are waiting for these operations? Give me some facts and figures so that I can actually get behind one of these amendments.

1015 But also, we have got to look at it in the whole, and we have got education. I have got children, I have got children that at the moment are at St Martin's Primary, but the education at the moment for secondary is all up in a sort of mess. Ever since we got rid of selection. (**A Member:** Hear, hear.) We are still trying to grapple around. We have still got people saying that actually this model is not the right model, go to the next model.

1020 So that, it is just really difficult when you have got a number of other things that also need doing that people are also really wanting doing. Now I accept that with the Hospital when you generally go in there you need help, and it is really difficult to say no to the Hospital, because you are saying effectively no to what might be better healthcare.

1025 But give me some of the facts that I can actually get behind this, and then say okay, well I know Deputy Bury says it is not going to improve things, it is just going to plateau things. Well it must help save some money, because even if it is just plateaued, just give me some of those and let us see if we can actually get further.

The Bailiff: Deputy Kazantseva-Miller.

1030 **Deputy Kazantseva-Miller:** Sir.

Just speaking to what this amendment is trying to do, right, so it is amending the current portfolio 1, So instead of having a £190 million portfolio we will have £340 million portfolio that does include an additional contingency, but it is basically adding the Hospital into the first portfolio.

1035 So what effectively this will mean, is that when we come to the final vote and all Propositions have now been disaggregated thanks to Deputy Roffey's amendment, what it means is that we are going to have four options of how much expenditure we are going to vote on, bearing in mind we obviously have further amendments. But right now, if this is successful, we will have four capital expenditure envelopes to vote for.

1040 Number 1 is the core one. Its implied schemes £95 million. Number 2 if it would be amended, Portfolio 1 will become £340 portfolio and include the Hospital. Portfolio 2 will be £440 include the hospital and the school, and Portfolio 3 will have everything, basically.

1045 So what we will effectively be doing is kind of slightly saying we think hospital overall, given everything is really important among all types of portfolios, so we are giving it more chance. We are giving it three chances out of four to be potentially selected. So we are effectively saying when we come out from this debate we would have given the Hospital three chances to be selected.

1050 I would like a lot of capital projects to go ahead, but I think on the big scheme of things I think it is probably relevant to elevate the chances of the Hospital to succeed this week. So on this basis it is a worthwhile amendment to consider, because it just gives us that bigger chance. I think it sends a message to the community that we really want the Hospital, with everything else we have to decide on, to go ahead and we are just giving this extra chance for it to succeed.

1055 Soon this basis I think I would support that basis, because we are sending to the community, and to ourselves, the message to say listen, we are going to have three chances out of four to make it succeed. It is an unfortunate situation we are in, but in my opinion that is what it will do, and I am willing to support that.

1055 Thank you.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir.

1060 Sir, in his speech Deputy Gollop talked about building cost inflation and medical cost inflation, which I think are very relevant points to why we ought to be building the hospital modernisation Phase 2.

1065 And so I am reminding people that we only have one hospital in Guernsey. We are not like the UK and the NHS where you have hospitals in one town and another town, and another one, and the NHS is actually very good at distributing load out between different hospitals. We only have one here.

1070 And people in Guernsey I think have quite often got some experience of using the UK, as an example, and the NHS, because some people have lived in the UK, some people have visited, people have got friends and family. But it is often from some time ago their experience of the NHS or of medical care there.

1075 And often we think in the UK that things just tick along, they kind of go okay, everything muddles through okay, but if you see the recent news, you will see that there is now very serious issues with waiting lists in the UK and this is caused by years of underinvestment, where COVID and very recent industrial action have compounded, so it is almost at crisis levels, and hospitals run on very thin margins. There is very little in the way of spare capacity, and when you have a shortage of capacity it is very difficult to catch up. So when you build up a waiting list, it just keeps building up and up.

1080 Now I mention the UK really for two reasons, and one is the obvious reason, is just for comparison, and we have much less of an issue here because we have invested in our healthcare.

1080 But the other reason is because we rely on, we use capacity in the UK and the NHS. And people might say well, what about private hospitals in the UK? Well they are being leaned on by the NHS as well because of this real crisis in capacity.

1085 So, and if we have no Phase 2 we will have a much greater reliance on the UK. Well those are all very good arguments for hospital Phase 2, but what about for this amendment? Well, many people will be looking at the different scenarios and the different funding options, and will be particularly concerned about borrowing. Now Guernsey has always been traditionally very concerned about borrowing and with very good reason, and in the past we have put restrictions on our borrowing so we will only borrow against a revenue stream.

1090 But there is also another good reason to borrow, or sensible reason to borrow, and that is for cost avoidance. And there are two ways in which the Hospital will help with cost avoidance. One of those is that we have a very great reliance at the moment on agency staff. It is our biggest cost, and

the hospital modernisation Phase 2 is set to, we hope, address that by making the Hospital more attractive so that we will be able to attract more people to want to come and work at the Hospital. And the other reason is to avoid the cost of off-Island treatment.

1095 So although there is not a direct revenue stream as such for the hospital, there is this cost avoidance aspect, which I think for me, lessens the concerns I would have about borrowing in relation to the Hospital.

1100 Because I think, we are of course in difficult times, and construction costs have gone up, and interest rates have gone up, but I think on the other hand you do have to think about the future medical inflation as well, also going up. And so for this reason, I think that many of you are concerned about borrowing and that is why I would be happy, and I think it really ought to be in our base case to build the Hospital. It will be very difficult for us if we do not, and that is why I urge Members to support this amendment.

Thank you, sir.

1105 **The Bailiff:** Deputy Mahoney. Not Mahoney, Moakes. Sorry, Deputy Moakes. *(Laughter)*

Deputy Moakes: We look very similar, probably. *(Laughter)* I have got more hair though. *(Laughter)*

1110 Before I start I would just like to make it very clear that I think the Hospital renovations are absolutely critical to the Island, and we need to be doing them, and in fact, sir, this amendment I believe gets to the very heart of this debate.

We have got a number of major priorities at the moment. Health, education, housing, but we simply do not have the money to do them all. So I can fully understand why Deputy Brouard is bringing this amendment.

1115 I think that he voted for the tax changes that came before the Assembly earlier this year. He is nodding his head, thank you. And he is probably quite worried that the Hospital Modernisation Programme could be delayed unless the States votes for one of the revenue-raising options.

1120 But this is an amendment that amongst things suggests that the States should limit investment in public infrastructure to critical investment only, until such measures are agreed to address the structural deficit. It obviously then includes the Hospital within the critical infrastructure.

It is a really interesting approach, but the problem is there are other Committees out there that have their own plans, important plans, which could be curtailed to a greater or less degree as a result of this amendment.

1125 So what about education? Our kids? What about housing? So I am also surprised the amendment has suggested using the Guernsey Health Reserve Fund to fund the hospital modernisation, I know reluctantly given that the fund is being used already to fund NICE TAs as I said yesterday, I think. What happens when that fund runs out of money? Surely there has got to be a last resort.

1130 And it is clear to me that the proposer and seconder of this amendment understand the predicament we are in, and again that is, simply put, we do not have the funds to pay for everything, so something has got to give. Or, we could look to ways of raising revenue.

So, sir, if I might suggest a different approach for the five voting Members of the Committee for Health & Social Care. As important as it is, they think beyond the mandate of their own Committees and vote for one of the revenue-raising initiatives. If they do that, the funding we have placed to move forwards in a wide range of important initiatives, including the hospital modernisation.

1135 I cannot vote for this amendment because it carries a number of risks as I have already pointed out. However, whilst I am not on that Committee I do support the hospital modernisation programme, and that is one of the reasons that I will be voting for 7 or 8. Not popular with everyone, but it is really the only way we are going to fund all of the critical infrastructure projects, such as the hospital modernisation.

1140 I am no more prepared to neglect hospitals and patients, as Deputy McKenna has already said, but I am to neglect schools and their children. And of course we desperately need new private and social housing too.

Thank you.

1145 **The Bailiff:** Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

1150 Just to address a point that has been a bit of a recurring theme in this debate, which is housing. Deputy Inder started by saying that if only people had joined the dots when we were debating the Dairy, then we would not be in this situation.

But actually, those dots were very firmly drawn at the time. I have just checked *Hansard* and there were really quite a few mentions of the relevance of this site for the PEH, and particular mentions go to Deputies Brouard, Soulsby and Gollop, who raised that very issue among others.

1155 So I thought Deputy McKenna made a very point. Just going to key worker housing now. I thought Deputy McKenna did make a very good point that actually, irrespective of whether you have got the staff, dependent upon the accommodation, that you should take the opportunity to build the facility and have it ready to go the minute they are available.

1160 I thought that was a good point, but I would just like to allay some concerns, I hope. Obviously we are all very conscious that not much in the way of affordable housing has come through in recent years, but that is because there is distinct lag in the system between acquiring sites and being able to deliver the bricks and mortar that you need to develop on them.

Now though, DPA have done everything they can to streamline the processes, but none of us have a magic wand, much though we wish we had. So you cannot just magic units of accommodation up as soon as you have those sites ...

1165

Deputy Mahoney: Point of order please, sir.

The Bailiff: Point of order, Deputy Mahoney.

1170 **Deputy Mahoney:** A Rule 17(6). Having picked up Deputy McKenna on it for exactly the same thing, I feel it would be remiss of me not to then state the same. We are talking about housing now. This is a very defined amendment, whether it gets placed or not.

1175 **The Bailiff:** To the extent that Deputy de Sausmarez is concentrating on key worker housing, as opposed to general housing, it is related to Phase 2, because she is responding to matters that were earlier in the debate, which might or might not have been jumped upon at that time.

But in that sense, provided it does not stray to general housing, but it is hospital-related, and only hospital-related key worker housing, then that is fine.

1180 **Deputy de Sausmarez:** Thank you, sir, and I am very sympathetic to the point that Deputy Mahoney raises, but the reason I chose to get to my feet was because it has been a key theme of this debate, and I am hoping to be able to allay some fears on that count.

1185 The point that I was coming to, was that we now do have some sites, and indeed other sites are in active consideration, and obviously planning permission dependent etc., there are still some parts of the process to go, but we are anticipating between, I think, 104-105 maybe up to 120 units of accommodation within perfect proximity to the Hospital, and that is not including anything that may or may not be brought forward in [11.22.06 Valley](#) on that field there. I forget its proper name, the [Bordage](#) ??? I think.

1190 So I would hope that that will allay some fears. There is just a lag in the process between sites being acquired and housing being delivered, but obviously we have been working very hard on that since the beginning of this term, and so those units of accommodation, that train is now moving, and those units of accommodation should be delivered within the next few years. So I hope that that will allay some of those concerns that have been raised through this debate.

Thank you.

1195 **The Bailiff:** Alderney Representative Snowdon.

Alderney Representative Snowdon: Thank you, sir.

1200 Just to add a little bit of comment to this debate, but I just think we are going round in circles quite a lot and it is, I think as I have said in previous debates, there is quite a lot of passion because everyone is fighting for their turf for whatever projects they want to go ahead.

But this is absolutely essential. All of you use the hospital facilities, and all of you are going to use the hospital facilities in the future. I think we do need to move ahead and actually push this forward, and actually start delivering it, because as someone said to me, actually outside, well we can just stay as we are, stay as it is, *status quo*, and let the next Assembly deal with it.

1205 Well you cannot stay as you are. You need to upgrade those facilities really quickly. You have all had the presentations, you have all had the documentations about why it is so important, and to be sending a message to our community that this is something that potentially this does not need to go ahead, we can put this to the back of the list, or think about it another time, or give it to the next Assembly to sort out, to be honest is not acceptable.

1210 We have got to make sure that infrastructure is improving, such as this really essential project, and the right message you are giving is going out there. We get criticised for the waiting lists being too big and not being sorted out. You have had the presentations. This is the steps to be taken that the waiting lists will start going down. Yesterday there was talk about the ageing demographics and how we deal with them. We do have to deal with them. This is one of the things that will help deal with the ageing demographics.

1215 So I think we have just got to have a bit of a reality check about all of this, that there are tricky decisions to be made. This is a big investment, but it is an investment for the future, for our communities, that is essential. It is essential, and I am just getting a little bit concerned that there is a feeling that we can just start throwing things away and thinking about it another day.

1220 We have got to get on and we have got to start delivering this, so I just wanted to do a little bit of a refresh in the debate. I think there was a little conversation about income. Potentially if this goes ahead you are maximising, we are told, the private income from the Hospital, so that should be a welcome encouragement as well.

1225 And there are a lot of different other benefits to it, but I think to simply think that we can get away without doing this project is totally foolish.

Thank you.

The Bailiff: Deputy Mahoney.

1230 **Deputy Mahoney:** Thank you, sir.

Like Deputy Prow when he started his speech, I want to say out the outset that I do not need convincing of the worth of Phase 2 of the hospital modernisation, but then I do not need convincing about the education model either, so I would like to make that public for I believe that both should be going ahead.

1235 I suspect Deputy Brouard must have brought this amendment with a sense of frustration, since he is naturally protecting his turf, I would expect him to do so, because he is one of those that did vote for the full package last time that would have enabled everything to be done. So I sense that he must be frustrated he is now having to protect his turf when in fact he is on the side of actually getting it all done, as we should all be.

1240 I need to echo though, the concerns of Deputy Roffey, which is the main reason why I have stood. It is that P&R structured this policy letter to provide a range of options, Scenarios 3, 2, 1, along with the core etc., but under this amendment the 'do little' option, the Scenario 1 option, becomes £340 million, which is a very big 'do little'. This is effectively Scenario 1 Plus.

1245 Now briefly, very briefly, the four options are some borrowing, use £46 million from the Health Reserve plus a little bit of borrowing, £90 million from the Health Reserve plus much less borrowing, or just use £90 million from the GHR and then fund the rest from general revenue.

1250 Now, it strictly does take away the no borrowing, as under the Option 4 there, HSC can start that Phase 2 using that £90 million from the Health Fund. Now that will set the ball rolling down the hill that cannot be stopped. That whole project will have to then be completed. We do not want to end up like Jersey with £300 million in the hole or whatever the number is, which they have now binned without actually doing anything. We cannot do that. We cannot afford to do that.

1255 But we will need funding to then take it from general revenue going forward, because we will be taking capital costs from general revenue, we will be building out of general revenue, and that is just capital by another name. And of course, if we, the other issue with this is that those funds that we have currently got in the Health Reserve, which I understand is £90-something million, Deputy Brouard will correct me if I have got that wrong, do count towards the cash, the reserves, that Guernsey has, and are being monitored more strictly now by various people, S&P etc., as regards our ratings, credit ratings etc.

1260 So if we now immediately cash in that £90 million bond and spend it on something entirely useful, which I support, then of course that will affect – that is £90 million gone straight away. And also under the Option 4, under this amendment, I fear for what else we are going to have to lose from our portfolio that we picked, the ongoing in-flight stuff. He is shaking his head, so I hope when he sums up there will be nothing from that. If he could confirm that for me, that would be useful.

1265 But I have a big problem that it takes away those Members that might have wanted to be 'I do not want to borrow anything at any stage', it takes them out of the game, and I do not know where they would go from being led down a 'I will have to vote for nothing' part, and that would obviously be the worst of all options for any of us.

Thank you, sir.

1270 **The Bailiff:** Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

1275 It has been a very interesting debate, and I understand very well why Deputy Brouard and Deputy Bury have brought this amendment. I could have brought the same amendment, or a very similar amendment, to try and safeguard the transforming education programme, but I did not.

And the reason I did not was because it is not my project. It is not the Committee's project. The Committee sponsored it, the Committee on behalf of the States is driving this through, is leading this. But it is a States' approved policy. Just like the hospital modernisation is a States' approved policy.

1280 And to agree to prioritise one of those critical and vital projects over another, during a debate such as this, in this forum, without the proper technical information and advice in front of us, because I know that not all Members have been able to make the hospital modernisation presentations. I know that not all Members have been able to make the transforming education programme presentations.

1285 So there are a number of Members in this room who will be winging it, who will be going on gut instinct, because they simply do not know sufficient technical details about either of the projects, let alone the accommodation aspirations that we have got, the building aspirations for key worker housing.

1290 So, Deputy Queripel spoke quite well to this, actually, in terms of the gaps in his knowledge, but we are expecting Members to make a decision today, essentially to prioritise one of those tripartite areas of prioritisation that has been carved out within this Funding & Investment Plan.

1295 Now I want to speak to some of the issues, because no matter what is said, it is a fact that the transforming education programme, the build of Les Ozouets campus and the construction of the facilities for the Guernsey Institute are essential to assist with the longer-term aspirations of the hospital modernisation. It is a fact. The phasing of us going first to build the facilities to be able to train the staff for the pipeline of resourcing needed to be able to get the hospital functioning with qualified staff, it is essential, and it is a fact.

1300 The library resourcing, the Learning Resource Centre, which is currently housed up at the hospital, is a key component of us having University accreditation. If that Learning Resource Centre changes, and it no longer meets the criteria for the University, we cannot deliver on-Island degree courses. So we cannot train medical staff to degree qualification.

1305 In addition to that, that Institute also trains what is commonly known as apprentices, nursing apprentices. So it is not just degree qualifications, it is care workers who want to become registered nurses, who work on the ward alongside other qualified staff who are able to feed the pipeline of staff needed to populate the hospital.

Now at the moment we are struggling with facilities. There are simply insufficient facilities for us to train all of these members of staff. So unless we go first with the education programme, then we are going to be left with the fear that Deputy Inder has talked about, of a hospital building with very few staff in it, unable to populate, certainly from our local population.

1310 And Deputy Heidi Soulsby has asked on many occasions about how Health are driving down their costs of agency workers and what is happening to the pipeline of training of our on-Island residents to be pushed through into the Hospital? Well, it is faltering, I would say. Whilst it is extremely successful when it works, it is faltering because we simply cannot push enough people through that pipeline. Yet we want to.

1315 Now much has been spoken about the phasing of construction. I sent an email earlier in the week to try and allay some of Deputy Queripel's concerns about this. But again, the Hospital Modernisation Programme starts in 2025, the Phase 2, and ends in 2029. The Education, Sport & Culture programme starts in 2024 and finishes in 2026. I think that is quite clear.

1320 Both will be phased. Both will need different trades on site at different times, and it has been confirmed on many occasions that this is entirely possible and that the resourcing and the capacity is there within the industry.

I am not in the trades, unlike Deputy Leadbeater, so I have to rely on experts who we employ to let me know that those conversations have been had between Health & Social Care officers, with Education, Sport & Culture officers, so that they are working very much in tandem with each other.

1325 An interesting comment made earlier by Deputy de Lisle about private investment. Well, it probably will not surprise Members that I have actually spoken to private investors about whether or not they would be willing to assist us with our funding difficulties, especially with Education, because it is an area of philanthropy that private investors, those of high net wealth, are willing to put their hands in their pockets to see the advancement of communities.

1330 And whilst the individual that I have had conversations with is very keen, they just cannot trust that the Government can stick to its decisions. So until we can show that we are convicted and committed to our decisions, then the hope of getting private investment is far and few between.

1335 And actually, the most important point here is not the merits of either project, one against each other, because they are both meritorious. They are both critical to the success of our Island's future. Deputy Brouard is looking at me in a quizzical way. It is true. He knows it is true. It is absolutely essential that we invest in our healthcare. It is absolutely essential that we invest in our education. So there is no competition between either of those projects.

I will give way to Deputy Le Tissier.

1340 **Deputy Le Tissier:** There is a point of order, sir.

Is Deputy Dudley-Owen not straying into education whereas this amendment is purely about the Hospital?

Thank you.

1345 **The Bailiff:** I think Deputy Dudley-Owen is entitled to put forward the view that she is putting forward about extracting one project over another, which is what she is doing by comparing the two, so please continue, Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

1350 And for Deputy Le Tissier, I put accommodation and housing in that bracket as well. I know less about the workstreams there, but I think that we have had valid contributions from particular Members who have got the knowledge there. Deputy de Sausmarez has spoken about that just earlier.

1355 But we have a tripartite of priorities. So to extract one priority over another, when actually the three are essential to the success of the Island going forward, and when they can be phased and they can be done is actually not a matter of which ones are more vital, because they are all equally vital.

1360 The actual important point here is whether we are bold enough to make the decisions to fund these projects. That is really the importance here, and therefore, Deputy Brouard should not be in the position of having to pour out the particular project that he is leading. He should not be put in this position, and nor should I, having been asked to have led on this particular project.

Neither of us should have to come to this particular Assembly for a begging bowl, because both of the projects have been approved. Both of them are tightly managed. Both of them are going through the due process, the due governance. Both of them have been proven to be equally vital.

1365 If we do not have a functioning education system and a pipeline to be able to educate our people to the high-quality standards required, we will not have the growth in the economy that many people are asking for. We will not have the trained healthcare workers that are essential to populate the Hospital. Guernsey will not be an attractive Proposition for people to remain in.

1370 We will have to send our 16-year-olds off-Island to study. Why would we do that when we have got the will to educate them on-Island? Why should Deputy Brouard start to send his healthcare workers off-Island to be educated when we can do it here? These projects should not be in competition for each other, and I think it is terrible to have to stand up here and make that point.

1375 Deputy Queripel asked earlier whether we would have enough qualified tradespeople on site to maintain the Hospital, or any other new buildings. The answer is no, if we do not fund the Transforming Education project, the answer is no, we will not have qualified tradespeople, because we simply will not be able to educate and qualify them. There is not enough room for the capacity of people that are wanting to come through and the pipeline that is required of our trades industries in Guernsey. Facilities are less than good, and we are delaying the pipeline into the building industry and the trades.

1380 I think that Deputy Kazantseva-Miller very helpfully stepped Members through the intention of the amendment, but her rationale for supporting hospital over anything else was odd, I am afraid. It is certainly no compelling reason because it sends a message to the community.

1385 Well the message it sends to the community is we are prioritising one vital infrastructure project over another. We are not going to invest in the young people. That is the message that it sends. We are not going to invest in the education of the healthcare workers to populate the hospital. That is the message that it sends.

1390 It says more to me, actually, about individuals' possible opposition to these projects, which actually comes further back in history than it does to their understanding of the need for delivering these vital infrastructure projects, and I will have more to say on that later when Deputy Matthews and Deputy Roffey lay their amendments.

1395 So, what I do want to hear more from is from members of P&R in terms Deputy Mahoney started that, turned to comments which actually really speak to the heart of my concerns around this amendment, is leaving us short. And it is leaving us short in terms of how we would fund our general reserve and taking away, depleting that particular account, and what we have left for the rainy-day fund, so to speak.

I am very concerned about this being a potentially imprudent move in terms of not just prioritising one infrastructure project over another and the bigger picture of how that has severe consequences for the success of that particular project, but also Island-wide for our economy and greater community in the long run, but also what that does to affect our finances.

1400 So I look forward to comments from Deputy Helyar in due course.

The Bailiff: Deputy Murray.

Deputy Murray: Thank you, sir.

1405 We have got ourselves into a bit of a mess, (**A Member:** Hear, hear.) and I want to preface that by the comment I made on last Friday to the IoD. Somebody mentioned about a vision for Guernsey, which we are actually under a mandate at the moment, as P&R, to try to look at this more holistically. And I responded, actually the more I have looked at this the more I think what we need is a vision for Government, for exactly the reason that we are actually encountering ourselves today.

1410 We cannot think holistically. We unfortunately think individually, all 40 of us. When we try to group together and factions come and go, because we do not think about the future holistically, and we use the only mechanism that we have got, which is the Committee structure just now, and it fails us in this situation, because as Deputy Dudley-Owen mentioned, we actually start fighting amongst Committees for a slice of the pie. And that is exactly what we are now doing with this amendment, which I believe all of us want that hospital. I mean there is no question about that.

1415 But we find ourselves in the position through the mechanisms of government, of having to choose one over another. How do you do that? (**A Member:** Hear, hear.) How do you possibly do that?

1420 So what we recognised at P&R, as Deputy Mahoney has recognised and mentioned, we had to come back to this Assembly, within the context of how the Assembly functions, with options, knowing full well that there are Members of this Assembly that individually will not borrow money, will not invest, will not raise money in any shape or form.

1425 And yet, we want a hospital. We want an extension to a hospital, quite rightly. We need to invest in our education system, quite rightly. We need to invest in our technology, quite rightly. We have definitely got to invest in housing, quite rightly. (**A Member:** Hear, hear.) And here we are, fighting like cats in a sack over who gets a slice of the pie.

1430 So, whilst I have every sympathy for the Health & Social Care Committee bringing forward this amendment, it is actually jeopardising that option that we actually left on the table for those Members who do not believe, or who believe, that we can somehow move Guernsey forward without actually finding a mechanism to fund the things we desperately need to do, whether that be borrowing, or whether that be actually raising more revenue from whomever ultimately.

So, if we support what is on the table today, that has gone. Okay? We are into a situation whereby potentially, as Deputy Mahoney quite rightly pointed out, and actually Deputy Kazantseva-Miller, £340 million has got to be found.

1435 How are we going to do that? We can pay it from Reserves, but then we get no income back from the Reserves that we have now spent, which is the problem that we have got, because we depend on the income from the Reserves that we have got to keep our head above water. Because the revenue coming in will not fund capital expenditure, or very minimally.

1440 So we are back to the actual main reason we are talking here today, which is to find the funding mechanism that we require to do the things that we believe the Island needs, however much support we put behind any of those particular initiatives. And if we do not solve that problem we will just be in a downward spiral, because we will end up, because people will not borrow money, and I understand all the arguments for the timing and the costs of that, but there are arguments against it as well, but we will find ourselves in a downward spiral where our Reserves get completely used up, because of the demand for the things that people, quite rightly, expect from us.

1445 And we have no means of funding it unless some people decide, in this Assembly, during this week, to bite the bullet on some funding mechanism that takes us from where we are today, which is actually the longer sustainable trade future with sustainability and the things that we want, quite rightly, on behalf of the Islanders, can be fulfilled to a greater or lesser extent.

1450 So I am afraid on this particular occasion, I cannot support this because I want to leave that option on the table, because I think we have to, because I cannot convince or change people's minds who think that somehow we can carry on as we are, because we cannot. But we have to leave that option on the table for those who actually want to demonstrate that to the public.

1455 So I would urge Members unfortunately not to support this, and it is no reflection on the need,
and it is no reflection on the real reason and the emotion that the whole Health & Social Care
Committee and its supporters who have brought it forward. Because there is a reason for not having,
or for having an option whereby you do not commit, and we will see who actually has been prepared
to support that.

Thank you.

1460

The Bailiff: Deputy Trott.

Deputy Trott: Sir, I am tempted to speak briefly, but it really is comments made by my colleague
a few moments ago that bring me to my feet, because I heard his comments at the Institute of
1465 Directors' presentation, and I thought he summed up the problem very succinctly.

But it was ever thus. A few years ago we had a Policy Council, and the people who sat around
the Policy Council had the individual mandates for things such as education, and health, and
housing, and homes, and this, that and the other. They had a place on the Policy Council by virtue
of the fact that they were, in those days, called Ministers of those departments. And when they
1470 came to the Policy Council they by and large could not think strategically, because they were
fighting their own corners. **(A Member:** Hear, hear.)

Now, nothing really has changed, because I have no criticism of Deputy Brouard or Deputy
Dudley-Owen for doing precisely what they have been doing. It is up to this Assembly to decide, to
set those priorities. And I will come back to the priorities in a moment, but this is where I do get
1475 really quite annoyed. Deputy Inder was saying things yesterday that one would expect of the
President of the Economic Development Committee as well, so no criticism whatsoever.

But I am absolutely convinced that if we held a referendum on, 'Do you want to progress more
rapidly the Hospital extension or the education plan?' this community would come heavily down in
favour of health, and there is a number of reasons why.

1480 The first reason they would come down in favour of health over education is partly because of
the private education sector. So one third of parents with children, one third of children rather or
thereabouts, are privately educated and therefore not impacted directly by the education's
proposals. So I am not saying whether that is a virtue or otherwise, I am just saying that is a factor.

1485 And secondly, it is because of the ageing population that we have, and that is the root of nearly
all of our problems.

But where I do part company with many in this Assembly, is what I consider to be the sort
of behaviours that brings us into disrepute within our community, and that is we have an absolute
priority, and it is the building, the provision, of a significant number of extra units of housing a year.
(A Member: Hear, hear.)

1490 That is our priority **(A Member:** Hear, hear.) but we have hardly talked about that. **(Deputy
Queripel:** I have.) Well indeed. And when one asks ... I said hardly, and I thought your contribution
was as valuable as usual, Deputy Queripel *(Laughter)* but you know, that was not an attempt at
humour, I did not actually quite ... *(Laughter) [Inaudible]* but I understand the reaction. *(Laughter)*

1495 So for me, here we are. If we really cared about our number one dilemma, this absurd median
earnings to cost problem we have in housing, we would have a moratorium on everything else. So
you know what? 'We are going to go hell for leather over the next three years and we are going to
build an extra 1,000 units.' **(A Member:** Hear, hear.) But instead we do not do that. We kind of
conveniently forget that that is actually our number one priority. I think it is absurd, and it is bizarre,
and it is absolutely indefensible. And our community are not stupid, which is why I am fairly certain
1500 we are going to end up at the end of this debate, by increasing personal Income Tax. Because the
truth is, it is the area that causes the least anxiety to our community and it is the one that they
understand the most.

1505 I will give way in just a moment. Now whether that is the right thing to do is really irrelevant in
the sense that it is probably the only thing that we are going to get sufficient numbers to agree on,
and that is the politics of pragmatism.

Now my friend has sat down. If he was to rise up again, I would happily give way. I give way to Deputy Dyke, sir. I know you do not like us to do that, but it was rude of me not to give way at the time. I give way.

1510 **Deputy Dyke:** I am very grateful for Deputy Trott giving way.

I just wanted to pick up on one point he was making regarding housing, and the outrageous multiple of earnings that an ordinary middle-class house costs, and that is a huge problem, But he is slightly conflating two different issues when he is talking about us building huge numbers of houses, because people are largely buying their houses in the private sector, so we need to get them going, that is one point.

1515 And then in the more public sector we have got to worry about what we are now calling key worker housing, and all sort of thing. So there are two slightly different points there. So in the private sector to get these prices down we do need to get more building going on.

1520 But there is some good news there in terms of hopefully Leale's Yard, which does have 320 properties in it.

Thank you.

Deputy Trott: Thank you. I am glad I gave way and I honestly do not believe I am conflating these issues. I think they are inter-dependent.

1525 The truth is, if the public sector is going, I will debate this sentence, finish this sentence, and then I will give way. If the public sector is going hell for leather to deliver on its priorities, the amount of capacity that is drawn out of the industry is so material, that the chances of us delivering on that number one strategic policy are very significantly reduced.

1530 But it goes further than that, because it also means families who maybe want to have a one-bedroomed extension because their family has grown and they need the extra space, they are probably not going to be able to get that work done within a reasonable timeframe as well.

1535 So the issues around construction capacity, which I know are very irritating, particularly when I mention them to the President of Education, Sport & Culture. That is the very real problem. We cannot do it all. We run the risk of stoking the cost of these buildings in the way that we did 20 years ago, and failing to deliver on our number one strategic policy, which is the provision of this additional housing. And it is that aspect of it that I find so irritating, because it is always like we go like a child at kindergarten, 'Na-na-na-na, I do not want to listen, I do not want to hear.'

But that is the absolute, and I am going to use the word, sir, guardedly admittedly, that is the absolute hypocrisy in my view, of a debate of this type.

1540 Now, sir, I see Deputy Ferbrache standing, and I am very pleased to give way to him.

Deputy Ferbrache: Well at my age I do struggle.

1545 But, in relation to that, and I think we are digressing but it is a good digression. Deputy Queripel actually quoted something I said previously about blitzing the housing thing. Deputy Trott is making a good point about housing, but we do nothing about it. We are advised and our planning legislation is the most restrictive in Western Europe, other than Alderney. We are advised that we can do nothing about GP11 until the review of the IDP. We are advised, and I am not giving way.

Deputy Oliver: Point of correction, sir.

1550 We are doing something about it.

The Bailiff: Point of correction, Deputy Oliver.

1555 **Deputy Oliver:** We are going through the review as per [???\(11.54.52\)](#) and the next term it will be a lot more flexible than it is, but we are doing something.

The Bailiff: Deputy Ferbrache.

1560 **Deputy Ferbrache:** I did not say anybody was doing nothing, or too many double negatives, I am saying it is not being done quickly enough. Because we have got too many restrictions that we, this Assembly, probably not so much as most previous Assemblies, we get no criticism of anybody, and that is not meant to be ???(11.55.11) or anything. We have imposed, we have boxed ourselves in, that we cannot do enough. So what we need is radical, radical, action to change all these things and not in a year's time, two years' time, in a few months' time.

1565 Absolutely well said, Deputy Trott. Absolutely well said, Deputy Queripel. It may not be on the particular point of the amendment, but it is fundamental to what we need to do. Let us do it, and let us not talk about we cannot build here and windows too close next door. Let us actually do something about it. (**A Member:** Hear, hear.) Well said.

1570 **Deputy Trott:** Well I am grateful to Deputy Ferbrache's interjection and I also thoroughly endorse his point that it is our problem. We create these logjams and it is incumbent upon us to free them up.

1575 It is also why, sir, I talked about the cost of borrowing earlier, and I used the word picture I used. Because some of the borrowing numbers are really very significant indeed, particularly when you talk about interest cost per annum of £30 million in the context of what that could deliver in terms of potentially affordable housing through subsidies or whatever.

So I have made the point, and I intend to support this amendment for the reasons I have given, not least that I believe that that is the community's priority.

I give way to Deputy Taylor, sir.

1580 **Deputy Taylor:** Sir, I am very grateful to Deputy Trott for giving way.

1585 It is really to pick up a point that was made by Deputy Ferbrache on the descriptive nature of our planning system, and unfortunately we did not have the benefit of the update from the President of DPA yesterday. It was a sensible move to reorganise debate, but as a consequence of that we were not, as an Assembly, provided with the current number of outstanding, or live, planning permissions for dwellings, which is currently 542 dwellings that have permission to be built but are not being built.

1590 And I am just wondering with Deputy Trott's much better maths ability, if he could do the maths for me at 100 dwellings per year which is the average capacity of the construction industry for building dwellings, how many years of housing we have, notwithstanding any of the large capital projects, how many years of housing we have as a potential backlog that is not being built.

Thank you.

1595 **Deputy Trott:** Well I think the maths, sir, under recent housebuilding actions would be five and a half years, but I do not think those 550 would be built in five and a half years if we are stoking the industry in to the extent that we are.

1600 And as we have learned, the rich man may want to pay a premium, and accept a 20%, 30% or even 40% tender price index rise, because they can afford to have the job done. But the consequences of that of course, is that less of the type of housing that we really need gets built. So it is a very good intervention, but it is an example of how our number one priority will fail unless we are extremely careful with the decisions that we make. (**A Member:** Hear, hear.)

Thank you, sir.

1605 **The Bailiff:** If no other Member is rising, then I will turn to Deputy Helyar on behalf of the Policy & Resources Committee to speak to the amendment.

Deputy Helyar: Thank you, sir. I shall be reasonably brief.

In my opening speech I referred to the fact that we have a binary star system at the top of the Finance & Investment Plan. We have two super giants circling one another in the queue for funding for their projects, in HSC and ESC.

1610 I do commend, I do completely understand the position of HSC. We had a reference to snakes and ladders earlier, I think this is probably a chess move. So the effect of putting the hospitals into Option 1 would be that all of the options have the hospitals in. So whatever happens, HSC would be a winner. And I cannot, in all honesty, blame them for doing that. They are doing exactly as Deputy Trott has just said, they are doing their job.

1615 I would also say that P&R firmly recognises, and has been working at pace with HSC and ESC on both of their plans. They are fully supported. This is something I have been round to do the visit and so on. I do believe in the project. I think it is very important for the Island, but unfortunately this amendment recognises, as does Option 1 and does Option 2, that it is not sustainable.

1620 Part of its instruction is to come back to the States and work out how to pay for this in 2026. Options 1 and 2 are not sustainable. They are just treading water.

1625 I am not going to go through the costings in any great detail, because Deputy Mahoney has already done that, but I would just say the amendment does add risk to the unsustainable position in Scenario 1. The overall funding implication though, depends on whether the future political term's capital is restricted to 2% of GDP, including the Phase 2 project, or is 2% of GDP plus the hospital project?

So if the spend from 2026 onwards for next term's capital is set at 2% plus the cost of OHM Phase 2, which could be an appropriate assumption for planning our expenditure where that is prioritised in this political term, which this amendment asks to do.

1630 The additional funding requirement calculated by Treasury would be £150 million. The spend for next term's capital from 2026 onwards is set at 2% of GDP with the cost of OHM Phase 2 to be provided within that target, then the additional funding requirement is £80 million.

1635 Unfortunately, the borrowing costs, Deputy Trott has already referred to borrowing costs, and he is almost right, but right enough so as that I would not stand up to object to what was being said, but no doubt when we get into general debate I will be able to give more detail of what the likely costs would be, whether through an RCF or through some kind of bond issue.

1640 We have heard a lot of talk about the fear of getting to the end of this debate with no result, but members just agreeing to the core will be a result. That includes £35 million of extra funding, through savings, through corporate taxation and motoring taxation. That will be a result, even if we just do that. So, hopefully we will not leave this room without a result. The core will be a result, whatever happens.

1645 But if we want to move forward reliably and with confidence, and I particularly mean we need the wisdom of Job really in preparing these scenarios, because as we have said several people have said already we could have had 40 different variations on it, and it was very much the view of P&R that we should not get into an internecine schools versus hospital debate, and I do commend Deputy Bury and Deputy Brouard for the way in which they presented their case, because it was not put in that way whatsoever. It was very much a case for what they believe in is the right thing to do on behalf of their Committees, and I think that absolutely, it is conduct to be commended by all Members of the Assembly.

1650 But unfortunately, P&R as you might expect, cannot support this amendment but it completely understands the reasons why it has been brought. So I would urge Members to leave Option 1 in play, because Option 1 is the one where we do the least, and there are several Members in here that might otherwise be disenfranchised with voting for anything. We cannot leave with nothing. Core is essential, and I would like to see three, obviously, that is what I shall be advocating when we sum up at the end of general debate.

1655 But let us give Members the options they desire, and that must unfortunately, because there are consequences to not wanting to raise money. The consequence is we cannot spend it, and that is what I have been saying since the outset, so let us leave Members that option and decline to accept this amendment.

Thank you.

1660

The Bailiff: And finally, the proposer of Amendment 6, Deputy Brouard, to reply to the debate on it.

Deputy Brouard: Thank you, sir.

1665 When we come to the main debate I will be supporting for the Option 3, which is do everything and raise the GST, because I think that is the right way to go. So I will put that funding mechanism in place to be able to provide both the school and the education facilities.

Deputy Helyar, I will work partly backwards, but Deputy Helyar was right. It is two giant proposals, but I appreciate his argument that if we do the core we walk away with something, but we do not walk away with a hospital. We do not get a school, and we do not get the services that our Islanders are demanding, and that you will face going further down the road.

1670 So, I would rather you walk away with something, which is the Hospital, at the end of this period, and at least we have something for this term that we can be proud of, and also which is of use not only to ourselves, but to future generations.

1675 Deputy Murray mentioned we struggle to work holistically, but this is a priority debate. We are prioritising how we are going to raise funds and what we are going to spend them on, so this is exactly this debate now, is it, and I appreciate not really being a cat in the sack, but he does make a good point.

1680 We do need the funding, so if you are going to want to have future facilities, whether education or health or harbour repairs, or whatever, we do need to have a reliable revenue stream that stretches forward beyond this term of this particular Government.

This probably goes to the core of this amendment. The amendment adds the Hospital to Scenario 1, which is the basically do nothing, borrow nothing, go home and leave it for somebody else to sort out, which is fine, but what the amendment does, is it adds in the option for the Hospital. But in adding in the option for the Hospital, it gives you a choice.

You can borrow, but if you do not want to borrow, then do not borrow. Or you can use the Health Fund. We have got £112 million I think in the Health Fund. We are suggesting at worst case, I do not want to use it, but if we have to, I would use £90 million of it.

1690 The difficulty I have with trying to understand my colleagues in front of me, is if you are not going to borrow, and you are not going to use savings, how are you going to pay for anything? That is the real dilemma.

1695 So this amendment only really bites if you have gone through all the other options. So, you have gone through Scenario 3, so you have got GST and you have got the Hospital and you have got education. You have also then rejected that and then you have gone to option Scenario 2, which is the Hospital and education and a few other things missing, but with no GST. It is a sticking plaster.

And then you have now decided actually I do not want to do any of that, I want to go for Option 1 do the minimum. Well then in Option 1 doing the minimum, you could borrow a little bit, or you could use the Health Fund. But you cannot have your cake and eat it. You cannot have the Health Fund and also then have the Hospital as well. You have to make a choice between either you are going to borrow some funds to do it or you are going to use savings. One of the two.

1700 So, it is only really this particular amendment bites at the very end on very few people, who are those people who literally do not want to use savings and they do not want to borrow. In which case, I do not have a hospital, but do not come crying to me or hobbling along because your leg is hanging off (*Laughter*) because you have made your own choices there. (*Laughter*)

1705 Deputy Trott makes a good point about the priority being housing. Housing will affect us and it does help us, and I will come on to that a bit more. But we have created this problem. We as an Assembly have gone along this route. We should have had this hospital modernisation signed off in November when we went to P&R for the funding, and we should have just carried on seamlessly.

1710 So we have created this own particular impasse and we come today to try, I think as Deputy Helyar said in the newspaper, unblock this Gordian knot how we are going to move forward.

I appreciate Deputy Dudley-Owen's speeches, but of course we are, bearing this at a slightly different position from education, from the fact that we have this Health Fund, and this Health Fund

1715 is a legacy from the savings over the years that have come across from Social Security, about £112 million. We can, and we are, using some of those health funds as I said at the moment for NICE drugs, that will not last indefinitely, and especially when we put more demands on it as well.

1720 But if you give me that stark choice today, do I kick the Hospital down the road, leave it to be more expensive, leave it for someone else to sort out, wait for the contractors to go off-site, then try and find another contractor? Well that is fine. Or do I, as a last resort, use at least £90 million of the savings that I have already got? I am sorry, I am going to take the £90 million savings that I have already got, that are earmarked for health, because I think overall for Islanders, that will put us in a better position in four or five years' time when that hospital is built.

It is not where I want to be. I would much rather have income being generated that can well cover all the capital requirements. But we are not in that position, unless you are going to be voting for Scenario 3 later on.

1725 Deputy Dudley-Owen mentioned about qualified staff. Yes, we do very much welcome the Institute, in fact the Institute was our Institute before we passed it across to Education, and they will bring on staff. But there is a limited capacity for the Island to produce the number of healthcare staff that we need, so even if we trebled or 10-times the size of the Institute, we would still do not get enough Islanders who want to go into that particular profession.

1730 And as for the Library, the Library is very important and it is part of the picture, but I am not going to hold up a £100 million project because of a Library. We will find, we have got some working with education, we have got some alternatives, if the education block does not get built. We will find a place for that library to go. Do not worry on that score at all.

1735 Yes, and I do agree that the sites can be phased, that there is an opportunity with the contractor, or other contractors that working can be phased between the two projects.

1740 Deputy Inder almost, and that was quite an interesting speech, he almost speaks as though he is not here (*Laughter*) and I must admit sometimes I do wish he was not (*Laughter*) but, it is Deputy Brouard wants a hospital. Well, it was not exactly I woke up this morning and thought, great, do you know what I really could do with, is a hospital extension. (*Laughter*) Now do I have muesli? (*Laughter*)

1745 This is for the Island. This is something that we think is important enough that we want to push forward for the Island. And it is the same for, I think he mentioned the Library, that is not an issue as such. And he mentions it is incredibly important for them. Them. Who is them? (*Laughter*). Well, yes, it is important for us as the Committee, but it is also important for Mr Inder when he crashes his car and parts of his body need to be put back together again (*Laughter*). It is important for all priorities. Another one I need to mark 'do not resuscitate' (*Laughter*)

1750 But he does make a good point about staffing, and that is an issue, and to some extent I thank Deputy Bury for that, because if you have set up the new Critical Care Unit, again in challenging times for the staffing, because it is a brand new unit we have been able to staff it, partly because of the fact that it is modern and it is up to date and it is efficient.

And that is the same, we hope, exactly the same will happen. And of course, we have got there are several places which are now coming on stream, hopefully CI Tyres, maybe even the Vauquiedor site, the Old Flying Dutchman Hotel. There are many coming, and by the time those are built, we are going to be then needing those extra staff.

1755 And it sounds like large numbers, 90 staff or 180 staff, We have got 5,000 elderly people coming through who are going to be passing 65 shortly. We employ nearly 2,500 staff as it is. So we are not even talking about a 10% increase in staff numbers. So we need to make sure that we put this into some sort of context. So, he is not going to be supporting this because of the housing, but I just do not understand that argument.

1760 Deputy Gollop talked about borrowing and not to borrow without a revenue stream. Well that is why it comes down to, if you do not want to borrow I would rather carry on with the hospital modernisation using the Health Fund.

Deputy Dyke gave us a master class in procrastination. Thank you for that. What are we going to do? Are we actually going to do something this term? We can find as many reasons not to do

1765 something. Please, as an Island Government, can we actually just get on and get some things actually built and in the ground? Things that people actually want and are useful.

He has mentioned sequencing is vital. Yes, and the professionals will sequence where we need to sequence. That is not a problem.

1770 Again, the costs are going to come down the road to us anyway. You are going to have a couple of options, you are going to have some choices. If you do not do it, you are then going to be then trying to see if you can find another jurisdiction, maybe France, probably the UK, to see if they are prepared to take our injuries as it were, or illnesses to be cured there. Do you think that is going to be free? Do you think that is going to be a lower price than having our own hospital or our own nurses? That is going to be extremely expensive.

1775 Or, you can take the other alternative, which is I think, is probably I think more one the other Deputies which I will come to in a minute, is we just do not do it. You just do not have it. So what do we say after 65 you are not going to have knees and hips done because actually we have not got the capacity and we have not got the money? Not going to happen. If we do not start making some decisions today, we are going to leave a bigger problem for the next set of States' Members.

1780 Deputy Roffey, I thank you for your support, and I very much thank the support from Deputy McKenna, who has been in that situation, in that hospital, understands the staff, understands what is going on, and can see the future. And this is us. We are looking for the future, we are trying to future-proof as best as we can. It will not last forever, it is going to give us a good 20-50 years.

1785 But then it will be something else. Then we are going to be doing the pathology lab will be next. There will always be something. We need to keep moving forward, and I am fully cognisant that we are going to need a revenue stream to be able to do that.

Yes, Deputy Ferbrache's point as well. It has got to be paid for, and either if we use reserves they are going to have to be replenished back again. But I am happy to use £90 million of our reserves if I have to, and then have them replenished later, rather than wait and just make a larger bill and not have the facility.

1790 Deputy de Lisle made an interesting point. I completely disagree with him (*Laughter*) but he was talking about it is all about the quality of people. Yes and no. It is about the quality of people, but I am not going to be able to attract the quality of people that Deputy de Lisle would want in his hospital if we are going to have a hospital that is running at risk, where the facilities are poorer.

1795 He mentioned looking at private sector donations as one way and also PFIs. Private sector donations would be gladly welcomed, so if the new wing for £100 million needs to be called the Deputy de Lisle Memorial Wing (*Laughter*) that is not a problem. He just needs to send me the cheque. (*Laughter*)

1800 And again, PFIs in England, yes, what a success story that was. Not. So please, go in with your eyes wide open because any businessman who will want to invest in our Hospital will want a significant return, and that is just going to be the same as borrowing or whatever, or trying to replace money back to any Health Fund or reserves that we have used.

1805 I thank Deputy Bury for her words, and very good point again about the contractors are on site, they are there, we can phase the works. We have still got quite a lot of work to do with Planning with Phase 2. That can all be dovetailed in.

1810 We have got all the decanting to do. We have got some piling that needs to go in a certain place, the Breast Unit needs to move. There are lots of things that can happen, but we need to keep those contractors on site. We need that skill, and they have learnt a lot from working with a live hospital situation, which is completely different from where you have got a greenfield site and you are just working. There are times when they cannot make noise, there are times when they can. All that needs to ... starting from scratch, well welcome. You can push that can down the road, that is going to be in your gift today.

1815 Deputy Prow, I think, was mentioning that he is happy with the overall idea of the Hospital, but needs the funding mechanism to be there in place, and I think he was one of those that would support a GST. We needed to put it in.

Deputy Queripel, I struggled with. He, I think he was almost looking for a scapegoat so as not to do anything. Again, it just looked like procrastination to me. He is saying that we should not build the Hospital and the schools because we cannot do the maintenance. That is roughly the size of it. But on the other hand, we can build lots and lots of houses. But there is no mention about the maintenance on those houses.

1820

I will give way to Deputy Queripel.

Deputy Queripel: Sir, I am grateful to Deputy Brouard for giving way.

So rightly in my speech, but I was cut down, I was not allowed to make it, so he would not have heard what I was going to say, but I will tell him now what I was going to say.

1825

I was going to say ironically, the States has a good record of maintaining social housing. I was brought up in social housing and I was there for many years, and whenever we had a problem we just reported it and it got done. I have got friends who live in social housing right now, and they say the same thing. Whenever they report a problem it gets attended to pretty quickly.

1830

So I understand he would not have known that because I was not allowed to finish my speech, but I hope that clarifies where I am coming from. On other States' buildings, I could name dozens, I named two or three. I could have gone into the issues that even the new schools have got, maintenance problems because of a lack of resources. I am not going to go into all that.

I hope that clarifies that, sir.

1835

Deputy Brouard: Thank you for that clarification, Deputy Queripel.

But he is still not going to vote for the Hospital. I am still flummoxed as to why, but that will be for him and ...

1840

Deputy Queripel: Point of correction, sir.

The Bailiff: Point of correction, Deputy Queripel.

Deputy Queripel: Deputy Brouard is saying he is flummoxed as to why, but he obviously did not listen to my speech. What I said was housing, we have made housing our top priority. All the focus to me now needs to be put on housing. We have got people sleeping on sofas in their friends' houses and their friends' flats, stretching friendships to the limits. We have got people living in cars. We have got people – I have even had a phone call from someone who is sleeping in a shop doorway. Surely I do not need to go on, but it is a point of correction and I think it is valid, so I hope you think the same.

1845

1850

He said I was prepared to do nothing. That is not correct. Housing is our top priority. Get on with housing. We have bought land. Why have we bought land if we are not going to build on it? Get on with housing. Everything else can wait and be done in the future.

I have not said we do not need a hospital modernisation Phase 2 to go ahead. I have not said we do not need a new school. I have not said we do not need the Dairy to be modernised. I have not said we do not need to get on with the IT, sort the IT issues out. I have not said any of that. I simply said that housing is our top priority. Let us get on with it.

1855

The Bailiff: Deputy Brouard.

1860

Deputy Brouard: Thank you, sir.

Priority. Housing may be the priority, but it is not a binary choice. We, as a Government, do many things every day. We have teachers teaching in schools, we have people working in hospitals, we have people working at the Airport. Their day does not stop because housing is priority. We have multiple priorities and we have multiple areas where we need to put our resources in.

1865

Deputy Oliver asked me, she wanted to hear what the hospital will do, I think was roughly it. Well the benefits will be a modern, flexible, acute hospital. The ability to cope with the future

1870 demographics. Pandemic-ready for the future. Reduce the clinical risks. As you probably, if you have been to the presentations we will have put out in more detail. An improved ability to attract and retain staff. Improved patient experience, patient outcomes and having them all done in one place. A key pillar of the partnership of purpose. directly reduces waiting lists, maximises private income.

1875 The risk we have is future capacity will put waiting lists at risk. We will have more off-Island treatment for patients, if we can find places. Construction costs are likely to increase. Litigation and associated costs are likely to increase. We will continue to lose private revenue opportunities. We will spend significantly more on maintenance of existing inadequate estate. Existing plant, oxygen supply, etc., is at the end of its life. Non-compliance with published NHS clinical operation guidelines. I can go on.

So those are the reasons why we need to get on, and we need to get on and do it, and start today, please.

1880 Deputy Kazantseva-Miller, adding the Hospital, and I thank her for her support, so I think she actually understands what we are trying to do, that is very good.

Deputy Matthews, thank you for your support, obviously.

1885 Deputy Moakes, there is no, by adding the hospital in and using a large chunk of the Health Reserve, no other projects are curtailed. We do not step on anybody else's toes. We do not stop anything else from happening. It means that the option in 1 'do minimum' all the other things that are happening in Option 1 'do minimum' carry on, we just add in the Hospital using basically the Health Fund to fund it.

1890 Deputy de Sausmarez, thank you for your support about new sites coming on streams. I thank Alderney Representative Snowdon who again, very wise words, that we actually need to start delivering something and we need to start delivering it now.

1895 And then really just to finally finish on Deputy Mahoney. This purely adds in an option on the 'do minimum'. In theory, in Scenario 3 where everything happens, we get our Hospital and you get your education facilities. In Scenario 2 you get the Hospital and education facilities. It is only when you go to the 'do minimum' we are suggesting that there is an option there that you can do some small amount of borrowing and you can use the Health Fund, or you can use the Health Fund and then fund the later years from General Revenue or the capital that you are putting aside, the £66 million that you hope to get in from, or we hope to get in, from putting 2% aside for capital projects in the future.

1900 I am in your hands, States' Members. Please, I suggest you put this in as a belt and braces last resort, so that we do walk away with something, and we are able to continue with the Hospital programme.

Thank you very much, sir.

1905 **The Bailiff:** Members of the States, we come to the vote on Amendment 6, which is proposed by Deputy Brouard, seconded by Deputy Bury, and proposes to replace Proposition 6 in its entirety. I invite the Greffier to open the voting, please.

There was a recorded vote

1910 *Amendment 6*
Carried – Pour 20, Contre 19, Ne vote pas 1, Did not vote 0, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Blin, Chris	Aldwell, Sue	Burford, Yvonne	None	None
Brouard, Al	De Lisle, David			
Bury, Tina	Dudley-Owen, Andrea			
Cameron, Andy	Dyke, John			
De Sausmarez, Lindsay	Ferbrache, Peter			
Fairclough, Simon	Haskins, Sam			
Falla, Steve	Helyar, Mark			

Pour	Contre	Ne vote pas	Did not vote	Absent
Gabriel, Adrian	Inder, Neil			
Gollop, John	Le Tissier, Chris			
Kazantseva-Miller, Sasha	Le Tocq, Jonathan			
Leadbeater, Marc	Mahoney, David			
Matthews, Aidan	Meerveld, Carl			
McKenna, Liam	Moakes, Nick			
Oliver, Victoria	Murray, Bob			
Parkinson, Charles	Prow, Robert			
Roberts, Steve	Queripel, Lester			
Roffey, Peter	St Pier, Gavin			
Snowdon, Alexander	Taylor, Andrew			
Soulsby, Heidi	Vermeulen, Simon			
Trott, Lyndon				

1915 **The Bailiff:** So in respect of Amendment 6, proposed by Deputy Brouard and seconded by Deputy Bury, there voted in favour 20 Members, there voted against 19 Members, 1 Member abstained and therefore I will declare Amendment 6 duly carried, which means that we have a new Proposition 6 in the propositions from Amendment 1.

So the next amendment that we are going to reach is Amendment 7, which is being proposed by Deputy Parkinson. Is it still your wish to move that amendment, Deputy Parkinson?

1920 **Deputy Parkinson:** Yes, it is, sir. But I am wondering whether I may not be able to finish my introduction before 1 o'clock, and I am wondering whether Members might prefer to come back to the Assembly perhaps even at 2 o'clock to continue with the debate.

1925 **The Bailiff:** Let me simply put that motion to Members. You can either hear Deputy Parkinson open on Amendment 7, though he is not sure he will complete in 30 minutes, or alternatively we can come back, adjourn now and come back at 2 o'clock. So the motion is to come back at 2 o'clock and adjourn now. Those in favour; those against?

1930 *Members voted Pour.*

The Bailiff: I will declare that carried.
So we will now adjourn until 2 o'clock, which means that it will be a long afternoon.

*The Assembly adjourned at 12.31 p.m.
and resumed its sitting at 2 p.m.*

**Funding & Investment Plan –
Debate continued**

1935

The Bailiff: So Deputy Parkinson, I will invite you to open on Amendment 7, please.

[Amendment 7](#)

To insert a new Proposition immediately after Proposition 4 as follows:-

"OR IF PROPOSITION 1 IS APPROVED BUT PROPOSITIONS 2, 3 AND 4 ARE NOT APPROVED:-

4A. To agree that the States shall address the current and future expected structural deficit by way of the following measures:-

a. Designing and implementing a new Corporate Income Tax on a territorial basis (and incorporating the features listed in paragraph 2 of the Explanatory Note) with a general rate of 10% to 15% to raise a minimum of £30m per annum in addition to adopting the revenue raising measures and cost savings target set out in paragraphs 1), 2) and 4) under the heading "Proposition 1: Core Measures" in Appendix 1;

b. adopting Portfolio 2 estimated at £440m (including the in-flight schemes), as set out in Appendix 1, as the agreed major capital investment portfolio for the remainder of this term;

c. on the basis that funding available is insufficient to fund Portfolio 2, agreeing therefore that new borrowing should be taken out to support the funding of major capital expenditure; and

d. increasing the authority granted to the Policy & Resources Committee in Resolution 161 on item 1, entitled "Government Work Plan 2021-2025, 1 This Resolution authorised the Policy & Resources Committee to take out new external borrowing up to a total maximum of £200million for a period of up to 40 years, on such terms and conditions as the Committee deem appropriate. 2021/71", of Billet d'État No. XV dated 21st June 2021, to enable the Committee to take out new borrowing to a maximum of £250m;

and to direct the Policy & Resources Committee to revert to the States with proposals for the implementation of the new Corporate Income Tax referred to in a. above before the end of 2024 and to authorise the Policy & Resources Committee to implement the agreed measures set out in b. to d. above."

Deputy Parkinson: Thank you, sir.

1940

The idea of coming back early from the end of lunch seems to have reduced the size of the audience somewhat (*Laughter*) but hopefully the others are listening on the radio, wherever they are.

So I am going to try to avoid repeating what I said in January. The gist of the argument for Corporate Tax Reform, at least the moral argument, is set out in the explanatory notes to the amendment, and my seconder, Deputy McKenna, will be covering more of that material when he speaks.

1945

I want to take us back to some of the comments made in the January debate though, to pick up, as it were, where we left off. In particular, I want to remind Members of two of the speeches made in that debate.

1950

The first of those was made by Deputy Helyar, who speaking in that debate on our amendment, said:

???I agree with the direction of travel which international taxation is headed, and I do think eventually we will end going in this direction.

1955

That was followed up by Deputy Trott, who said:

???There is certainly no doubt in my mind that we will eventually end up with what Deputy Parkinson envisages, but I think that is many years off.

1960

He later said:

???Its implementation date is probably towards the end of this decade.

1965 Also, we did not have to wait that long, because four months' later, in May, 19th May I think it was, it was announced that P&R, along with the Governments of Jersey and the Isle of Man, had announced an agreed approach to what we called Pillar Two ...

Deputy Helyar: Point of correction, sir.

1970 **The Bailiff:** Point of correction, Deputy Helyar.

Deputy Helyar; Sir, P&R announced that it was committing to the OECD principles far earlier than that. In fact, it has been committed to the principles since they were first suggested.

Thank you.

1975 **Deputy Parkinson:** Well, I thank Deputy Helyar for his intervention, but he published a notice on 19th May, saying that Guernsey and Jersey and the Isle of Man had agreed an approach to Pillar Two of the OECD framework, and unless he wants to roll back on his published statement, I am going to take that as a statement of fact.

1980 Now, Members –

The Bailiff: Deputy Helyar.

Deputy Helyar: I thank Deputy Parkinson for giving way.

1985 The point I was making is that that announcement was to announce a joint approach. Guernsey had already committed, and there was a public statement in that regard from me, that Guernsey had committed to it far earlier than that. I would have corrected Deputy Parkinson at his event at St Pier Park, but unfortunately he did not give anybody else the opportunity to speak.

Thank you.

1990 **Deputy Parkinson:** Well lots of people had the opportunity to speak, but I did not take questions from States' Members knowing that we had a debate coming up on the subject. But the announcement on 19th May said that Guernsey will be adopting the Pillar Two proposals, which I will describe a little bit more in a minute, by 2025. So far before the end of the decade, which Deputy Trott spoke of, and any other anticipated, in Deputy Helyar's speech, anticipation that we would eventually get somewhere near what Deputy Parkinson was talking about, but not just now.

1995 And within four months it was announced that we would be adopting Pillar Two by the end of 2025.

2000 **Deputy Helyar:** Point of correction, sir.

The Bailiff: Point of correction, Deputy Helyar.

2005 **Deputy Helyar:** I have already stood twice to correct this misinformation which is being given to the States. P&R had committed far before that to adopting the OECD principles. The press release which Deputy Parkinson was referring to is a joint release between the Islands of the Crown Dependencies on a joint approach.

Thank you.

2010 **Deputy Parkinson:** Well, sir, I do not think I implied at any stage that it was not a joint statement between Jersey, Guernsey and the Isle of Man. I think quite the contrary, I emphasised that it was a joint statement between the three Crown Dependencies and it agrees an approach to Pillar Two to implement tax charges in accordance with that Pillar Two in 2025. I think it is a simple statement of

2015 fact, and for Deputy Helyar to keep leaping up and down and saying it is misleading is itself misleading the Assembly.

So, what is Pillar Two? What does it say? Well it provides that companies which are members of groups with a turnover exceeding €750 million will be paying tax at 15% or more, that is a minimum tax rate, and 137 countries have signed up to the OECD approach. So this is a global initiative to introduce minimum corporate tax rates for large groups, they said 2024 but we have gone for 2025.

2020 Now this tax will be attributed to the countries where the profits are earned. So the essence of these proposals are territorial taxation. Now if a global group has turnover exceeding €750 million its profits will be taxed at at least 15% essentially in the countries where the profits arise, and there will be a lot of work undertaken to decide how you allocate profits to the territories in which it arises.

2025 Now I think some people in Guernsey have mistakenly suggested that this will apply to, as one commentator so-called expert said, four or five companies in Guernsey. This is completely wide of the mark. P&Rs own update on the subject says it will apply to the majority of banks on the Island a large proportion of the captive insurance companies.

2030 Now of course it goes far wider than banks and insurance companies, and I will come to that in a minute. The essence is, that for large companies at least, Guernsey will be adopting a territorial corporate income tax system by 2025, and that announcement is now in the public domain. So it does not matter what GIBA or anyone else thinks about territorial corporate income tax systems, we are going to have one for larger companies.

2035 And this has started to change, so this shift of the corporate income tax reform is already on the slipway ready to be launched, and it is going to be launched whatever this Assembly decides today.

And these developments have changed informed opinion on corporate tax reform. In January, Deputy Le Tocq told us that a member of the government of one of the other Crown Dependencies had expressed incredulity that Guernsey might consider reforming its corporate tax system and suggested that the other Crown Dependencies would exploit this against us. But in fact, they have joined us in announcing the first steps towards a territorial corporate income tax.

2040 A senior member of the government of Jersey, a minister in Jersey's government told me, some time ago in fact, that he thought that attitudes in Jersey to reform the Zero-10 were softening. And now we start to see the fruits of that change.

2045 Now, I want to address the question of how much the Pillar Two changes will raise in terms of tax in Guernsey. Members will recall that Ernst & Young came up with a guesstimate of £15 million. I think this may be a significant underestimate.

2050 I have had the honour to sit of a number of Boards of companies that would be affected by the Pillar Two proposals. Off-hand I can think of about half a dozen, and I am still a member, a Director, of one such company. So I do see this issue not only from the States of Guernsey revenue side, but also from the taxpayer side, and the E&Y guesstimate of £15 million for the revenue yield assumes that, that guesstimate assumes that the Guernsey businesses caught by Pillar Two will have a combined profitability of £100 million of taxable profits.

2055 I think that is probably a significant understatement. As I say, I do have some direct knowledge of some of the companies involved. I know what is in their P&L accounts, and I think the possibility that effectively the banking sector plus most of the insurance sector and a lot of other companies which are not involved in either of those sectors, we can all think of prominent local companies that will have a turnover exceeding €750 million, they are not necessarily involved in those financial services areas.

2060 So the amount that could be collected by this Pillar Two tax, I think is likely to be significantly more than £15 million, but at this point we are, it is very much finger in the area, because we do not have a lot of information on it, but more specifically we do not know the rules by which profits will be apportioned to the territories in which they are earned.

2065 So there will be a lot of work going on at our Treasury over the next couple of years, and the Treasuries of the Isle of Man and Jersey, to work out a system for apportioning profits of Guernsey, Jersey and the Isle of Man based entities which are caught within the Pillar Two net.

2070 Right. I think the profits taxable in Guernsey could exceed the figure of £15 million substantially, but I have assumed for the purposes of our amendment, that the total tax yield from a territorial corporate income tax including other companies, would be £45 million. I think that too, is probably an underestimate, but it was an assumption. I had to make an assumption for the purposes of doing the economic modelling on the amendment, and I think the £45 million figure is supported by the research undertaken by Ernst & Young, which I covered in more detail in my January speech.

I do not propose to repeat what I said back in January, but if any Members are interested in how I get to the figure of £45 million, they can if they wish, refer to *Hansard* for that debate. This I believe, is a conservative estimate, and corporate tax reform could produce a lot more.

2075 So, my view is that we should let this process, which is now running, continue before deciding on whether we need any other taxes and what taxes and what shape they should take.

2080 One of my concerns, as Members may recall, is that the tax proposals as tabled by P&R ignore the topic of growth, which in my opinion is the heart of our problem. In essence, our economy is growing more slowly than the demand for our public services, and there is nothing in the P&R proposals which address that issue. Indeed, one of the few capital projects that could have been added to the portfolios, which might benefit economic growth, which is for example the Pool Marina project, or even the wider commercial ports project, has been put on the back burner. And the projects which P&R have selected to include in their model portfolios are all essentially spending to improve public services.

2085 Now in January I remarked that all taxation is a drag on economic growth, but that where that drag is experienced depends on who bears the tax, where the tax is borne. And I pointed out that a tax on Guernsey companies will very largely be borne by revenue authorities outside Guernsey, because they will give tax credits for Guernsey tax paid.

2090 I take this opportunity to mention again, I did say it in my summing up speech in January, that this has nothing to do with double tax treaties, or very little to do with double tax treaties. Both Deputy Helyar and Deputy Trott went down that rabbit-hole in January. Guernsey companies which are subsidiaries of UK companies for example, the UK gives credit for Guernsey tax suffered under a mechanism which is called UK unilateral relief, and it has nothing to do with the Guernsey/UK double tax treaty.

2095 Now, so much of the tax that is assessed in Guernsey, collected in Guernsey, and it will be collected in Guernsey, will be relieved against liabilities of the parent companies, and therefore will be borne in effect by the UK Exchequer, not in the local economy. Whereas a GST of course, directly impacts spending ability in the local economy and will have a direct effect on economic growth. A very small proportion of the GST will be collected from people like tourists, who are not locals, but the vast majority will be collected from the local politician and will affect economic growth adversely.

2100 Turning now to the borrowing proposals. Well of course we now have a successful amendment moved by Deputy Roffey that seeks to separate the decisions on revenue-raising from the decisions on capital investment. But when Deputy McKenna and I were framing our amendment, that was not the case, and we followed the scheme of the Policy & Resources original policy letter, which is to say to package up revenue-raising proposals with corresponding capital spending programmes.

2105 Of course, now that this landscape has changed and there will be a disaggregation, if you like, of spending and revenue-raising proposals, it may be that if and when our amendment comes into play in the final Propositions, that we have to split our amendment into separate revenue-raising and capital expenditure elements.

2110 But following your advice, sir, I would propose to deal with that if and when we get to it. For the time being I have left our amendment unamended and we include therefore both revenue-raising proposals in the form of corporate income tax, or further corporate income tax, and also we have suggested that the tax that is raised could fund Portfolio 2 as described by P&R.

2115 Now I have already said actually, there are things which I think should be in the capital programme which P&R chose not to include. I do believe projects that have the potential to increase

economic growth should be examined and appraised on a different basis to those which simply involve improving public services. But we can get to that when we get there.

2120 The point about the £45 million assumption in terms of potential revenue from a reformed corporate income tax system, was that that was the figure that we gave to Treasury staff to enable them to assess the economic balance of our proposals, and it was Treasury staff who came up with the first draft of our amendment, and who in effect said that £45 million of additional revenue would be sufficient to support Portfolio 2 as a capital investment programme, if the borrowing limit for the States was increased to £250 million.

2125 So we simply accepted the advice of Treasury staff, and that has shaped our amendment. As I have said earlier, in the light of the successful Roffey amendment, it would now be sensible to disaggregate these spending suggestions, the Portfolio 2 suggestion, from the corporate tax reform.

2130 Now as far as the ratings agencies are concerned, they do not share Guernsey's angst about only borrowing for projects that produce a revenue stream. As we have said this morning, actually projects which are very into cost for the States of Guernsey also can be treated as beneficial to the public good just as much as projects which raise revenue.

2135 But for the rating agencies, what they want to know is that Guernsey's public finances are sustainable, and obviously expanding our tax base to include more corporate tax would be a further step in that direction. The reality, as I say, is that Guernsey is already on course to introduce a territorial corporate income tax, whatever we decide here today.

2140 So, I return to my central point, which is that we do not know how much additional tax is going to be raised by Guernsey's new territorial corporate income tax system. I think it will be much more than E&Y predicted. I think it may be more than the £45 million which I extrapolated from the E&Y research back in January, but I am not going to stand here and say it I think it will be £70 million or £80 million. Much will depend on the exact rules around Guernsey's new corporate income tax system, and specifically how profits get allocated between the territories in which they are earned.

2145 So my point is, that this is not the time to be thinking about other major tax changes. We are on course to launch a new territorial corporate income tax by 2025, and this will produce significant sums for the Exchequer of Guernsey.

2150 We do not know exactly how much it will produce, but I do not think this is the right time to be talking about introducing a GST or other tax measures, because we do not know the impact that the taxes we are going to introduce anyway will have. And my position on GST has always been that I have never said Guernsey will never need a GST. I am not standing here today and saying Guernsey will never need a GST.

2155 What I am saying is, for various reasons including equity between participants in the Guernsey economy as much as anything else, this is not the time to introduce it. We need to do those other things first, and see how they bed in and how much tax they produce, and then we will know whether a GST is necessary or not.

2160 So the structure of this amendment is we worked with the grain in terms of the Policy & Resources policy letter. We have not produced a delete all the Propositions type amendment. We have said basically we want to add another option at the back of the queue.

2165 Now the scheme of the Policy & Resources policy letter of course, is that we, when all the amendments have been done and dusted, we debate whether we are going to select Option 3, I think they call it, I cannot remember, first. That is the one with GST and the full capital spending programme. And then only if that is defeated we go on and we look at Option 2, and then only if that is defeated do we go on and look at Option 1, which has now been amended effectively to include the Hospital, PEH Phase 2. And no doubt there will be other options in the line. Deputy Trott will be hoping that his 23% income tax gets in there.

2170 But we have simply proposed to add another option at the back of the queue, which is that if all the other things, if Option 3, Option 2, Option 1 have been defeated, we come to an option which we want to insert, which says we are going to do more on corporate income tax.

And so the States will only get to vote on our proposals, even if this amendment gets supported, if the other options have already been defeated.

2170 But Members will not have the option of supporting our proposals unless they support this amendment. At this stage we are not asking Members to say they agree with extending, expanding the scope of the new corporate income tax, which we are going to have. We are not asking Members to support that Proposition.

2175 We are just saying you will not have the option to consider it unless you support the amendment. And if you do support the amendment, we are not saying that option which we support displaces all of the other options. We are saying it will come at the back of the queue.

2180 You will only get to vote on our Proposition if the States has already rejected Scenario 3, Scenario 2, Scenario 1 and whatever else may be added to the list. But to have the flexibility of being able to explore that option, Members have to support the amendment, to get these proposals into the queue, albeit at the back of the queue.

2185 So, my proposition to Members is that you owe it to yourselves to give the States as wide a choice as possible. Many Members have already said that the worst possible outcome and probably the most probable outcome of this week's debate, will be that we end up agreeing to do nothing. But unless all the options that are plausible are on the table and can be discussed, then we increase the chance significantly that we will end up voting to do nothing, because the options that could have been explored will not be debated in general debate.

2190 So, this is not about should we do corporate tax reform, that is already a done deal. Guernsey is doing corporate tax reform and will have a new corporate income tax system for 2025, whatever we may decide today. That decision was taken effectively for us by 137 countries acting under the umbrella of the OECD.

2195 So, what I propose to Members, and I will listen to debate with interest, is that we need to add this option on to the table because it is the coming thing. We are going to get corporate taxes whatever we may think about them, and they need to be on the menu for discussion at the end of this debate, and unless Members support this amendment, they will not be there as an option to discuss.

Thank you, sir.

2200 **The Bailiff:** Deputy Parkinson, can I just check with you please, that when we are looking at the wording in Amendment 7 it is effectively proposed to insert a new Proposition immediately after Proposition 6 as it currently is, and we will call it 6a for now.

Deputy Parkinson: Yes.

2205 **The Bailiff:** And that we might find that we want to revise the wording in bold to make it clear what, when this would be get reached, in that series of different Propositions.

Deputy Parkinson: Yes sir, and we may need to revise the wording to split out the revenue-raising from the capital portfolio elements.

2210 **The Bailiff:** If that is the case, then there will have to be a separate amendment to do that and put them into the relevant parts. But for the time being Members of the States, we will read it as if it is following Proposition 6, which has now come from Amendment 6 and we will call it 6a for now. Deputy McKenna, do you formally second this amendment?

2215 **Deputy McKenna:** I do, sir.

The Bailiff: Thank you very much.
Deputy Moakes.

2220 **Deputy Moakes:** Thank you, sir.

We have been here before, have we not? And according to some of my colleagues who have been in the States for longer than I have, they have been here on a number of occasions before. This is still a very dangerous amendment. It has not changed since it was presented last time. It was heavily, *heavily*, defeated for that very reason.

2225 It would have made Guernsey uncompetitive with other jurisdictions, and Deputy Parkinson, sir, is clearly aware of this, because in his notes he suggests that this amendment will bring us into line with a few other jurisdictions, but fails to mention that we would not be in line with our key competitor jurisdictions. And it is for that very reason that in fact, and he did say this, and here is the clue in why this is such a bad amendment, Guernsey, Jersey and the Isle of Man are in lockstep on this particular topic, and as a result have put out communications outlining their plans on this very matter.

2230 All three jurisdictions are working together to ensure that they meet international requirements. It is already in our numbers and it is already in our projections. Going it alone, as Deputy Parkinson and Deputy McKenna are suggesting, would make us uncompetitive. And I do not exaggerate when say we could actually lose business and investment if this amendment is approved. It is happening anyway, but we cannot do it out of step with our key competitors.

2235 So I urge you in the strongest possible terms to defeat this heavily, and remove it forever.
Thank you.

2240 **The Bailiff:** Deputy Gollop.

Deputy Gollop: Deputy Moakes I am sure gives us wise words from his experiences in the business sector and with Economic Development. And possibly not as often as him, but I have attended meetings where senior figures in the finance sector are extremely worried about possibly some of things Deputy Parkinson might say, and definitely the last amendment we debated earlier in this year, which I supported,

2245 The trouble is, intellectually I actually believe that some form of consumption tax, VAT, GST, is the way to go, like Deputy Parkinson has said. But for various reasons it is not politically deliverable in the short term, and I was at that position when we come on to those votes, and I am supporting, as you will see, perhaps more popular and realistic alternatives.

2250 Because Deputy Le Tocq was correct. We have a strange duty here of on the one hand representing our constituents, our electorate, and on the other hand like **Edmund Burke???(14.33.24)** or whoever it was, representing our conscience. And I am divided here because I think my knowledge of politics and what works shows consumption taxes on the individual are the best solution for Guernsey as a whole.

2255 But at the same time there is definitely a feeling that you can detect for the last year, that a lot of people are concerned that they perceive that businesses or their lifestyles will be affected, or their children's lifestyles, and the corporate sector is not paying their fair share.

2260 Now, Deputy Parkinson's latest situation makes clear that, seconded by Deputy McKenna, that we will be brought into line with some major off-shore finance centres, I believe he identifies Zurich, Singapore, and Malta, Luxembourg, Hong Kong, Gibraltar, Geneva, Dublin, Dubai, Cyprus and Curaçao. Quite a few of those are in the European Union or in the European Free Trade Area. I accept that maybe Jersey and the Isle of Man are not on that list, but I will come to that in a minute.

2265 And as I say, I think the best long-term answer for us would be a modified form of consumption tax. But we are where we are, and people want other options considered. And, as Deputy Parkinson has certainly implied, we live in changing times where at the top end of the scale, the multi-national companies, the changes will come into being.

2270 And this may affect, this is not just in this sector but in other areas. It is not directed, it just talks about designing and implementing a new corporate income tax. It is not in any way a definite proposal like raising the tax rate in the budget would be.

And the general rate is not unspecified. It is 10%-15% to raise another £30 million per annum. And I think we would all admit that is not a complete answer to our financial woes, but it will make a very significant difference, and it would be a perception of Guernsey together, where we are all working together.

2275 I agreed with a lot of what Deputy Parkinson said about the economic analysis, because our public expenditure due to our demographics and other reasons has been going up faster apparently than our economic growth. I think we can see that from the *Statistical Digest*.

2280 And the same point was made yesterday in a different way by Deputy Kazantseva-Miller, who pointed out that sometimes pensions and income supports and things, because they follow formulae, have gone up faster than certain wages on the Island.

2285 And I think a lot of economists would agree that for some reason in some areas, Guernsey has been stagnating. Not in all sectors. We have seen wonderful growth in green funds, sustainability, the legal profession as far as I know, maybe accountancy, maybe funds, but certainly not in every area. And we need perhaps, to raise more money in such a way that we do not undermine our economy.

Now I think, although Deputy Parkinson could clarify this later, that he believes that much of the money that we would raise is already being paid as tax in other jurisdictions.

2290 Coming to the point about our principal jurisdictions, I was privileged enough, for what was mostly a very successful trip, well organised by the parliamentary team, to accompany some of my colleagues to the Isle of Man, where we met politicians, senior and less senior, from both the Isle of Man and Jersey.

2295 They were not in any sense Treasury Ministers or Chief Ministers, and I would not pretend that they were, but I got the impression around the table that there was a believe amongst all three groups that we do need to work together, and this business of that Island or the other Islands taking our business, eating our lunch, while we are all struggling with demographics, ageing populations, social constraints, and we are looking to move forward our economies in other areas, like light industry, media, digital, e-business, is a way forward.

2300 And the trend surely will not be tooth and nail competition and racing to the bottom. It will be co-operation. I think Deputy Helyar has hinted at a time that society would co-operate. He just wants us to remain as competitive and as vibrant and as successful as Deputy Moakes wants us to be.

2305 So with certain reservations, I support the amendment, and I have to point out though that the difficulty that we have got is some of the leading business organisations that we respect on the Island have been a bit tardy in sending their contribution to the tax debate. We got one two days ago, one yesterday lunch time. Members surely need much more input.

I think maybe if the leading business organisations think that the Government led by five people. They talk to the elite, the elite from Economic Development, Policy & Resources. They need to talk to all of us whilst we have this system of government.

2310 **The Bailiff:** Deputy Taylor.

Deputy Taylor: Thank you, sir. I want to speak early because I have a few questions, but I suppose to be principally pitched to Deputy Parkinson, maybe Deputy Trott with his finance background, or Deputy Helyar.

2315 So, my view is, I think picking up on Deputy Moakes saying this is bad, but if this does become the least bad option, I am wondering at what stage that, though I can see that Deputy Moakes is shaking his head or his hands already, but I will post the question anyway.

2320 I think in a response from Treasury to Deputy Trott's amendment proposing we raise income tax, there is a nice graph which shows £32 million of increased revenue. We increase our tax rate but it does not broaden it, it does not diversify it. So I wonder if someone, either Deputy Helyar or Deputy Parkinson, could give me an indication of what this proposal on the minimum revenue generation, what effect that would have on the broadening of our current tax system?

2325 I have just seen a sign from Deputy Helyar, so I think I know his answer. But an indication I would like to see. Is that something, we have heard a concern about our Standard & Poor's rating, our credit rating, and if we are not broadening our tax take we are only in for a blinking good hiding from everyone else. So is this going to potentially, if it works, would it broaden and to what extent?

2330 Because again, and I think I made this point the last time this was discussed a couple of months ago, £30 million just does not seem like a huge amount of money. If that is what I can afford, I am not going to say that, but £30 million to be taken out of the economy in this manner, I just do not see that being a ... if that is going to be making us uncompetitive I guess we have got bigger issues. £30 million does not seem like a huge amount.

2335 Again, speaking as someone who does not have a finance background, could this potentially be a sigh of relief for other Crown Dependencies? If one of us gives an indication that we are going to take step to do this, be the first one to jump, maybe others might follow. Maybe they think I see Guernsey has done that. I do not know. I am literally just asking the question, so anyone giving me scouring looks like I am trying to summon Guernsey into the depths of hell with these questions. I am not, I am asking questions.

2340 So that is pretty much where I am at. I have to say to Deputy Parkinson, I am minded to support this. I do not mean to cause offence by saying it might be the least worst option, but I would give the caveat I would be inclined to support it more if it were split to divide up the borrowing, expenditure and the revenue-raising methods.

So, that is where I am at. Hopefully someone can answer those questions. No offence meant, so hopefully none taken.

Thank you.

2345

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

2350 I wish I had a tenner for every time we had dealt with this particular issue. There is no question I would be richer than Deputy Ferbrache if I had. *(Laughter)*

Now I am not going to accuse my good friend Deputy Parkinson of being a slippery character, because that we would be unparliamentary, and you will get none of that nonsense from me, I can tell you. *(Laughter)*

2355 But there are a couple of things in here that do rather bemuse me. The explanatory note is a cracker. Deputy Parkinson and Deputy McKenna tell us it is anticipated that the reform of Guernsey's corporate tax system would have significant benefits in terms of Guernsey's international reputation.

Well what on earth is wrong with Guernsey's international reputation? It is in very fine order, and its international relations, including relations with regulatory authorities such as Moneyval.

2360 Well, when Moneyval carried out their assessment of the Isle of Man, they concluded that all was well. And why is the Isle of Man relevant? Because it is a Crown Dependency, and like Jersey, the three of us are in absolute lockstep. So Moneyval were very happy, well they were not very happy, they were content, with the Isle of Man despite the fact it has an almost identical tax system to ours.

So once again we are back to the key issues, and that is that the competitive risk of moving ahead in isolation. They are, as Deputy Moakes described, enormous.

2365 Our policy is a very sensible one, and one that I strongly support, and that is the desire, the sensible desire, to not be out of lockstep with Jersey and the Isle of Man, and that is absolutely essential.

2370 Once you get into a situation where you have jurisdictional agnosticism, jurisdictional arbitrage and all these other issues, once the tide starts to flow, no one, King Canute, Deputy Parkinson, no one, could stem that flow. So it is absolutely essential that we do not move out of lockstep.

Now, I cannot help thinking that Deputy Parkinson is conflating one or two matters here, but I do not think he is doing it unintentionally, if I can put it that way. I think he knows exactly what he is doing because he is a very bright man, but we are talking about Pillar Two here, and then we are talking about further reaching issues.

2375 Pillar Two only impacts on those international businesses with more than 750 million worth of
global revenues. From Guernsey's perspective we are talking about a very small number of
institutions that fall into that category. Deputy Parkinson says hundreds. I too, would like to ask my
colleagues on the Policy & Resources Committee, because I am out of touch, sir. I have been gone
a little while. Clearly, if it has moved from three into hundreds, I was sleeping during that particular
2380 development, so I look forward to hearing of the true number when Deputy Ferbrache, or indeed
Deputy Helyar, speaks on this matter, or anyone else in P&R for that matter.

So the issues around how much it might raise will be dealt with no doubt shortly by Deputy
Helyar, but that is not the issue, and I am going to look through you, sir, and look directly at my
friend Deputy Taylor, because the thing he has to understand is this is about risk, and this is about
2385 international perception. These are the issues, alright?

The revenues are, you might get a bumper year, you will not, but you might, followed by a very
significant decline until such time as our colleagues in competitive jurisdictions, primarily the other
Crown Dependencies, were in a similar position, and by then the damage is done. So there is a very
good reason why successive Policy & Resources Committees have come to the same conclusion.

2390 There is a very good reason why investigative committees come to the same conclusion, and
there is a very good reason why our international financial services community gives us the same
answer over and over again. There will be a time, but it is not now.

Thank you, sir.

2395 **The Bailiff:** Deputy Inder.

Deputy Inder: Thank you, sir, and again I am often glad that I have followed Deputy Trott
because he has effectively summarised more eloquently than I am about to do.

He started off talking about how Deputy Queripel did not fall into the trap of mentioning a type
2400 of animal, but actually I was thinking the same thing. I was born in 1966. One year later there was
an animated film by Walt Disney and it was called Jungle Book. And in that, one of the characters
was Mowgli, and he was the manchild that got lost in the jungle and brought up by animals. Looked
after by a bear, tried to be killed by tigers and pandas, and one of his great antagonists was a snake
called Kaa, and I am hoping to help Deputy Gollop here, and possibly even Deputy Taylor. Mowgli
2405 was sleeping up a tree one night and Kaa noticed him. He did not bite him, he did not try and crush
him with his long body. He tried to hypnotise him. And I think a song went on with it as well, I think
I remember the song.

And this is what this is. This is Deputy Gollop and Deputy Taylor sleeping up a tree thinking all
is well because everything is going to happen. It is not. This is entirely ???(14.48.33). This is
2410 dangerous. *This is dangerous.*

And I am afraid that Members, you will recall, there was a similar Proposition to the one currently
in front of us, and it was lost in the last tax review debate held in January. And that amendment was
lost at 11-28 I think it was, so I do believe that the same arguments will apply now as then.

As with other amendments considered by the Assembly in this debate, the proposed move to a
2415 territorial tax needs to be considered in the context of a very likely impact as entirely ... what is the
word? As Deputy Trott has explained far more eloquently than me, the impact on Guernsey's
economic competitiveness and most importantly in terms of the message it sends out to those
investing in this Island.

Where I have got sympathy with Members, we are always in a difficult position because actually
2420 we are elected by real people, so our domestic world is what effectively affects whether we have
got a job or not. Unfortunately. when you are an international financial centre, it is the invisibles
that impact us the most. Those people that we try and attract on a regular basis. So we are in this
very weird world of having to speak to our domestic audience, but give great consider to those that
feed us every day in the business we try and generate.

2425 It is also worth mentioning, Members, we had a Government Work Plan debate where this
Committee is asking people to refund Guernsey Finance, and is chaired by Deputy Trott, and he

think he was in it three or four years, along with Deputy Helyar and Deputy Ferbrache in the background.

2430 There are people who actually understand this business – a lot of us are actually quite lay in this, and I include myself in it. I am an advertising man and I am a web developer, but I listen. I do listen, and if we are going to go down this route of sending a message that even the word territorial tax, it is not what Deputy McKenna and Deputy Parkinson thinks it might be, it is what they are actually saying. The words, or the term alone, territorial tax, can scare horses, and it is worth mentioning, Members.

2435 And if you want to look at how really bad it could be, the Ernst & Young report of I think September 2022, that featured along there were two mentions of Option 2. The territorial regime excluding red line sectors, and that was 5.2, and there was Option 2a territorial regime including red line sectors, and the worst case scenario would be that one. Summary of impacts under Option 2a by sector from agricultural all the way down to other services and to utilities, behavioural changes
2440 would be in the millions of pounds, and the losses would be millions.

Now I will allow you, Members, to go back and look at the E&Y report. Be very careful, even the word itself territorial regime, scares horses. It really scares horses. We are all in a difficult position, and I thank Deputy Trott again, I am glad he picked it up.

I noticed as well in that amendment Deputy Parkinson mentioned from Curaçao to Zurich, but
2445 of course he did not mention, as Deputy Trott picked up, our two main competitors, Jersey and Isle of Man. And of course, buried in that, the Option D, in general companies would be liable to tax only on profits arising in Guernsey. Once you start this we know where this is, where Deputy Parkinson wants this to go.

2450 So do not be seduced by the idea that just get it in for an idea and you can make a decision later. Get rid of it now.

Thank you.

The Bailiff: Deputy Ferbrache.

2455 **Deputy Ferbrache:** Sir, I ???(14.52.38)do not wear, because I do not have the same degree of corporate knowledge on my front??? as Deputy Helyar, Deputy Trott, Deputy Parkinson; they are all well-steeped in the finance sector.

But then I think perhaps I may do a little injustice to myself, because in my long experience now practicing law, being involved in financial matters in Guernsey. In the past I was non-Executive
2460 Chairman of the Woolwich in Guernsey. I was a longstanding non-Executive Director of Lazards. Now those are both world-known names. Now they both left Guernsey, well the Woolwich does not exist anymore really, but they both left Guernsey because circumstances changed. They were here for many years. Woolwich paid millions and millions of pounds worth of tax to Guernsey, and was one of Guernsey's major contributors over a period of four or five years.

2465 So, and I have got a lot of experience and I deal with corporate matters in a litigious way, but you still see the books, that is the interesting bit of it, in relation to disputes. So in connection with all of that, I have always commended, I have known Deputy Parkinson for quite a number of years now, and I have always commended his intelligence and his sincerity, and he is very sincere in his beliefs in this regard.

2470 Now as I have said previously in debates, and as I say Deputy Trott was the person who really led the charge, and led it well, 15 years or whatever it was ago, in connection with Zero-10 . He came across we did not want it, because the world was great for us. As Deputy Le Tocq said, we were getting surpluses of £50 million a year without doing anything.

2475 The world changed. And the world has changed significantly from 2008 to now. And Zero-10 was given that. Most companies, because we were seen to be prejudicial to one form of the company structures etc. in relation to others, so therefore we had to take the action that we did, otherwise we would have been blacklisted, grey-listed, whatever colour it was listed, our financial products would have not been acceptable, we would not have had a finance sector going forward.

2480 So radical, and it was radical action, it was not evolution, we went from that to that very quickly.
As I said yesterday, and I said before to Deputy Trott, perhaps we could have done it in another
year or two, but we have had that discussion many times. It was the right decision to do what we
did, undoubtedly.

2485 Now there has been an easing of that. We now have companies that are taxed at different rates
and the market is moving, and I think that is what people like Deputy Trott and Deputy Helyar are
saying. It is moving and it may well get to a more territorial based tax in due course, because that
is the way the world is.

Now what my experience in relation to corporate tax matters are, is that they are not brave souls
are corporate people. They are not brave selves and they are a bit like lemmings. If one goes they
all go. And also, they do not come back like certain birds do, they fly away and come back.

2490 Once a financial institution leaves Guernsey, I cannot think of any and maybe Deputy Helyar and
Deputy Trott think differently, that they ever come back. They go, and they go and we have lost
them forever.

2495 Now what we did, and I am a simple soul, as I say I think Guernsey's equivalent of, although I do
not have ability in solving all those problems, of Miss Marple. My world is Guernsey. She had St
Mary's Mead, and if you could solve the problem here you could generally solve a problem
elsewhere.

2500 I saw, when we went out to Ernst & Young to see what corporate tax, extra corporate tax, because
it is not just the figures that have been mentioned, the corporate tax sector already pay a fair chunk
of tax to Guernsey. We do not distinguish between income tax and corporate tax, we do not have
a Corporation Tax Act, we have an Income Tax legislation, but corporate tax is what the companies
pay really. And it is the other benefits in relation to lawyers, and accountants and fiduciaries, that
come in as a result of that.

2505 Now what we were told, and the brief that we gave to these experts that reported a year or so
ago, was come back and tell us as much as we can get, as much as you can squeeze juice from the
lemon, and if you can get hundreds of millions or 50 million extra without frightening the horses,
without having the in-flight, that would be great. If they had come back and said to us, I am making
the figure up by the way, if they had come back to us and said we can suddenly give you another
100 million a year by doing this, that or the other, you might do this and you are not going to worry
anybody, we have clapped our hands, put GST in the box, and said that is it, we have solved the
2510 problem.

2515 It came back with what it came back, which has been widely disseminated in relation to that, and
it is a maximum of I think 19.2 million, but you have got to... Deputy Trott made the point shortly
after reading the report, saying hang on, even that figure is a bit ambitious because you are still
going to have some in-flight losses. It is not all going to be gains. So we settled on the figure that
we did.

2520 But as Deputy Helyar, when he interjected when Deputy Parkinson was speaking, it has been a
long-held view of not only this P&R but previous P&Rs, that we have got to move slowly, and we
have got to move in line with Jersey and the Isle of Man. If we do not, people will say, 'Hang on,
they are a less attractive jurisdiction than Jersey and the Isle of Man.' They will either not bring their
business to us, or they will take their business from us. We will have lost opportunities and we will
greatly damage our financial sector.

2525 I wish I did not have to say that, because ultimately, I think, and I do not know if it is the next 10
years or whatever, ultimately there will be much more territorial tax. There will be. It will come, but
the day has not dawned – I really am using metaphors and I should not – the day has not yet
dawned, and I say as sincere as I know he is, and as well-meaning as he is, and as knowledgeable
as he is in relation to Deputy Parkinson, I think that this is not the right time.

2530 We have had lots of people say GST is not the right time, they are wrong. Equally, Deputy
Parkinson is wrong. So therefore I would strongly ask Members to listen to Deputy Parkinson when
he responds, listen to anybody else that wants to contribute towards the debate, but say there are
too many risks. This is one of those risks that would be too far.

The Bailiff: Deputy Mahoney.

Deputy Mahoney: Thank you, sir. I just test the Assembly's appetite for a Rule 26(1) please.

2535 **The Bailiff:** I invite those Members who wish to speak in debate on Amendment 7 to stand in their places. You will get the right to speak anyway, Deputy Helyar.
Is it still your wish, Deputy Mahoney, to –?

Deputy Mahoney: Yes, sir.

2540 **The Bailiff:** – ???(14.59.13) the debate?
Right. Well, Members of the States, there is a motion from Deputy Mahoney, pursuant to Rule 26(1) that other than hearing from the Vice President and the proposer of the amendment, debate on this Amendment 7 be curtailed. Those in favour; those against?

2545 *Some Members voted pour, some voted Contre*

The Bailiff: I will declare that lost.

2550 **Deputy Mahoney:** Call a vote, sir, please.

The Bailiff: I will invite the Greffier to open the voting for a recorded vote.

There was a recorded vote

2555 *Not carried – Pour 10, Contre 26, Ne vote pas 2, Did not vote 2, Absent 0*

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	Brouard, Al	Ferbrache, Peter	Prow, Robert	None
Blin, Chris	Bury, Tina	Trott, Lyndon	Roffey, Peter	
Burford, Yvonne	Cameron, Andy			
Dyke, John	De Lisle, David			
Helyar, Mark	De Sausmarez, Lindsay			
Inder, Neil	Dudley-Owen, Andrea			
Le Tocq, Jonathan	Fairclough, Simon			
Mahoney, David	Falla, Steve			
Meerveld, Carl	Gabriel, Adrian			
Queripel, Lester	Gollop, John			
	Haskins, Sam			
	Kazantseva-Miller, Sasha			
	Le Tissier, Chris			
	Leadbeater, Marc			
	Matthews, Aidan			
	McKenna, Liam			
	Moakes, Nick			
	Murray, Bob			
	Oliver, Victoria			
	Parkinson, Charles			
	Roberts, Steve			
	Snowdon, Alexander			
	Soulsby, Heidi			
	St Pier, Gavin			
	Taylor, Andrew			
	Vermeulen, Simon			

The Bailiff: So on the procedural motion in favour of curtailing debate on Amendment 7 there voted in favour 10 Members, against 26 Members, 2 Members abstained and 2 Members did not participate in the vote and that is why it was declared lost.

Who wishes to speak next?

Deputy McKenna.

Deputy McKenna: Sir, I just rise in support of my dear friend, Deputy Parkinson, because he is a brilliant academic and an entrepreneur. He is a Cambridge graduate, and also a Chartered Accountant. He is everything I would have loved to have been (*Laughter*) so I have no knowledge on finance, but I do know that Deputy Parkinson has not laid this with any malicious intent.

So, it is fine. If you do not want to vote for it, I would still be your friend tomorrow. Deputy Parkinson would be your friend tomorrow as well. I think this is laid in the hope that would it help Guernsey in some way. So if it does not, that is okay, you reject it, and really that is where it is.

Because when Deputy Parkinson over a number of years has explained to me about corporation and territorial tax, I did not understand it, and I think after about three years I do not know if I understood it, but I agreed with it. Because what Deputy Parkinson used to explain to me was if you earn your money in Guernsey then you should pay your tax in Guernsey.

If you are employing local staff, you have got local premises, you are using local facilities, why would you not pay your tax in Guernsey? Why would you be allowed to, for example, if you have got offices in Luxembourg, why would be allowed to pay your tax? You have got to pay it somewhere, and I am nearly sure that is what you said, that you have to pay it somewhere. So why would you not pay it at source? Why would you not pay it here in Guernsey where you are earning that profit?

So I was wanting to believe that Deputy Parkinson was right, because I have been living in fear for a couple of years where my two sons have said, 'Dad, it is not a problem, we are leaving because Guernsey is too expensive. We cannot afford, we cannot pay £2,000 or £2,500 rent because that is more than we are earning'. So this is where the fear factor came in, where they were saying, 'Look dad, how much do you want us to pay board?' Because electric, oil, gas, even their petrol so you pay their car insurance that goes up with petrol. Every expense is going up.

I am not blaming anybody. It is just a fact. So, my son **??Rory** so he said right, he has got his first job and he is looking at a house. Well I would call it a rabbit hutch, half a million pounds. He said that is just beyond his capability. He has not got the deposit, the money he earns he would pay out, there is nothing left.

So I was wanting to believe in heartfelt hope, that when Deputy Parkinson said if you earn your money in Guernsey you pay your money in Guernsey, and we all believe that, because we do. We pay our taxes in Guernsey so I want to know that any corporates, the global companies, they earn their money in Guernsey, great. Pay your taxes here, and I am nearly sure that is really what we are saying because the community at the moment, especially since unfortunately the mortgage rate has gone up.

Now I think when we first talked back in January, I am not sure, but I think that with some people, it was almost a boast of how much you could get your mortgage rate for. So maybe someone said I got it 1.25%, someone got 1.75%, but now people are talking about some are paying 6%, some can even be paying as much as 7%.

Well, all the best Simon. (*Laughter*) I was going to say do not forget to wash your hands but I would not say that, that is unparliamentary.

But, for someone who has got a £500,000 or £600,000 mortgage, all of a sudden they wake up today and they go I have got to find £25,000 more. I am not going to improve my life just to give to the bank. So this is where when I was, when Deputy Parkinson said what he said in January, the fact that four months later that momentum seemed to be building in acceptance. I am just saying I just wanted to believe could this be the holy grail. Could this be the Hail Mary that would get us out of trouble?

2610 I fully respect everything that Deputy Moakes and Deputy Trott say, because this is their game, this is their life. It is finance. It is not my game, but what I am saying is sometimes in life, you back the jockey and not the horse. And I am backing the jockey. I am saying (*Laughter*) in my heart I want to believe that Deputy Parkinson is right, and that is all it is. I am not ... but again if you vote it down, please we shake hands, give a hug, like I do with the Chief Minister. We are friends, this is what it is like. We are just debating.

2615 Thank you.

The Bailiff: Deputy Kazantseva-Miller.

2620 **Deputy Kazantseva-Miller:** Sir, I enjoyed hearing a feisty Deputy Moakes today, and I hope we can hear more of that in the Committee *for* Economic Development and the States. So thumbs up to Deputy Moakes.

I also listened to Deputy Trott, whom I respect very much, with a touch of irony in terms of us being in lockstep with Crown Dependencies. So I really look forward to a future debate on the future amendment that Deputy Trott is going to lay. (*Laughter*) I thought that irony should not escape my lips.

2625 But I want to say that what Deputy Parkinson is talking about is absolutely the direction of travel, and it is probably happening faster than anyone expected, and the change in sentiment globally about the direction of travel.

2630 And it is a very simple principle. In fact, if you are a citizen or you are a corporate citizen of a jurisdiction, you should pay your bit. It is very simple, and I think it absolutely fair and that it is absolutely where globally we will be going to.

And during the last tax debate there was some great posters made by our community, and one of them really stuck with me. It said what kind of Government chooses to tax food instead of corporates? Well it is this kind of Government, because it is this kind of Government where we are looking to take about £60 million net out of households, out of our community, including taxation on GST instead of maybe looking to bring about £20 million out of corporates. So that is this kind of Government.

2640 So Deputy Parkinson I think is absolutely right in terms of the direction of travel, because Pillar Two OECD of £750 million and probably before we know it, it is not going to be £750 it is going to be £500 million turnover and further a downward spiral, and that is going to be the global pressure that we will see from much bigger players around the world that will put this type of pressure on all jurisdictions.

2645 So it is a matter really of time, and I think that is where waiting out and seeing what happens with such global trends, why it is so important for us to continue taking a staged approach in the way we solve the issues facing our community, because before we know it, in four years' time, the situation globally could be very different.

2650 So while I think the direction of travel is absolutely the way we are most likely going, I guess it is still an issue of timing. So, I do not think we can in any shape or form on this particular matter, move not in lockstep with other jurisdictions, whichever we consider our closest competitors, because actually, if I understand most in our finance industry do not consider Isle of Man for example actually to be a jurisdiction of competition to us, but they would consider places like Luxembourg actually to be more serious competitors.

And do you know what? Luxembourg has a corporate income taxation, they also have States' taxation, federal taxation. Their taxation levels are actually quite extortionate.

2655 I give way to Deputy Trott.

Deputy Trott: Thank you. Because, I am very grateful, sir, to Deputy Kazantseva-Miller for giving way.

2660 Because up until a couple of weeks ago, I would have deferred to her view that the Isle of Man is not really a competitor, until I was advised just days ago that the Isle of Man has a new strategy

for its financial services industry, and that is to grow that industry by 5,000 jobs in three years. Now that is a signal that they are very soon going to be a very real competitor.

2665 **Deputy Kazantseva-Miller:** I think a good point here is that they have an economic development strategy, including Jersey, who have just published a sustainable economic development strategy. Perhaps we should just start with developing an economic development strategy to start with so that we actually know where we are going.

2670 But I want to commend Deputy Parkinson for continuing having this conversation live, because it is completely it is a moving piece, and he is absolutely right in his opening speech to share how fast the sentiment and actually the direction of travel is changing in front of our eyes. So I do not regret that he has brought this amendment again, because I think this is absolutely conversation we need to be very attuned to, because we know the circumstances will change again.

I will not be supporting the amendment in this instance, but I do think within the four-year horizon this will continue being a very live issue for the next political body.

2675 Thank you.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir.

2680 I do attend to support this amendment. I know that there is a lot of concern expressed every time this issue comes up by some parts of the industry body representatives, that if we even debate it through and look at this tax, that we will cause all kinds of consequences.

2685 In many ways I would prefer if the Proposition, rather than saying designing and implementing a new corporate income tax, it simply said to design it and investigate it and return back, because there is, as Deputy Parkinson said in his speech, some uncertainty about how much all these taxes would actually raise. It would be very nice to have some design and to have some very accurate, or more accurate, assessments of how such a tax might actually work.

2690 I am less concerned really than many other Members that simply suggesting that we were going to design or implement a tax would cause the catastrophic effects that are quite often described. I think that in reality, businesses are quite sensible and are quite able to work out what governments are doing, and that may well be.

2695 We are having this discussion in the open, this is a States' deliberation and it is public, and people can see what we are voting on. It could well be that there are other jurisdictions that are having exactly the same sorts of discussion and thoughts about implementing the same sorts of taxes, but it is a closed committee meeting, and people do not know about it until it is brought to an Assembly, and it could well be that those sorts of things are being looked at.

As Deputy Parkinson said, the mood is changing and perhaps some other jurisdictions are looking at it, and we ought to be looking at these sorts of things.

2700 And one last thing that I would say, is that we quite often get criticism in this Assembly that as Members that we are acting outside our field of expertise. Most of the items that come before us are way outside our area of expertise. We all have experience in different areas of business and employment, and we also have to make these decisions about a wide range of things without having that subject matter knowledge.

2705 Now Deputy Parkinson is somebody who really does have an awful lot of experience in taxation, and I really think that that is an asset that we ought to be making much more use of (**A Member:** Hear, hear.) so I will be supporting this, sir, and I would recommend others to vote for it too,

Thank you.

The Bailiff: Deputy Dyke.

2710

Deputy Dyke: Thank you, sir.

I had not actually planned to speak on this debate, I actually mean that, but I have got to take issue with Deputy Kazantseva-Miller's soundbite just now, about whether this is a Government that wants to tax food or corporates.

2715 I think that is a very unfair comment. We are having a technical argument discussion about corporation tax, and she has just herself said that she is not in favour of this particular corporation tax, so I do not know whether she is favour of taxing food, but I just think that was not a fair comment to make, to be honest.

2720 So that was that. Whilst I am on my feet, could I ask Deputy Parkinson, who I know is very familiar with these affairs, I am not very familiar with this issue myself, but as I understood it the OECD Pillar Two thing, and I may be wrong on this, I am asking him if he will correct me at the end of the debate, whether it has actually been approved by the US Senate? I thought it had stopped there and the US is doing their own unilateral similar thing, but has not actually yet signed up to the OECD thing, which is one point.

2725 The other thing perhaps if he could address in his summing up. He has made his proposal and I respect that, and I know he is a guy who knows what he is talking about, but how does he see the downside of it if he is wrong? So perhaps he could give his analysis of the other side of the coin, because I am sure he has thought that through.

Thank you.

2730

The Bailiff: Deputy Le Tissier.

Deputy Le Tissier: Thank you, sir.

2735 I was not going to speak, and evidence I do not have any notes, so if I am a bit rambling I apologise. But I have got some sympathy with this amendment, and I do not think it is quite as black and white as the proponents and opponents say.

2740 Now historically where I used to work, I have worked in a number of financial institutions, and I stress historically. They arranged their profits by shifting some of the profit to other jurisdictions where they could use that profit to cover losses. Now, in one particular, who I will not name, company, we used to get a regular rap on the knuckles from the GFSC that said you are not making enough money, and the answer was we had sent it off to our branch in London.

Now I know things have changed, because we have got BEPS now, the Base Erosion and Profit Shifting rules, which have come in since I left the industry. So does Deputy Parkinson think that that will make a big difference, that profits will now be made in Guernsey rather than shifted off-Island?

2745 Thank you.

The Bailiff: Deputy de Sausmarez:

Deputy de Sausmarez: Thank you, sir.

2750 Like some others, I am broadly sympathetic to some of Deputy Parkinson's arguments. I, myself have argued for many years, or raised concerns for many years, about the pendulum that is the tax burden having shifted so far over to individual taxation, and I would very much like to see a rebalancing of that to whatever extent is achievable.

2755 But, and I am also sympathetic to Deputy Parkinson's argument that we should understand the impact of other revenue-raising measures before we implement anything major. I think that is what he argued in his opening speech. However, I am trying to reconcile that with the amendment that we have got in front of us, because I do not really understand the timing when we look at the wording of his amendment.

2760 If this amendment is successful, it will include a new Proposition and it will ask the States to agree that the States shall address the current and future expected structural deficit by way of the following measures, and then in 4A(a) it talks about designing and implementing a new corporate income tax on a territorial basis, etc. It goes on. And then at the end of all of those bullet points it says:

2765 ???...and to direct the Policy & Resources Committee to revert to the States with proposals for the implementation of the new corporate income tax referred to in A above, before the end of 2024.

2770 So, can Deputy Parkinson, when he replies to debate, please set out when he sees these measures being brought in, and, if it is indeed that he sees that this kind of system being actually implemented before the end of 2024? How that reconciles with this statement that I think he made when he opened on this amendment, about understanding the impact of other measures before introducing anything major? So, that would be helpful, thank you.

2775 And I did have one other question that I am struggling to remember. Oh yes. Given that, I think various people have indicated that this is the direction of travel. It is the direction of travel that everyone is on, including the other Crown Dependencies, quite crucially. So what I would like to understand, and maybe this would come from Deputy Helyar when he replies to debate on this amendment, is the timeframes that P&R as they understand them at the moment, and I appreciate that they are not really necessarily set in stone. But whether there is any merit in accelerating the work to understand what would be involved, or whether that work, how it is actually being taken forward, especially when it comes to the other Crown Dependencies.

2780 So I would really appreciate a little bit of clarity from both Deputies Helyar, sorry I have made up a Deputy, Deputy Helyar and Parkinson, I will not combine the two.

2785 Okay. So yes, I am obviously mindful of the other arguments as well about concerns around not moving forward, or moving forward out of step with key competitors, and like Deputy Kazantseva-Miller, I too was wondering how Deputy Trott was going to square that one with an amendment that we may be debating soon. But we will wait and see.

Thank you.

The Bailiff: Deputy de Lisle.

2790 **Deputy de Lisle:** Thank you, sir.

We hear a lot about the structural deficit at the current time, and corporation tax could help resolve this situation. The problem is that corporate tax at Zero-10 is losing money to the Exchequer, and this is being picked up by the individual. And the individual has had enough, and wants businesses to pay their fair share of tax. They want a level playing field from hereon in out.

2795 So, they would like to see some initiative going forward to address this particular problem of low corporate tax. And they, like you, people argue that is all a matter of being fair and transparent, and bring forward the numbers of lost earnings from the corporate sector.

2800 When I look at it I realise that when we started Zero-10 we went the year earlier than Jersey, and that year we lost £100 million. That was one heck of a loss, and four of us in the States actually did not support losing £100 million and we voted against that particular stance of going a year before Jersey.

2805 But then, when I look at every year since, how much have we actually lost through Zero-10? And you take about £50 million and you multiple that by a good 15 years since 2008, and that is £750 million plus the £100 million, £850 million, we are getting on towards a billion pounds. That has all been picked up by the individual, and is that fair? And what are we doing in this place to actually generate the sort of numbers, real numbers, that I have just been looking at on the back of a fag packet if you like, although I do not smoke?

2810 But why are we not getting this in true numbers, so that we can be fair and transparent to the public and bring forward the losses that we have committed to over the years through corporate tax at Zero-10?

2815 When I look at the Propositions in front of us, I wholeheartedly support that we should be supporting A, the 10%-15% to raise. I just wonder why 10-15% and not 20%. Is that because of other jurisdictions going for that, Curaçao, Cyprus, Dubai, Dublin, Geneva, Gibraltar, Hong Kong, Luxembourg, Malta, Singapore and Zurich? Or is it because of the situation whereas the OECD G20, the Global Anti-Base Erosion Rules Pillar Two, is coming in at 15%?

That might be the reason for that, but the fact is we have been labelled many times in the past number of years with a tax-haven status, and that has been aimed at us because we did have, before 2008, a corporate tax rate of 20%. So, are we going to still have that labelled at us, even at 10-15%? So that is another issue, is it not, to be looked at?

2820 But the other point is, why is it that we always have to be followers in everything? Why can we not actually go forward and say this is what the public want, let us do it and let us get on with it?

It is the same as the windfarm situation just recently. Suddenly Jersey has come out with their proposal. They are already going out to the people for consultation with regard to their windfarm, and we have been holding back. Why? Let us get on with things as quickly as possible (**A Member:** Hear, hear.) So, when I look at this particular proposal, if you take a look at it, the proposition, it is to agree that the States shall address the current and future expected structural deficit by way of the following measures: (a) dealing with the corporate income tax situation, along the lines of 10-15%, which Deputy Parkinson has well outlined.

2830 But then there is (b), (c) and (d) that I do not like, which is more borrowing again, because the last thing I want to see is more money borrowed by this Government, because when will it be paid off and who will ever get around to paying those £350 million with already £330 million that we have borrowed? We are going rapidly towards £1 billion in terms of borrowing.

2835 So I would not be able to support the amendment as it is written, but I do support the initiative to do something to address the Zero-10 tax policy, which is affecting individuals in their pocket in their pocket to the extent that they cannot stand it anymore.

Deputy Trott: Sir, on a point of correction, I did not want to ...

2840 **The Bailiff:** Deputy Trott, you cannot have a point of correction after somebody has sat down.

Deputy Trott: I shall not be as courteous in the future, sir.

The Bailiff: Deputy Mahoney.

2845 **Deputy Mahoney:** Thank you, sir.

It may be the point Deputy Trott was about to make, I am not sure, but just a clarification to Deputy de Lisle. We are not a tax haven, we are a stable low-tax jurisdiction, and that is why people structure their affairs here. We are not a tax haven. (**A Member:** Hear, hear.)

2850 Deputy McKenna opened with an honest appraisal of these finance industry credentials, and then immediately proved them by noting that he aspires to a world where companies pay their taxes where they are. That is just not how the real world works for the off-shore industry.

2855 By the very nature of the off-shore industry, it is very hard to gauge how much money is tied up there. It is a very secretive place, and what we can just loosely call the off-shore industry in total, you can find estimates that put the number anywhere between about \$8-12 trillion as an off-shore industry. It is a big game, and it certainly not going to go quietly into the night.

Deputy Taylor asked is it not better to lead, as did Deputy de Lisle just a second ago, and see who follows? But I would liken that scenario to sitting around a campfire with a couple of your buddies and putting your hand in the fire and going now who wants to joint me sticking my hand in that fire? (*Laughter*) Probably not very many.

2860 Deputy Parkinson, I think it was in his opening note, and others I think have said, that the world is changing. Yes, it is, and that is probably true. But it is the speed of that change that should be at the front of our minds.

2865 I would liken it again to the finance industry is a glacier, slowly moving its way down the valley, at the bottom of which sits the global standardisation of all tax rates. That is the goal of certain governments and certain industries. And we in the other jurisdictions are sat on that glacier, slowly riding it down towards what might be an inevitable conclusion at some point, whether that is 100 years away, 20 years away, we do not know.

2870 But what we definitely should not do, is look behind us and take a pick axe and carve off the ledge that we are sitting on, so that we go crashing to the bottom of that valley whilst our competitors, still up on the ledge, look down watching in bemusement.

I have been in the off-shore industry for about 37 years, and if at this point I should declare an interest because I am still in that industry, that I am still continually involved and I do so now. But the introduction of this amendment would have a terrible effect on the industry that pays a lot of the bills of this Island, and no doubt Deputy Helyar is going to pick up a bunch of those things.

2875 Just moving things along, I will not touch them again, but I urge Members do not shoot the golden goose.

The Bailiff: Deputy Haskins.

2880 **Deputy Haskins:** Thank you, sir.

I do agree with Deputy de Lisle's first point, which is people in general think that the big corporations, the big companies, do not pay enough tax. That is it. The massive global oil and energy giants who make these monster profits but they manage to structure their affairs in such a way that it seems like they pay very little tax. That is the crux of it. That is why there is such worldwide impetus to try and change, so that companies pay their fair share.

2885 Sir, attracting these companies is far more nuanced and I shall not go into it, I do not think I have got the capability really. But in order to attract some of these it will be okay, well if you put some in infrastructure, if you teach our children this, you bring x amount of jobs, well that is quite an attractive proposition, and in return we will give you a tax break.

2890 But sir, seeing as though we are going down this road anyway, the global minimum, what I would ask Deputy Helyar is, and this is based on the £750 million, but if, from what I understand this is going to decrease in the future. Okay, he is shaking his head so I am glad he is on it so I can speak to it.

I do have two other questions. Could Deputy Helyar speak to what he believes the long-term effects of this on our finance sector in Guernsey are? Now to me, should this not be a clear sign, or perhaps a future warning that we must, or should, invest in diversification.

2895 Sir, and my last one would be also aimed at Deputy Helyar, which is if he can speak to, if he thinks that the explosion in artificial intelligence and artificial intelligence companies will mean that there will be a need to radically change tax systems in the future?

2900 Thank you.

The Bailiff: Well as no other Member is rising, I will turn to the Vice-President, Deputy Helyar, to speak to Amendment 7, please.

2905 **Deputy Helyar:** Thank you, sir.

It seems I have more questions to answer than the proposer of the amendment.

So I will just start, I was accused at the outset of leaping up and down, and I was very pleased to hear that because I have not been able to do it since my knee was operated on last November, so if I am observed as leaping then we are making progress in my rehabilitation.

2910 Deputy Parkinson's real play to have you believe that this is now the right thing to do was a discussion about the OECD and the tax proposals being created in respect of multi-national enterprises. These tax proposals are not designed to deal with the candy shop. They are supposed to deal with multi-national enterprises like Apple, Microsoft, global enterprises which can manipulate international tax systems to store up cash in jurisdictions like Ireland, and keep it there at a low tax rate, in order to attract better investment and lower tax blended rates overall.

2915 Now, my first comment about Guernsey's commitment to that after becoming the Treasury Minister was in July 2021. It is available for Deputy Parkinson to read on the website. The next one was October 2021. There have been several announcements during that period. I have done several interviews with the media that do not come from that.

2920 So the idea that suddenly this has all changed because we have suddenly committed to the OECD principles, is not true. We have been committed to it, and we were committed to it as far as I can tell, before I became the Treasury Minister, and our treasury officials ...

Deputy Parkinson: Point of correction, sir.

2925

The Bailiff: Point of correction, Deputy Parkinson.

Deputy Parkinson: What the States announced in May was that they have agreed a common approach to the OECD Pillar Two initiative with Jersey and the Isle of Man, not that they had committed to dealing with the proposals.

2930

The Bailiff: Deputy Helyar.

Deputy Helyar: Thank you, sir.

2935

I can read the press release from July 2021 if that helps.

???The OECD have now reached agreement following years of negotiations in which Guernsey has taken part. Guernsey welcomes this further milestone and will continue to participate actively in the ongoing technical discussions, coordinating with Jersey and the Isle of Man, as a detailed implementation plan is developed.

2940

Res ipsa loquitur as we would say in the legal profession.

The issue here for this is some of the arguments that have been raised in the opening are sophistry, because these OECD principles, as I have said, only apply to multi-national enterprises, and Pillar One is enterprises with 20 billion turnover. There is about 100 of those globally. None of them is here. The rest applies to multi-national companies with 750 million or so of euros. The majority that are here are subsidiaries. There is more than a handful, but we have 20,000 companies on the books of the tax department. 20,000. This legislation will apply to a tiny proportion of that.

2945

The other funny thing is, this proposal that looks at implementing this tax will be double-treated, because the companies that are already in our core proposals as paying under these OECD proposals, will be double-counted by Deputy Parkinson's amendment.

2950

Now, the reason why the OECD principles work ...

Deputy Parkinson: Point of correction, sir.

2955

The Bailiff: Point of correction, Deputy Parkinson.

Deputy Parkinson: The figure of 45 million which our amendment assumes can be raised from companies includes the 15 million which Ernst & Young estimated would be raised under the Pillar Two proposals. That 15 million is not double counted, what we are talking about is raising an extra 30 million over and above the 15 million to get to 45.

2960

The Bailiff: Deputy Helyar.

Deputy Helyar: Thank you, sir.

2965

Now the important difference between the OECD principles and just having a territorial tax system, is this, and several people have asked why is this a problem for us? Why? And this goes back to the reason why we got rid of the tax system we had prior to Zero-10.

2970

Now, the main problem, and the thing which our finance industry spends most of its time avoiding, is people paying tax in two different places on the same money. If you live in Guernsey for example and you are an American citizen, you pay tax in the US as well as Guernsey. And because there is not a double tax arrangement or arrangement having the effect of double tax arrangement between those two jurisdictions, you pay tax on the same money twice.

2975 And the problem with this is, if we were to implement a territorial tax for Guernsey and charge all of those other of those 20,000 companies tax at a rate of 15% here, many, in fact probably the majority of those companies, would then be paying tax in two places at the same time.

Deputy Parkinson: Point of correction, sir.

2980 **The Bailiff:** Point of correction, Deputy Parkinson.

Deputy Parkinson: The whole point of a territorial tax system is you only pay tax on profits generated in Guernsey. A Guernsey company would not be paying tax in Guernsey on profits arising anywhere else in the world.

2985 **The Bailiff:** Deputy Parkinson, I know you are aware of this, but you will have the opportunity to reply to everyone, including Deputy Helyar, at the end, and rather than interrupting his flow it might be more effective if you leave it till then.
Deputy Helyar.

2990 **Deputy Helyar:** Thank you, sir.

Undeniably, many of those 20,000 companies will end up having to pay tax in the two different places on the same profits. Because the alternative jurisdiction, the one where they are already paying tax, will not give them the same treatment reciprocally as they get in Guernsey. Those companies, of which there are large number, will simply not be here. This is the entire basis of our off-shore finance industry, and threatening it without any consultation to entirely turn our tax system on its head is extraordinarily irresponsible.

2995 Now, I turn to something with Deputy Gollop said, because it has been said several times in this debate and I wanted to address it. I made a note about it yesterday, but did not want to interrupt anybody.

3000 Deputy Gollop has talked about political risk. The political risk, and the fact that the proposals in the policy letter are not politically deliverable. Well the answer to that is vote for them then. That is the way of changing whether these things are politically deliverable or not, it is to stick up for them and vote for them.

3005 It is quite extraordinary that we would contemplate as an Assembly throwing a hand grenade into our main industry which supplies 40% of our GDP, relied on no help from the Government during COVID, simply because we do not have the courage as a group of individual politicians to take a difficult decision about consumption tax. Because that is the bottom of this. It is the square root of what we are talking about. We are scratching around for things which will not work, with a view to try to solve a problem we do not have the courage to vote for.

3010 I was asked about what the timing is. Well I was supposed to go to Paris in July, the day before Bastille Day in fact, to sign this agreement, but it did not happen. And I think it has been more than a decade in the coming in just talking about this, because it is so difficult to get so many international jurisdictions to agree to act reciprocally, and what Deputy Parkinson is inviting us to do is invent a system where we do not have any reciprocity with anyone else. It would be exceptionally dangerous.

3015 Deputy de Lisle talked about why cannot we work with Jersey? What about the wind farm? Well, let us think back shall we to a month or so ago where I made an amendment to the electricity strategy to work with Jersey. How well did that go? And one of the reasons we cannot move quickly is because we have to do everything down to the final minutiae in this room, including talking about every single project and every single penny that will be spent on it.

3020 Now, Members will be interested to know, sir, that in fact in comparison to the OECD we collect 12% of our income in corporate taxation already. The OECD average is 9%. (**A Member:** Hear, hear.) We already collect more from corporates in Guernsey as a proportion of our tax take than anywhere else in the OECD, or certainly than the average.

3025 Now, I hope I have answered Deputy Haskins question about what does our future look like if we were to make a change like this. Well it is pretty bleak, because the companies that are here that we rely on, all of the staff working in the finance industry, they make their money by administering them, would not be here either. Because those companies and the business that they represent would be somewhere else.

3030 It is vitally important to maintain the tax transparency of the majority of vehicles that we administer in the Island, and if in time the OECD manages to persuade everybody to move a little bit further, so be it. That is a fantastic thing because we have nothing to lose by moving together at the same time as everybody else. We have everything to lose by jumping out of the plane without a parachute.

3035 Artificial intelligence. Well, that is another thing we have not put anything in the budget for. We are not doing anything about artificial intelligence, or considering how it might improve our outcomes, or in fact seriously damage our economy potentially, by taking over all sorts of tasks which humans currently carry out.

3040 Members, we have already had this debate. The last time I think I referred to Erich von Manstein's excellent wartime memoirs. They are entitled 'Lost Victories' and this is one of those. We should not vote for this under any circumstances.

Thank you.

3045 **The Bailiff:** And finally I will turn to Deputy Parkinson as the proposer of Amendment 7 to reply to the debate, please.

Deputy Parkinson: Thank you, sir.

3050 Well I will start where Deputy Helyar left off, and over the point that has been raised by several other Members, which is that we have had this debate before, and we have, absolutely. But the reason why we are having the debate again is that the Policy & Resources Committee did not like the answer it got last time we debated the subject.

And if Policy & Resources choose to ignore the outcome of this debate and bring proposals for a GST back to the Assembly for, what will it be, a fourth time, they will hear my speeches again. (*Laughter*) (**A Member:** Be warned.)

3055 Absolutely right. Be warned. (*Laughter*) But there is no point in complaining to me that I am making speeches on a similar subject to speeches I have made in previous debates, if Policy & Resources keep bringing the same propositions back to the Assembly, again and again. (**A Member:** Hear, hear.) Right. I am going to approach the response to debate thematically, and deal with the topics that were raised by Members, rather than try to go through everybody's speech individually, and repeating what they have said and then giving my response to it.

3060 There were very few actual general topics, and the one main one, the one which is the overriding response of those who said they are going to oppose the amendment, people like Deputies Moakes, Trott, Inder, Ferbrache, Mahoney and Helyar, come to the same point, that they say we must remain in lockstep with Jersey and the Isle of Man.

3065 And the assumption behind this argument is that because Guernsey's headline rate will be whatever it will be, 10 or 15% and Jersey and the Isle of Man will still be able to claim that their headline rate of corporate income tax is 0%, that they will have a competitive advantage.

3070 This is news frankly that people in companies who examine, or are responsible for the management of the groups' tax affairs are idiots, and will not see beyond their line rate of tax. Because the amount of tax you pay is a function of two calculations. One is what is your taxable base, what falls into the tax? And two, what is the tax rate? And if you multiply the tax rate times the tax base, you will get to the amount of tax that the company has to pay.

3075 Actually people in corporate finance functions etc. understand this really rather well. So the argument that proponents of this so-called lack of competitiveness argument have, is that because the current Guernsey rate is 0% and 0% times any number is obviously zero, that people will not understand that if you have a positive tax rate, whether it is 10 or 15%, but the amount that falls in

charge to tax is nil, they will not understand that that produces the same result. Because 10 or 15% times nothing is nil.

3080 And the point of a territorial tax system is, for an Island like Guernsey, that we would only be taxing profits that arise in Guernsey. For 99% of the finance industry the answer to the question what are the profits you have which arise in Guernsey? The answer will be nothing, because they are companies that invest or trade elsewhere in the world.

3085 At the moment under the current regime, if they happen to own a property in Guernsey, for example, and rent it out they have to pay Guernsey income tax at 20% on the rent. They may be subject to 0% generally, but they pay tax in Guernsey on their Guernsey source income. That is the current system, and all the territorial tax system says is, right well all you need to bring in to charge the tax is the income you receive from outside Guernsey, sorry from within Guernsey, which is essentially what we have now.

3090 And believe it or not, and I have been involved with many multi-national companies, some of them as I have said that will be, or would have been, in the Pillar Two charge, actually people are not as stupid as some Members think.

3095 Deputy Ferbrache actually described them as sheep, I think. I may be paraphrasing what he said, but I do not think that people are that stupid. Honestly. They operate under territorial tax systems everywhere else in the world. They understand how this works, and the territorial tax systems and the reason why the world is moving towards territorial tax systems, one of the reasons, is precisely because it avoids the double taxation that Deputy Helyar is concerned about.

If every country only taxes companies on the profits which arise in their territory, you generally will not need to worry about double taxation.

3100 Now, it is true that many developed countries operate systems of tax which we can loosely categorise as controlled foreign company regimes, and under those regimes what they say, and this is true of the USA, Germany, the UK, Switzerland, etc. What they say is if you are a US company and you have a subsidiary operating in a low-tax area, however they define that, then the profits of the subsidiary in the low-tax area will be attributed to the parent company in the USA and taxed in the USA. That is very common.

3105 And many companies in Guernsey are effectively subject to some such regimes. Many for example, of our captive insurance companies, about two thirds are subsidiaries of UK groups and a great many of those are, in principle, controlled foreign companies from a UK tax perspective. And that means the profits that they Guernsey are being attributed to the parent companies in the UK and taxed in the UK.

3110 It is not the case that because Guernsey has a 0% rate of tax that profits earned in Guernsey are subject to no tax, they are just not taxed in Guernsey. They are taxed in the UK in that situation. So profits earned by Guernsey companies are currently being taxed and that tax is being paid to the UK Exchequer.

3115 Now most countries that operate controlled foreign company regimes do give credit for foreign tax paid. The UK does, as I have said time and again not under any double tax treaty, but under UK unilateral relief rules. So the effect of those rules is, in terms of UK tax, that if a subsidiary in Guernsey is a controlled foreign company for UK tax purposes, and it pays tax in Guernsey, then the income will also be taxed in the UK, but, the UK will give credit for any Guernsey tax paid. And at the moment they are giving credit for the sum of nil, because the Guernsey company is paying zero.

3120 If the Guernsey company paid tax, the Guernsey tax paid on those profits would be creditable, off-settable, against the UK liability on the same income. And that is why I have said in my speeches that very largely, corporate income tax paid in Guernsey would be relieved against UK tax payable, and the cost of the Guernsey tax paid would be borne, not by the group, not by the Guernsey company, but by the UK Exchequer.

3125 The present situation is that we are giving tax on profits earned in Guernsey to HMRC in the UK, and it is absolutely ridiculous when we are sitting here debating how we are going to repair our holes in Guernsey's public finances and how we are going to raise money to provide the services

we need to provide for an ageing population, or the capital investment we need to make to sustain the Island's infrastructure.

3130 And we are saying apparently, well yes, but we cannot claim any of this tax back from HMRC and the UK Exchequer, so we will just have to lump some more tax onto the shoulders of the long-suffering residents of Guernsey. It is barking mad.

3135 The reality is the world is moving towards territorial taxation. Each jurisdiction will increasingly just tax the income that arises in their jurisdiction. The number of countries that still rely on a worldwide income basis, which is what Guernsey uses, is vanishingly small. I think there are four OECD countries that still use a worldwide income basis. I can remember off the top of my head one of them is Mexico, one of them is Israel, and for the life of me I cannot remember the other two.

3140 But none of the big countries, none of the USAs, the Germanys, the Frances, the UKs, the Japans, none of them use a worldwide income basis any more, not a pure worldwide income basis. So yes, of course the whole world is moving in this direction. It not only makes sense in terms of tax justice that profits should be taxed where they are earned, but it also avoids problems of double taxation and basically contributes to a sense of the community of nations.

3145 What the world is not keen on is double non-taxation, and where you have tax techniques, tax planning techniques, many of which I have used in the past and which I am very familiar with, to ensure that the tax is not taxed in any country, that is where people like the major powers get upset. And their problem with Zero-10 is it does facilitate double non-taxation, and that is why they are not happy with it,

3150 We are clearly, the world is moving around us, we are being caught up in that current, and mercifully it is actually taking us in a sensible direction in terms of Guernsey's public finances, so we should just go with the flow.

3155 So the general theme of those Members who say well yes, but if you have any rate other than zero it will be non-competitive, I think is basically just ignorant misinformation. The reality is the people who manage corporate affairs understand very well that 10% of nothing is nothing, and all we need to do is ensure that the territoriality rules do not bring into tax any foreign-earned income which we do not want to bring into tax.

Now, Deputy de Sausmarez said she could not reconcile how I was saying design and implement a corporate tax system and at the same time, I am paraphrasing here, so she will correct me if I misunderstood her point, and at the same time saying we should be considering the impact of other taxes before making any changes. Is that a fair summary?

3160 Basically, I think she has missed the point here. What I am saying is because we know that Guernsey is moving towards a territorial corporate income tax system, and that we will be implementing part of that system from 2025, and that even on the very pessimistic figures provided by Ernst & Young, that is going to produce £15 million a year for Guernsey, and I am saying actually I think it will be a lot more.

3165 What we are saying is, because we know these changes are happening, and will happen whatever we decide today, that we should wait and see how that system develops. It will be a lot of work to develop the system, to create those rules of territoriality, which are precisely the rules which I have been talking about, we will need to have, to see what the new system brings in. Because so much depends on the exact precise definition of what is Guernsey-source income?

3170 And our Treasury people are going to be very busy over the next couple of years, I suggest, developing those rules, and I am saying is we are in a situation where we know this new tax charge is coming in, we know it will produce a significant sum of money, we do not know exactly how much, and how much it produces will depend on exactly how the system is designed, but we need to wait and see what the new system brings in before we make major changes like introducing a GST, which ultimately we might not need.

3175 Now I am not saying we will not need it, and I have never said we will never need a GST. I have just said now is not the right time to introduce it. We have a lot on our plates as it is. We are making substantial tax changes, introducing a territorial corporate income tax system, and I suggest that is going to mean significant amendments to the Guernsey tax law as it relates to companies of all

3180 sizes, not just the big companies, and frankly let us deal with that issue first, see how much that starts to produce from 2025, and then look at it again.

If it does not produce enough money, then maybe we have to do a GST. But it is very complicated to bring this in. It will produce a lot of money. Why do we just not wait and see? So I hope that answers Deputy de Sausmarez's point.

3185 Deputy de Lisle commented on the significant shift of the tax burden from companies to individuals which has taken place since Zero-10, and I totally agree with that. We have shovelled tens of millions of pounds of tax onto the shoulders of the resident population, and people in Guernsey are finding it very expensive to live here. Some of them, sadly, are deciding to leave the Island.

3190 Now it is now all about tax. Obviously the cost of housing is a major factor in all of that, but we have made it very expensive for people to live in Guernsey, and they are deeply unhappy about it.

Deputy Trott: Sir, a point of correction.

3195 **The Bailiff:** Point of correction, Deputy Trott.

Deputy Trott: Deputy Parkinson says this over and over again, but we have learned two things, this last two days. The first is that we are at the very bottom of the tax to GDP ratio as an Island, and that we are near the top of the list from the amount that we take from corporates. He cannot have it both ways, sir.

3200

The Bailiff: Deputy Parkinson.

Deputy Parkinson: Well, I am not sure that is a point of correction, sir, but the reality is the Islanders feel that, rightly, that they are having to pay a lot more, and whether that is an increased TRP, whether it is increased Social Security contributions, whether it is in reductions of allowances and interest relief, etc., we are all paying significantly more than we were 20 years ago.

3205

Now, the reality is that the people of Guernsey are telling us loud and clear that they have had enough. It is just too expensive to live here, and we are debating this week shovelling more costs onto them in the form of a GST when we know that there is a mechanism developing, and which we will have to implement, to collect more tax from companies, and they know, the people of Guernsey know, that companies that do business on Guernsey should be paying tax here.

3210

So, Deputy de Lisle asked why 10 or 15% and not 20%.

I give way to Deputy Oliver.

3215

Deputy Oliver: Thank you.

Just before you move on, you mentioned that you think that the fees that we would be getting in would be higher than actually predicted within EY. However, I am sure that a number of companies would leave. Do you know, or is there any predictions of how many potentially could leave the Island?

3220

Deputy Parkinson: I can answer that question with great precision. None.

Because, the companies that are going to subject to the Pillar Two tax charge will be paying a minimum of 15% wherever they go in the world.

3225

Deputy Trott: Again, on a point of correction.
Deputy Parkinson ...

The Bailiff: Point of correction, Deputy Trott.

3230

Deputy Trott: Thank you, sir.

3235 Deputy Parkinson is misleading the Assembly by once again conflating two issues. The Pillar Two issues as we have identified, are only impact on businesses with revenues of more than €750 million. That was not the question that Deputy Oliver asked. The question was, what will the impact be on the more far-reaching territorial tax?

And the answer is plenty.

The Bailiff: Deputy, do you correct?

3240 **Deputy Parkinson:** Well I disagree with that assertion as well.

On smaller companies who will be paying, if we expand the net of the territorial tax base to include smaller companies, they will be paying tax in Guernsey on their Guernsey source income. Many of them are essentially part of the Guernsey domestic economy. They are garages, hairdressers, bakers, architects, whatever, working in Guernsey, and their entire business, their entire client base, is here in Guernsey.

3245 It is not an option if you are a garage in Guernsey, to move your premises to Douglas in the Isle of Man. If you want to continue to serve your customers in Guernsey, you have to stay here in Guernsey, and most of those people who I talked to in that line of business for example, say they would be very happy to pay their taxes on a current basis in Guernsey. They do not actually like having an overhang of unpaid taxes stored up in their companies, which could become payable in the event of certain events which trigger a charge to tax.

3250 But anyway, I return to Deputy de Lisle's question –

Deputy Inder: Sorry sir, I have got to pick up Deputy Parkinson. He is making ...

3255

The Bailiff: Deputy Inder.

Deputy Inder: Point of correction, sir.

3260 **The Bailiff:** Point of correction, Deputy Inder.

Deputy Inder: On a point of correction, he is making sweeping statements about small businesses, of which I was one. We kept, we did not roll up our profits on accounts. What we did, because we did not want to pay, because we did not want ???(16.09.19) we did anyway, we took out bonuses, we paid our ETI and our tax, and there are many companies that do that, and I am afraid Deputy Parkinson, there is always some theatre, but he cannot make claims that every company in Guernsey is desperate for some form of corporation tax, because it is not true and he cannot validate it.

3270 **The Bailiff:** Deputy Parkinson.

Deputy Parkinson: Well sir, Deputy Inder seems to want to have it both ways. He wants to say they will go elsewhere if their companies are required to pay tax in Guernsey –

3275 **Deputy Inder:** Point of correction, sir.

The Bailiff: Just a minute. Can we just let Deputy Parkinson finish what he has got to say? It is not really a point of correction if you disagree with what Deputy Parkinson is saying. If it is an inaccurate or misleading statement, you have got to identify what the accurate misleading statement is.

3280

Deputy Inder: It is a misleading inaccurate statement.

The Bailiff: Alright. Deputy Inder, point of correction.

3285

Deputy Inder: It is a misleading and inaccurate statement and hence the point of correction. Deputy Parkinson said I cannot have it two ways, because he thought I was referring to local, it might be so if I was talking to local business. I was clearly referencing EY and I was clearly referencing the mobile companies in Guernsey that can move from this Island at a flick of a switch.

3290

The Bailiff: Deputy Parkinson to continue, please.

3295

Deputy Parkinson: We can spend a considerable amount of time, sir, analysing the effect of territorial corporate income tax on various sectors of Guernsey industry, but I note that for example, investment funds will remain exempt under any territorial corporate income tax system, so nothing will change for them.

3300

I note that the regulated financial services sector in Guernsey is already subject to tax at 10% and many of those companies will become subject to tax at 15%, effectively whatever Guernsey decides to do, and I note that Guernsey does not tax capital gains and never will do, and there are numerous other cases where there will be no impact at all from the introduction of a territorial corporate income tax.

3305

But if I can return to Deputy de Lisle, he asked why not 20% instead of 10 or 15%. But he suggested the answer himself, which is that this is now 10-15% in a way becoming international norms. 15% has been adopted for large companies by the OECD, and 10% is a tax rate that is well known in Europe. It was the corporate tax rate in Ireland for example, but that has now gone up to 12½%, and it is the tax rate in some other European jurisdictions.

So, I have not sought in our amendment to say what the tax rate should be. I have said, suggested, it should be in the range 10-15%.

3310

Deputy de Lisle also said he did not agree with the borrowing proposals, and I would have anticipated that point from him. And it goes back to what I was saying earlier, that in the light of Deputy Roffey's amendment, if this amendment is successful, we will have to further amend this amendment to disaggregate the revenue-raising and the capital investment proposals, because that is what is happened with all of the other options.

3315

So, the purposes of stating in the amendment that raising £45 million a year from corporate tax would allow us to fund Portfolio 2 in the capital programme, was simply illustrative to show what could be achieved if you allow £250 million of borrowing.

It, frankly, does not matter to me if you decide you do not want to do the borrowing, or if you decide you do not like what is in Portfolio 2 and you want to introduce a different capital programme. It was an indication of scale, if you like, rather than a 'to do' list.

3320

Now, Deputy Helyar, as I have already alluded, I do not think fully grasped the principles behind territorial tax. There is very little risk of double taxation, in fact, in these proposals, because all we are talking about doing is taxing profits that arise in Guernsey.

3325

Now it is possible that other countries may seek to tax profits that arise in Guernsey under for example, the controlled foreign company rules of that country. That is a real possibility, but most of those countries will give credit for foreign tax paid and they do not need a double tax treaty to do it. They do it within their domestic legislation, like the UK unilateral relief, and the result is that Guernsey profits, profits of Guernsey subsidiaries of UK companies, will not be double taxed. They would be taxed in Guernsey and in the UK, but only with credit for the Guernsey tax paid when it gets to the UK, and that is the international law.

3330

Now, it is undoubtedly true you could point to some groups for example, where the parent company is located in a zero-tax jurisdiction, where any Guernsey tax on the Guernsey subsidiary would be a real cost to the group. There are not very many parent companies that are resident in zero-tax jurisdictions, but I can think of one or two.

3335

And so I am not saying that implementation of this sort of system would result in no casualties. I think there would be a handful, but very few. And in terms of the numbers of companies that could

be brought into the tax net, even under the Pillar Two proposals, Deputy Trott and others seem to be trying to minimise that. I think Deputy Trott mentioned the figure of three, that is simply fanciful.

Half of the FTSE 100 companies in the UK have captive insurance companies in Guernsey. When I say there are hundreds of companies that would be affected by the Pillar Two proposals, that is not just put a finger in the air, that is an educated guess.

People in Jersey estimate that in Jersey 900 companies will be caught by the Pillar Two proposals, and in Guernsey I do not know how many companies will be caught, but it is hundreds. As I say, at least 50 are subsidiaries of FTSE 100 companies but there are many more, and as within my own personal experience I know of some.

So, it is true that the Pillar Two proposals do not concern the Mom and Pop shops, Deputy Helyar has made that point, but most of those businesses are immobile, geographically immobile, in terms of their tax exposure in Guernsey, and the ones within the finance industry whole sectors are carved out. All the investment funds remain exempt, banking and other regulated financial services are already subject to tax, I have been through that.

There will be some companies that would be brought into tax that were not taxed before, even on a territorial basis. I think the numbers would be relatively small. In the experience that I had running as Chairman of the business at Praxis, the companies that would have been most exposed would have been international trading companies. Frankly, those are the riskiest section of the client population in terms of tax compliance. Some of those in the old days were pure tax avoidance or tax evasion vehicles, and I do not think there are very many of them left.

So I have tried to answer people's questions. I know that the votes will not change very much. People will vote probably much the same way as they did in January. In January we got 11 votes. If we get a few more this time I shall be delighted. If we get a few less I will not be heartbroken.

We are, I am not, frankly, not expecting to win, but I am hoping that people are slowly understanding the arguments, that actually not only is this a matter of fiscal justice between residents of the Island, it is also a matter of fiscal prudence for the States of Guernsey. This is a source of income which we cannot go on ignoring, and therefore I ask Members to vote for the amendment and at least put this option on the menu for debate when we get to general debate.

The Bailiff: Well Members of the States, it is now time to vote on Amendment 7, which is proposed by Deputy Parkinson, seconded by Deputy McKenna, and if approved would have the effect of adding a further alternative at the end of the current list of alternatives.

I invite the Greffier to open the voting, please.

There was a recorded vote.

Amendment 7

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

Pour	Contre	Ne vote pas	Did not vote	Absent
Bury, Tina	Aldwell, Sue	None	None	None
Dyke, John	Blin, Chris			
Fairclough, Simon	Brouard, Al			
Gollop, John	Burford, Yvonne			
Le Tissier, Chris	Cameron, Andy			
Leadbeater, Marc	De Lisle, David			
Matthews, Aidan	De Sausmarez, Lindsay			
McKenna, Liam	Dudley-Owen, Andrea			
Parkinson, Charles	Falla, Steve			
Soulsby, Heidi	Ferbrache, Peter			
Taylor, Andrew	Gabriel, Adrian			
	Haskins, Sam			
	Helyar, Mark			
	Inder, Neil			

Pour	Contre	Ne vote pas	Did not vote	Absent
	Kazantseva-Miller, Sasha			
	Le Tocq, Jonathan			
	Mahoney, David			
	Meerveld, Carl			
	Moakes, Nick			
	Murray, Bob			
	Oliver, Victoria			
	Prow, Robert			
	Queripel, Lester			
	Roberts, Steve			
	Roffey, Peter			
	Snowdon, Alexander			
	St Pier, Gavin			
	Trott, Lyndon			
	Vermeulen, Simon			

3375 **The Bailiff:** The voting on Amendment 7 proposed by Deputy Parkinson and seconded by Deputy McKenna was that there voted in favour 11 Members, there voted against 29 Members, no Member abstained, everyone participated, and I will therefore declare Amendment 7 lost.

3380 **The Bailiff:** The next amendment on our running list is Amendment 9. Is it your wish, Deputy Trott, to open on Amendment 9?

Deputy Trott: Yes sir. Thank you.
Sir, I would like to start by asking the States' Greffier to read out the amendment.

3385 **The Bailiff:** Greffier.

The States' Greffier read out Amendment 9

[Amendment 9](#)

To insert the following propositions immediately after Proposition 4:-

"OR IF NEITHER PROPOSITIONS 2, 3 OR 4 ARE APPROVED:-

4A. To agree that the current and future expected structural deficit shall be addressed by increasing the individual standard income tax rate so that, on and from 1st January 2025, the amount of personal Income Tax payable by individuals shall be increased to a maximum of 23%.

4B. To agree that the individual standard income tax rate shall, in the meantime, be increased so that the amount of personal Income Tax payable by individuals on and from 1st January 2024 shall be 22%.

4C. To direct the Policy & Resources Committee to submit to the States by no later than July 2024 detailed proposals for increasing the individual standard income tax rate at which personal Income Tax is charged to a maximum of 23% in order to address the structural deficit in the absence of any additional measures, for implementation on 1st January 2025.

4D. To direct the preparation of such legislation as may be necessary to give effect to the above decisions."

3390 **The Bailiff:** Deputy Trott, I think similarly to the previous amendment we will read it as if it is to insert these additional Propositions after Proposition 6, so that they would be called 6A, 6B, 6C and 6D, although we might lose 6D at some point.

Deputy Trott.

3395 **Deputy Trott:** Thank you, sir.

Do I believe that this amendment is the perfect option? The answer to that is a resounding no. Do I believe that this amendment is probably the only chance of leaving here this week with something on the revenue side on the table? Yes, I do. And that is the basis on which it is placed before the Assembly today, for what I hope will be a constructive debate.

Now under those circumstances I shall, unusually for me, speak to both sides of the argument, because I believe under the circumstances that is the open, transparent and objective way to deal with this.

Now I can do that in my view, sir, from a position of legitimacy, because I think I was fairly rare at the last election in articulating with almost the precision that we are discussing these matters today, the fact that we did not take enough tax from our economy and we would have little choice but to address this matter to a fairly substantial extent during this term.

I told the electorate that, and I think there is a lesson to be learned here, that I managed to secure a fairly healthy vote despite the fact I was able to tell what I knew to be, and absolutely knew to be, the truth.

Well others have asked about would we be willing to declare our tax position. Well I will tell you what my tax position is, sir. I strive to hit the tax cap, that is what I am trying to do, and I remember something my father said to me when I was a child. He said never be afraid to pay tax, son, in fact try to pay as much as you can, because that will be a very good thing, and I thought that then, and I think that now. Certainly I think that in terms of income tax. I remain passionately opposed for all the right reason on capital taxes, as I know my friend Deputy Parkinson does as well.

But I had a little look at what I pay, sir, and it dawned on me that it is enough to pay the States' salaries of Deputies Ferbrache and Helyar. Now I will leave others to judge whether that represents value for money. *(Laughter)* I make no judgement on that, other than to say that I certainly am in the higher tax bracket, on personal income tax as well as, I would argue, from a corporate tax perspective. So this amendment will impact on me materially, but it is not about me, it is not about any of us, it is about the community.

Next I want to talk about public opinion, because this is unscientific and everyone will have their own view. But my analysis draws me to the conclusion that this community has, generally speaking, less anxiety about paying more income tax than it does about paying a fresh and new consumption tax. Now whether that is right or wrong is of course, something we are continuing to debate. But that is my analysis and therefore I think this is within our community a favoured option.

But I will repeat now what is the motive? Well the motive is a determination to leave this debate with something. And the reason I question that whether you are in favour of GST or opposed to it, this amendment provides the Assembly, both now and in the future, with the most flexibility. Because if we do decide to raise the personal rate of corporate income tax, but in Assembly, our personal income tax, but the Assembly in the future decides it really does want to introduce a consumption tax, then of course it can lower those rates as part of that package if it wishes to do so, so there is a real, if you like, structural flexibility in this approach.

Now, Deputy Gollop and I have factored in to this amendment a request that the Policy & Resources Committee returns to deal with any issues that there may be around marginal relief, for instance. They may of the view that we need to address that particular issue. Personally, I would prefer the tax system to look, the tax regime to look as uncomplicated as possible moving forward, but I live in the real world and there may be very good reasons for those amendments around the edges.

I am now going to move, sir, to the 'for's and 'against's. Against I am going to start with first, because I would say the list is longer. It does not address those supporting their lifestyle through capital. That is a fact. More tax will be raised from the same group of people. That is a fact, and there will be less even distribution between working age and pensioners. And it will look different to Jersey, that is undeniable, but it will be mitigated by not having a GST at 5% for residents or for visitors, and those arguments are fairly easy to articulate so I shall return to that later.

But there are some things that are strongly in favour of it, and when we listen to what our community is telling us, many of these things that are in favour of raising the personal rate of income tax are the very issues that the community is concerned about. It is easy to understand.

3450 As Deputy Parkinson said, if you are not paying any tax now because you are a pensioner, for instance, someone on a fixed income below the threshold, raising the rate of income tax will not make any difference, whether it is 20% of nothing or 23% of nothing, of course the effect is the same.

3455 And it is easy to collect. This is unquestionably one of its strongest selling points. And it is proportionate relative to income. And it keeps us focused on employment. One of the great successes of this community over the last 30 years has been its laser-like, almost forensic obsession with employment, and that has meant that we have not had the issues that unemployment brings, not least the burden on the public sector's revenues but also the other issues associated with youth, in particular, idle, on the corners of streets.

3460 Now sir, I ask Members to vote for this amendment to add it to the list for us to consider later, because Deputy Gollop and I believe that it is likely to be the last revenue matter standing. And while Deputy Parkinson will probably be the least bit offended if you do not, but I cannot think of anything worse than leaving here with nothing. And I cannot find a Member of this Assembly, I cannot, I have asked almost everyone, I cannot find a Member of this Assembly who genuinely
3465 believes that we are going to support the introduction of a business services tax this afternoon.

And I have not asked the same question of all Members, or most Members with regards borrowing, but I cannot believe for a moment we are going to borrow the sorts of amounts necessary to fulfil our objectives.

3470 So what does this do? Well, sir, from next year a 2% would bring us in £32 million a year. 3% would bring us in £50 million a year. That is an awful lot of money, bearing in mind that GST would not come in until 1st January 2026, if we are lucky of course, because it has to face that hurdle of the election, whereas this brings in potentially, if the States decides, £50 million a year from next year, 2024, and 2025. So by the time the revenue generation starts on GST we would already have banked £100 million. That will go an awful long way towards delivering the schools and the
3475 hospitals. An awful long way.

Bear that in mind. These are very significant sums of money in the big scheme of things, and are equivalent to the sums that would be raised, or very nearly equivalent, to the sums that would be raised through GST.

3480 So I am not going to sell it more aggressively than that, because that it is not my style on this sort of amendment. It is when we are dealing with corporate tax, because I understand the very real threats that getting that messaging wrong will create.

3485 But this really is a matter for the States. But I do implore you, do not leave here with nothing. You all know which way you are going to vote on GST, and you know that we could leave here with absolutely no revenue-raising initiatives, and that would be, in my view, an absolute abrogation of our duties, and I am not prepared to be a part of that.

Thank you, sir.

The Bailiff: Deputy Gollop, do you formally second Amendment 9?

Thank you very much.

3490 Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

3495 I do not think I need to speak for very long, but I just find it rather remarkable that Deputy Trott is making arguments for increasing income tax when he has only just a few minutes ago, argued that we need to keep in lockstep with our main competitors.

Sir, many in this Island and in financial services as well as other industries, are struggling to recruit at the moment, and it has already been made clear from other comments, that our current

Social Security contributions are in certain areas and certain parts of the working population, more onerous than they are in our close competitors.

3500 And by doing this, whilst I accept it is an easy thing to do, and I will come back to that in a moment, we would be automatically putting ourselves out of step with our main competitors, and that I find rather remarkable because our preferred options P&R, would actually keep us in step to some degree by adding in a GST. So I cannot accept his argument because he has glossed over those particular elements.

3505 Furthermore, it makes us even more dependent on taxation of income and employment, and we have already seen that we are far more dependent on that than virtually anyone in the developed world, and that is a real problem. It might not be a problem at the moment, but it would be a real problem if there was a massive downturn in the economy and we suddenly saw many people unemployed. We had that in the early 1980s with the change in the economy then, and I think we
3510 only just about managed to get through. I am not sure how we would deal with that if we are becoming even more dependent on it.

I accept, as Deputy Trott said, that it would raise money fairly quickly and easily, but in a sense our proposals have been criticised by some as being too easy. Introduce the GST, it is the easy option. Actually it is not the easy option. It is an option that requires us to have some courage, but
3515 it would not make us out of step with our main competitors in terms of our main industry, because they already have forms of consumption tax in place.

So, I am not in favour of this. Not only, in some ways personally I could say I should be in favour of it because I will benefit from it, I will not have to pay so much tax. I fit into that category. But I do think that we are putting extra burdens particularly on middle income earners, and particularly on
3520 lower income earners, and we are not able by doing this to put the mitigating measures in place that our main preferred option would do.

So from my point of view, it is far too easy, and it is not taking seriously the responsibility that we have for those already struggling, the already squeezed middle as people say, in our society. I cannot therefore support this. It is perhaps easy, perhaps raises money fairly quickly, but it is not a
3525 long-term sustainable solution and therefore I urge others to reject it.

The Bailiff: Deputy Meerveld.

Deputy Meerveld: Thank you, sir.

3530 When Deputy Trott first mentioned this amendment to me, my initial reaction no, hell no. For exactly the reasons that Deputy Le Tocq has just mentioned, it takes us out of step with our competitors and I saw that as being significant issue. But I am going to vote for this amendment to include this is the Proposition on the paper, because Deputy Trott has made a very good point. We cannot finish this debate and not address the revenue-raising issues that we face, and I think
3535 everybody will be quite aware of my position on GST from the very large flag I have been walking around carrying. So I will not be voting for GST.

And I hope, I am considering some of the other options on the paper, but I agree with Deputy Trott that this should be here as a catch-all if all else fails, regardless of if I vote for some other options. Others may not vote with me. They may not go through.

3540 But this one does need to be on the paper, so remember Members, I would remind Members that when we vote now, we are not voting for this as a Proposition to support, we are simply voting to put it on the options that will be available to us when we get to the general debate and a final vote, and I, for one, will be voting for this amendment now so that it is on the paper and included in those options.

3545 We can always choose to reject it if we come up with other solutions, but if we do not then we are going to have to give it serious consideration.

Thank you, sir.

The Bailiff: Deputy de Lisle.

3550 **Deputy de Lisle:** Sir, I could never support 2% or 3% more in income tax. This again hits at the individual while corporates are subject to Zero-10 and high net worth individuals are offered tax caps. This is totally unfair on the individual, who are all already under duress with so many other taxes and charges, TRP, Social Security and so on, that they are subjected to.

3555 And sir, there is nothing wrong with leaving this place here with nothing. At least GST and borrowing huge sums of money, £350 million, £200 million, will be withdrawn from the public and the individual's concerns currently in this Island.

Thank you.

The Bailiff: Deputy Gollop.

3560

Deputy Gollop: Yes, thank you.

I am the seconder of this, and not a reluctant seconder, because I was very pleased when I spoke to Deputy Trott. I had talked about it vaguely with other Deputies, and believed that both for this and maybe the budgets to come, we do need to consider different possibilities.

3565 I stand corrected, as I often do, by Deputy Helyar, who kind of implied some Members perhaps we the cowardly Members who knew what we had to do but were supporting other Quixotic plans, simply because we could not deliver a sufficient vote to get GST over the line.

3570 My point though, is the reason why I said it was politically awkward, perhaps undeliverable, was not linked to whether we win this week or not. It is, as Deputy Burford and others have commented, Deputy Falla too, there is the fact that its implementation at its most optimistic date, is after the next general election and therefore it becomes a matter of politics, as do probably many other of these tax and borrowing prospectives.

3575 But you can imagine the scene like we lost millions when we floated down the river to incinerators. You could get a new States saying well I am having none of that, and going back to base. In fact I am annoying my contemporaries who can hear my voice in that, when I go into anecdotes of the past, but I love the little stories, I do, because they point out the reality of today.

3580 One of them concerns Deputy Trott, who had the vision to introduce Zero-10, which I reluctantly supported because of the need for competitive management. I think it should be said that there were various reasons for it, including the indirect taxation other places had, but also the fact that we needed that companies could not be zero, there had to be no discrimination.

3585 But one area where I was probably proved right is I was one of the few along with Deputy de Lisle and Deputy Matthews' father, Mr Roderick, and I think Deputy ???(16.43.15) who voted not to go into it immediately and maybe save £100 million. Maybe Deputy Trott was right, and we gained competitive business and advantage, which saw us smoothly go through the credit crunch, maybe he was not.

3590 But if he is regretful about that, he has learned the lesson, because this proposal, let us be clear about this, this actually gives us money. We do not have to wait until January 2026 or January 2027, or the outcome of the election, or any of that. We will have as a budget 22% not 20% from next January, 23% for the following year. That is maybe up to £50 million, and that is money that we could do with.

Deputy Meerveld very kindly explained that it is not a proposal to raise income tax. It is a proposal to put it in the list of Propositions, so anybody can vote for this now, not wanting to do it. Deputy de Lisle definitely does not want to do it, but we can still be safe in the knowledge that it may be a more palatable option than some of the others on the table. And that is the thinking.

3595 I also want to point out another history lesson. When Deputy Trott was Minister of Treasury & Resources, or maybe Chief Minister, we had a day out in the Bowl, which has sadly closed now. And they had to prepare our funding estimates for the future and how many millions we needed to cut off to make Zero-10 work. And you had the usual silo mentality of the Home Department all putting it on the home, not of course Deputy Prow here, but the previous era and all the rest of it.

3600 And I think I was the only one who kept on being like Bruce Forsyth: more, more, more. And of course I knew that we would actually be spending more and more public money, and those who

had come in saying cutting was going to happen, would, despite their best efforts, were going to be proved wrong.

3605 Another game, what is it used to be, said you would leave with nothing, but not *Fifteen to One*, (**A Member:** *The Weakest Link*.) well maybe I am the weakest link, but the point is we may leave with nothing if we do not support this.

I want to point out a few other points. I do not want to go into the strengths or weaknesses of this. Deputy Trott and others have already done that, but I will point out a few more points.

3610 We have not had one this year I do not think, but usually the Institute of Directors have a grand evening gala dinner round about October time, and I remember the distinguished hosts, Sarah Montague being one, Alastair Stewart, we wish him well in his health, another. And I remember one year about five years ago, Deputy Trott was probably on the platform, maybe Deputy Ferbrache. A question was asked of the audience, and we all had little boxes, most people there being senior corporate figures, what would you rather have, borrowing, cuts, no infrastructure? and about 50-
3615 60% of the people with the electric boxes are meant to be some had had a few drinks, mostly orange juice I expect, they voted by 50%-60% of the 800 or so in the room, that they would find a 2% or 2½% or 3% rise palatable.

So it is a policy that appeals even amongst the more successful in our community. Yes, I do not think it is ideal from a competitor's position, and ironically one of my theories is, that if we increased
3620 income tax as a short-term temporary measure, yes I know you have heard that before, it would actually make GST more palatable in the long term, because my vision of a consumption tax would be one that reduced income tax, especially for lower earners. But that is a debate for another day.

My other point about this is Deputy Trott is absolutely right on the money, because Deputy Trott has been extremely successful at Guernsey Finance and then the financial sector, both here and
3625 elsewhere, but he also keeps one foot steadily in the Guernsey White Rock Café, mixing with all kinds of people, hence his continued poll success, usually towards the top of the poll.

And I think, I listen to the spectrum of the public who approach me and talk to me, and I know Deputy Inder and others do not like left and right and it does not really apply in Guernsey, we are more of a circle. But perhaps at one end of the spectrum we have people who really do not want
3630 any more taxation at all and think we are taxed enough already. And then there are people who actually want, as you may have seen my support for people in the corporate sector to pay more, or for people who are high net worths, or for capital tax is very much a minority view, but I have heard it.

And as I said in the last debate, I said we are not exactly inundated with the silent majority saying
3635 we want GST, because we are not, although I have spoken to people, again across the socio-economic spectrum, who understand the arguments for GST. It would either benefit them individually with the mitigation moves, or they see it as necessary for the future of the Island, and I have got a lot of sympathy for those views.

But if I was doing a vox pop of what middle Guernsey, and Deputy Inder's favourite kind of
3640 person, the real Guernsey person, wants, their favourite is why can we not have a higher rate of income tax? We would only perhaps want it for the higher earners, but they say why can we not for the foreseeable future go from 20p to 22p or 23p? That is the message the public are giving us.

I am not saying intellectually or economically or from an analytical point of view it is a solution that would work for 2030, nor am I saying that it is necessarily the way in which we will eventually
3645 shape this, but we need to come out of this with something for everybody with a consensus, and then we can do more work next year, and then as the election is in 2025 we can all shape our perspectives on who wants what and how, and also that would involve more consultation with the business sector and many others.

The sensible course of action at this moment is to include this Proposition in the mix, so that we,
3650 as Deputy Meerveld says, can actually consider this if all else fails.

The Bailiff: Deputy Gabriel.

Deputy Gabriel: Thank you, sir.

3655 Members will notice that I have relatively quiet, because what I know about tax, corporate tax especially, and private income tax, you could probably write on a pinhead and not in copper script, block capitals.

3660 But I recall a meeting I had with Deputy Trott and Deputy St Pier in a town café in July of 2020. I was thinking about being a prospective candidate and doing a tiny bit of research, and they asked me how I would address any deficit, structural or otherwise, and I perhaps naively said at the time, how about 1% on income tax? And they both turned round to me and said you know that will only raise about £30 million, and again, naively at the time I thought that was quite a significant amount of money. Sorry £13 million, I stand corrected. £16 now, according to Deputy Trott who is interjecting into my ear.

3665 So again I take up Deputy Le Tocq's position, in that we have heard Deputy Trott earlier saying that we should be in lockstep, and I completely understand that about the corporate entities and how mobile they could be, because perhaps they have only got taxation to think about, but I would like him to address in his summing up about how mobile private individuals could or could not be, and how this could impact them.

3670 We quite often hear in debate that a small proportion of high net worth individuals, or people with high incomes certainly, pay a significant amount of income tax and an increase would have a detrimental effect to the gross income that we receive at Treasury. Perhaps he can assess some of that in his summing up.

3675 And I take Deputy Meerveld's point of view, and I do welcome this, but I would quite like to hear also from Deputy Helyar in his response, if he is going to respond, I am certain that he is, again how any detrimental effect will be on the high net worth individuals or to the gross income that Treasury receives.

3680 Failing all of that, I do perhaps like this backstop position, because I do not want to walk away with nothing. It would be an abrogation of our duties, as Deputies, elected officials, to do something for our populous.

And I do not want the Proposition letter as amended to be like going down to Woollies at the bottom of the High Street and having a pick and mix and have something that we all like, and it absolutely turning into nothing and ripping a filling out, and we all know how much those cost.

3685 So I do like the backstop position, so I likely will be voting for it as an amendment to get into the amended Propositions, and then wait and see what happens in general debate.

Thank you.

The Bailiff: Deputy Aldwell.

3690 **Deputy Aldwell:** Thank you, sir.

When I stood for election I walked around the 10 parishes, different areas of the 10 parishes, and I did not know anyone from there. I probably spoke to about 1,000 people. There was not anyone that did not realise we were going to have to raise tax. There was not a single person. They all understood coming out of COVID it had been an expensive time.

3695 And over the last year it has been really interesting for me when people have been very against GST, and when I have spent the time, and I have spent a lot of time, a lot of weekends talking to people in my upper parishes, really taking the time to speak to them and explain to them about the package and about GST, it was, 'Oh, well I did not realise that, I did not realise just if you earn £30,000 you would have a 15% income tax. Oh, but Deputy Trott said that 23% tax would be better.'

3700 And I said, 'You want to pay an extra 8% then?'

3705 So you are on a pension, you have a bit more income, you have told me, yes, so you would be then paying 15% tax. You would also have, there would be another package, and if you were having problems there could be extra income as well. You would be looked after. So 60% of people of Guernsey would be better off on the package, but you want 23% tax? Oh no, I do not want 23% tax, I did not understand.

And having spent a lot of time speaking to a lot of people, I can honestly say that I cannot believe the change in people now they actually understand. And it is credit to P&R who have really spent the time in explaining to everybody, Deputy Ferbrache going on-line, explaining what is involved in the actual package that the headline was GST but actually, the headline should not be GST. The headline is a package, and 60% of our people will be better off. We are looking after the low earners.

3710

So, I do not like this 23% income tax. I am going to certainly vote for the package, and I will not be voting for this amendment.

Thank you.

3715

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, sir.

Considering that we have had the debate in February, some months ago, and then again now on this topic, as Deputy Aldwell has been saying, people have learned a lot over this time and I totally agree with the approach that P&R have taken to explain more has changed an awful lot.

3720

I know that I have had lots of conversations with individuals, middle earners, office, commercial, etc., where people have started saying, 'Do you know what? If it came down to it I would rather pay a little bit more tax.' And then when I saw the amendment of Deputy Trott I must admit it was a bit of a shock, bearing in mind his interest in Guernsey Finance and his financial services background, and as Deputy Kazantseva-Miller said, by keeping things aligned, and suddenly this is not aligned with other jurisdictions.

3725

In my other side of work I have been involved with recruitment, and I can say now that actually when an individual chooses to work in Guernsey they look at the package and they calculate what the net position is. They look at the whole thing. So if, and this is very much a change of opinion on the basis before, I was always fundamentally saying do not touch the 20%, do not touch our competitive nature, but if this is a more cost-effective way for Government to –

3730

I will give way to Deputy Meerveld.

Deputy Meerveld: I thank Deputy Blin for giving way.

3735

It is quite interesting, this idea, this competitive position that Deputy Trott referred to earlier. We are obviously always worried about that. But we have a competitive differentiator which penalised holders that virtually no other jurisdiction on the planet has. We do not have a sales tax.

And maybe we should be marketing that as part of the package when we try to attract people to move to Guernsey, the high net worth incomes, rather than the fact because when we evaluate everything that is a big influence.

3740

Deputy Blin: I will give way to Deputy Ferbrache.

Deputy Ferbrache: I am grateful for him giving way. It is a point that Deputy Aldwell has just raised.

3745

If the Option 3 package goes through, then you would pay 15% tax on £30,000, but you have got to take off the £14,000 allowance, because that is roughly what it will be after the budget, if the budget is approved.

So at 15% on £16,000 you will pay, well you can work that out yourself, 10% is £1,600, 15% is £2,400. If you pay a difference another 8% on that, because you will then on £14,000 pay 23%, you will pay in addition to that another, and these are people with perhaps pensioners but with some other income, they have got an overall income of let us say £30,000, so they would benefit under the package, you will pay another £1,440.

3750

Is Deputy Blin really saying so instead of paying the figure that I have just given, £2,400, you will pay £3,840 by way of income tax. Does Deputy Blin think on somebody earning, with an income of £30,000 a year that is fair and equitable and they should bear that load?

3755

A Member: Hear, hear.

3760 **Deputy Blin:** I thank Deputy Ferbrache for his intervention, and for Deputy Meerveld.

I will start off with just continuing on from Deputy Meerveld first. There is that added effect of we keep something different, like no GST, no sales tax, but we have that.

3765 In response to Deputy Ferbrache, he is 100% correct. This is going to cost more, but the thought process I am thinking here is that number one, to implement this, to get these £16 million for 1% or the £32 million for 2% etc., is a quick change to the income tax system. This is not meant to be the plan that we want to do, it was introduced by Deputy Trott as a sort of look if nothing else happens, we have something in the interim while we do it.

3770 What I would ask Deputy Trott though, and bearing in mind the figures that Deputy Ferbrache said about the additional payments that people are paying, so I am not saying well look, I would like our citizens to pay more, but it will come across. So the question I put to Deputy Trott to be two fold.

3775 One would be the rescinding of it. Is it part of Deputy Trott's theory that this is to avoid us having nothing if GST does not come to fruition, if not voted for? And two, does Deputy Trott in his, I do not believe I picked it up in the amendment, but have the points of the thresholds, how that would change relative to how we currently work on our 20%? So those would be the two points.

3780 But the real point here I am trying to get at, is that this has been from current conversations because we have had so many months to look through all the alternatives. For me personally, if I could just do the quick ones would be motor tax, but not on all vehicles and all weights, it would be the parking, it would be those parts there. I am not going to, as much as I work with a sub-committee with P&R on the windfarm, I am not adding that on to it because we have to do what is available now.

3785 And this one, that Deputy Trott has said is one that could be raised now, and bearing in mind that the adjustments could be that one, there will be the threshold, and two, what I really do appreciate is we are all fighting for some of the costs such as the Hospital, which we have looked at the previous amendment, and we have education, at least if something like this is implemented now, as in end of 2024, then it gives us a better lead-in time., because again I am nervous that even, or should, GST be successful it would not be implemented for a period, and we still have spends to go.

3790 So it is not something I say –
I will give way to Deputy Le Tocq.

Deputy Le Tocq: Thank you. Deputy Blin for giving way.

3795 Is Deputy Blin arguing therefore because we could bring it in fairly easily next year, and that it would raise the sort of money that have been discussed, that it is better for us to effectively be taxing the poorest in our community at this time, where they are already saying they are struggling, than ...

Deputy Trott: Point of correction, sir.

3800 **The Bailiff:** Point of correction, Deputy Trott.

Deputy Trott: Deputy Le Tocq really should know better. Of course we will not be taxing the poorest in our community, because the poorest in our community do not pay tax at the moment.

3805 **The Bailiff:** Deputy Le Tocq.

Deputy Le Tocq: Well, sir, I was not giving way, anyway, I have not finished yet. Accepting that the fact that there, as far as income tax is concerned, there are personal allowances. But those below median earnings, which are quite a significant number, would be the ones that pay the brunt of this.

3810 It would not be those of us who are wealthier that pay for this, that is why it raises so much money, and what we have sought to do is to protect those, and particularly the middle income earners who have been the ones that have said that they feel the most squeezed by this.

So I would like Deputy Blin to answer that, if he is happy to live with that sort of possibility if this passes and becomes one of the approved Propositions, because I certainly feel that is very unfair.

3815

Deputy Blin: I thank Deputy Le Tocq for his intervention as well, and look, this is not a situation where I am standing, riding the horse, believing in 22% or 23% tax. I am stating a fact, that there are a lot of people in our society who have made it absolutely clear that they do not wish to have GST. **(A Member:** Hear, hear.)

3820

Now, P&R have gone out of their way to try to explain more, but we are still in this impasse where a lot of the population just do not agree with it. So I understand that according to Deputy Trott's response as well, that there will be thresholds there, and there will still be income support and all the other aspects that will still be in play.

The other part is –

3825

I will give way to Deputy Helyar.

Deputy Helyar: I am very grateful to Deputy Blin, and very sorry for interrupting, but the characterisation of the proposals which P&R has put forward as just being GST are not true. There are other options. You do not have to vote for it if you do not want to, but you do not have to put up income tax either.

3830

Deputy Blin: I thank Deputy Helyar, and I can see this is raising like a yo-yo at the moment.

I do appreciate the work that has been done on the GST, but I am saying that I am very aware that from everybody I have been talking to, although there are changes I will admit, there is just an opposition to GST, full stop. It is partly because they may not fully appreciate all of the benefits and advantages that may come in.

3835

But the other one is this. Let us say that the tax, I will go with the 22%, £32 million. That £32 million will be a straight line income starting possibly two years earlier, with no risk of, at the end of this term, that it get rescinded by the next Government, or next group, and that could come in sooner and then it will not be mitigated by all the additional monies that have to be raised to compensate for it, so it is a straighter line until we can come to something else.

3840

I imagine with the strength of P&R, if it continues they will look at another alternative, another way. But I just feel it is fairly clear that the, and I am sure a lot of the Deputies sitting here right now, have already made a decision if they are going to be standing supporting GST or not. So it was really for those reasons that I have proposed, I have mentioned these.

3845

I am not convinced I am going to support this, as in factually, but I have suddenly realised from all the time before where I was always opposed to any change to the 20%, now I am seeing through a point of struggle if there is something to do.

So, I do take on Deputy Helyar's comments. If I do not support GST, I do not have to do this.

3850

Thank you.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, I did the arithmetic that I put to Deputy Blin in my head, and measurably it could be wrong, but it was not, I checked it afterwards on a calculator. So let us look at some of the figures.

3855

I fully appreciate Deputy Trott. He has made it clear in previous correspondence this is a last resort. He has made that very clear indeed, and he is doing it with I think a considerable degree of reluctance, and I think that would be a fair statement.

3860 But, let us look at the figures, and I do not think, I appreciate Deputy Meerveld's point, which was leave it on the voting seat, as it were, until later, and I do not think he was saying that he was necessarily going to vote for it, and I think he has made that very clear.

But let us look at the arithmetic, and the most telling speech to date was the one made by Deputy Aldwell, in the sense look at the arithmetic, and let us compare the two packages. Let us assume that the budget is approved and personal allowance goes up to, it will be just less than £14,000, but let us use £14,000 as a figure.

Now, Deputy Trott might not think so, but I think somebody earning a total income of £30,000 a year in Guernsey is pretty poor. They are not the poorest in our community, but they are pretty poor. So when he interjected with Deputy Trott I thought that was an unfair intervention, I have to say, because of course they are not the poorest ...

I will give way, sorry, I want to give way.

Deputy Trott: Deputy Le Tocq said that, I am grateful to Deputy Ferbrache for giving way. Deputy Le Tocq said they were the poorest in our community, and it is the poorest that do not pay tax. I am not going to argue with Deputy Ferbrache's assertion that Deputy Le Tocq knows better than to use incorrect language in a debate of this type.

Thank you for giving way.

Deputy Ferbrache: I am grateful for that, but I think Deputy Trott and I both agree that somebody on a total income of c£30,000 in Guernsey is pretty poor. Pretty poor, because in other places they might be well off, but this is Deputy Meerveld, sorry Deputy McKenna, talk about his boy paying low rent, etc., I absolutely sympathise with that. I am sure many other parents could make exactly the point that Deputy McKenna made, well made, earlier.

But let us look at the figures. Let us look at if Option 3 were approved, and I know there is many ifs, buts and maybes, that would be on the first £30,000 of taxable income, you would pay on £15,000 once you had your tax allowance. Now that would mean that you pay a figure of £2,400.

If you suddenly, after £14,000, which is Deputy Trott's proposal, and let us jump to 2025, I will jump to 2025 because I know there is the interim period of a year ??? (17.10.01). You would suddenly pay another £1,440 income tax. So instead of paying the figure of £2,400 you would be paying £3,840 income tax, on £30,000 a year. Now even if you suck up the 20% rate, in other words you rejected the proposals, Option 3, but you put it up 20 to 23, that is an extra 3%, then you would be paying another, on £30,000 a year, you would be paying another £480 income tax. So your income tax, you would be paying £2,880 income tax instead of £2,400.

I have done those sums in my head. My mental arithmetic, as I am older, is not as good as it used to be, but I was the star pupil at ???(17.10.56) in mental arithmetic. That was a long time ago, so therefore I grudgingly say I may be wrong. But in relation to that, I think those figures are probably accurate.

Now to Deputy Trott, who was saying that I could pay Deputy Helyar and Deputy Ferbrache's States', I pay that for income tax. I am the highest paid States' Member, a gross £75,000 a year, I do not get the extra bits because I am old. I think Deputy Helyar will probably be £55,000 or about, so £130,000. Multiply that by five, £650,000. So Deputy Trott has got an income of £650,000-£670,000. Now in my golden days, when I was a partner in ... well it has had so many names, it is now called ???Mourants(17.11.33), but it was called lots of other things before, when it was a true Guernsey firm.

Now in relation to that, I would have paid my salary, his salary, and Deputy Trott's salary, in income tax and perhaps a bit more, because those were the earnings that we had. So, Deputy Trott from £650,000 a year, could easily afford another, I do not know, 3% on that, another £18,000 a year. It would not touch the sides in relation to him. I could have afforded to pay that when I was a partner in a law firm, it would have been more than that. It would not have touched the sides. I would not have liked to pay it because I am a Guernseyman and you pay your tax but you do not want to pay too much tax. But it would not have touched the sides.

3915 What we have also got in Guernsey, is much higher, or at least the rate goes up of Social Security contributions. In Jersey and the Isle of Man they finish at a much lower rate. I cannot remember, £49,000, £69,000, whatever it is. In Guernsey you pay your Social Insurance contributions up to £165,000-167,000. I am not looking to interject the President, because I assume you know better. But that is roughly right. I think those figures are roughly right.

3920 So, I do not think a person on £40,000 in Guernsey is well off. I do not think a person on £60,000 a year in Guernsey is well off. If they have got to pay rent or mortgage, they have kids, they have all the usual bills. They are not a multi-millionaire. They might be if they lived in Bolton or Crewe or Durham or [???\(16.12.59\)Bilston](#) where I first lived when I first got married because my wife came from a pit village up there.

3925 That would be a fortune in those places. It is not in Guernsey. So, if you are earning £40,000 a year in Guernsey, not only you pay income tax above your income tax allowance at 20%, that will go up to 23% so you will be paying an extra £750, roughly £750 income tax. If you use the Deputy Aldwell calculation you would be paying more because you would be paying the difference between 15 and 23 up to £30,000 and then above that at 20%.

3930 But let us just do a simple calculation, 20% to 23%: £750 extra. In Guernsey, you also pay if you are an employed person, Social Insurance contributions at 7%, self-employed at 11%, I do not know whether it is seven point something or 11 point something, but let us keep those figures right.

3935 So if you are earning £40,000, which is just above the average wage, let us say it is the average wage in Guernsey. If you are not in the finance sector that is a good wage. So you will pay, on Deputy Trott's Proposition, once you have got rid of your income tax allowance and you would not have the social insurance amendments that Deputy Roffey would bring in where you raise the allowance and you raise it to the income tax allowance before you started paying social insurance, so you would be paying social insurance at not quite nil, but almost nil, but on £40,000 a year you would be paying income tax at 20%, social insurance at 7% or 11% depending whether you are employed, so you are going to have 27% or 31% of your income taken as tax.

3940 Now if you went up to £60,000, again those 20%, 31%. If you are an ordinary person earning £40,000-50,000 a year and you are paying, Deputy McKenna is bang on the nail when he says a pretty average rental property, £2,000-2,500 a month, you are paying that kind of income, or you are paying a mortgage which has gone up dramatically over the last year or so because the interest rates have gone from almost nothing to where they are now. That is a big wodge out of your income. A big wodge. You cannot go and afford to buy yourself a new Aston Martin every couple of months in Vale Garage and all that stuff. You cannot do that.

3945 You cannot do that. If you are earning £60,000, or £50,000 a year you are struggling already. Now people say yes, I do not mind paying an extra 3%, I do not mind paying an extra 3% tax, until they actually look at their pay packet and that 3% tax, well I did not realise it was that much, seemed good while I was talking to my neighbour down the White Rock Café and Lyndon Trott, he is a good bloke that Lynden Trott, he was telling me this is a way to get out of our problems, we do not need GST, you can forget about that. And then they look at their pay packet and say oh, actually.

3950 So you have got an ordinary Guernseyman, he is an electrician, he is a good bloke. He works in a building site. He works every day, hard, seven, eight, nine, ten hours a day to make an income. He is having out of his pay, he is a self-employed electrician, he is out of his £50,000 that he might earn, he is having to pay 31% tax, because that is what it is really. That would go up to 34% tax if you added another 3%. I think that is a big burden for him to pay.

3960 If you are earning £100,000 a year, £200,000 – I am not giving way – a year, £300,000 a year, it does not really matter. I do not think, and I am not saying that those people, somebody asked a question would people leave if that was the case, would there be a lot? I do not think at that level when you put it up to 23% that a lot of people would leave. I do not think that is the case, and if the lawyers who are earning lots of money here think they have got to pay an extra £15,000 or £18,000 in tax and they want to leave, I will shake their hand, thank you very much, and say well do not worry there is another 50 people that will come and take your jobs. So you do not have to worry

about it, I am very grateful. You go back to London or you go somewhere else and earn a fraction of the money and pay a lot more tax. Good for you, pal. I do not have any sympathy with them.

3965 I do have the sympathy for the electrician or the nurse or the teacher, that is suddenly have to pay the extra 3% in income tax, and I do not see the point in deferring something that I find totally unobjectionable to leave it on the voting pad. If I am not going to vote for it then, I do not see the point of voting for it now.

3970 I am not going to give way, I am not giving way to anybody because I think this is such a fundamental thing. We are already, our average citizen already in this very expensive Island to live, buy houses etc., I do not think it is more expensive in Jersey but it is a lot cheaper in the Isle of Man. So we cannot draw a direct analogy. If we actually think that by suddenly increasing their income tax from, anybody who pays income tax would suddenly have to pay another 15%, 3% of 20%, I think that is 15%, 15% hike in another 12 or 18 months, well January 2025, that is fine, that is good.

3975 I do accept the point that we would get £32 million next year, and £48 million or £50 million the year after, because it would be instant. But it is still unfair. It is taking it from the ordinary person.

3980 Because we looked at it in P&R. Putting income tax perhaps on £60,000, putting income tax on £80,000, putting income tax on £150,000. We looked at all those rates. Those would be penurious, they would be, you would have to put it up so much, I think 30 or 60%, I cannot remember the exact figures and Deputy Helyar could correct me, because I am getting excited now. He can correct me when he stands up.

3985 It would be something like 30% incomes, 40% on a man or a woman earning £60,000 a year, which is not a fortune in Guernsey. They cannot buy themselves a Maserati or a new Jaguar. They cannot say I am earning £650,000 a year so it does not matter to me, I can afford it. It matters to them. *It matters to them*. It is iniquitous, it is unfair, almost forgetting the competitive business between Jersey and the Isle of Man.

Deputy Taylor: Point of order, sir.

3990 **The Bailiff:** Point of order, Deputy Taylor.

Deputy Taylor: Rule 17(6): it is irrelevant to debate. This is a really very detailed and in-depth comparison between the principles of GST or a raise in income tax, when actually this is just a Proposition to insert an additional Proposition, so this will only ever come into play if GST, or the package, excuse me, is not supported. So the actual merits at this time do not seem relevant to me.

The Bailiff: I am going to say that it is up to Deputy Ferbrache if he wishes to discuss the merits of this as to whether the amendment should be approved. So Deputy Ferbrache to continue.

4000 **Deputy Ferbrache:** Thank you very much, sir.

I was talking about income tax and the figures that income tax and competition for income tax. Income tax, *income tax, income tax*. I just repeat because obviously Deputy Taylor did not hear it before. So I will repeat it three times so he has heard it now.

4005 In relation to that, the average Guernsey person will be hit. The poorer, not the poorest, the poorer of our society would be hit. The people who start paying tax at c£14,000 a year or thereabouts, they would be hit. This is, I appreciate the good faith, I know it is meant in good faith. I know it is done with reluctance, etc., but it is an amendment that I just find, it sticks in my gullet that we should be saying to the ordinary person, and Deputy Blin who I have got considerable respect for and I regard as a good personal friend, I would ask him to reflect on these figures, because the ordinary person and I know he thinks very highly of, and quite right. £30,000 a year, and he must know people who earn £30,000 a year and no more. I know people who earn £30,000 a year and no more.

4010 To suddenly say to them you are going to have to pay an extra whack of income tax. You are going to have to pay that, but the rich person of Fort George who lives off capital, is not going to

4015 have to pay anything. I ask him to reflect on that and think if he is right. If he is, vote for it. Tell the Guernsey people at the next election he has voted for it. Tell Mrs Le Page from Torteval who is suddenly and have to pay perhaps another £500 or £600 a year, Tell her that. Tell her that it is a good thing and he thinks it is right. I do not.

4020 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: Thank you, sir.

I was surprised that it was Deputy Trott that put forward this amendment. It did come as a bit of a surprise, I have to say.

4025 Now I say that as someone who has actually laid a very similar amendment many years ago when we had the personal tax and benefits review. But mine I would say this was a bit superior, I have to say. It dealt with banding and having different rates, a lower 15%, 20%, 25% banding rate. And by gum did I not get some stick for that.

4030 I think the former Commerce & Employment Minister said that I had gone to the dark side. I was told that Locate Jersey immediately will be putting it on their website that we had a higher rate of income tax, so come to Jersey, we are much better for you. So on that day I did go home with my tail between my legs somewhat, and thought well I was trying to do the right thing.

Now coming forward in that eight years, I do wonder if we had brought that it how much better off we might have been from a tax take point of view, but we are here where we are at the moment.

4035 Deputy Trott did not support that amendment at the time, so I am not holding that against him, I have no grudges, as he knows, and I do understand that times on the way have changed, and we did not bring in any extra method of raising taxes on a sustainable level.

I can understand P&R putting forward the case that they do, and why they believe their package is better, and I can understand that in many ways.

4040 Just as an aside, Deputy Le Tocq said there are a lot of people earning below the median earnings, well of course, about half of the population are earning below median earnings, that is the whole definition of median in the whole scheme of things. But of course, that median earnings, comprise anybody who has been earning something. Somebody earning pin money doing a little casual job, Saturday jobs, all manner of things, and that is one thing we were told as part of that.

4045 I will give way to Deputy Matthews.

Deputy Matthews: I thank Deputy Soulsby for giving way, because it is just that there is quite a lot of talk about the earnings and median earnings, and quite a lot of it is not quite exactly as it is described, because looking at the charts the Treasury have put out are actually household earnings rather than individual earnings, and so that might be more than one person in the household, and it is also income. So that includes people who are getting income from sources other than jobs.

4050 So the income distribution is not always ... well, it is sometimes easy to mistake it for wages from a job, and I think that some [???\(17.24.14\)](#) and says the average wage is £36,000. That is not really what we are looking at. We are looking at household income, and I know it is very subtle difference, but there is quite a lot of discussion on this and it seems their use is interchanged a bit, and I think certainly sometimes in the public it might be a point that can get confused.

I do apologise, sir. I am sure she does realise.

4060 **Deputy Soulsby:** I do thank Deputy Matthews. Of course there are statistics purely on median earnings, and I think that is what we were talking about.

4065 But the one thing that of course income tax has got going for it, is that the public understand it. And they say I am happy, and then, and this is where in politics it gets interesting, does it not, because we hear that P&R absolutely saying well this is better for people who are less well off. But we have got people saying 'oh I do not like it, I do not trust you, I just do not'. And I am not saying that I do not trust P&R, I am saying that is what people are saying. So yes, that is all very well but the GST is not the perfect development, it is almost mitigations, and those mitigations they can lose

their value over time. We have already actually seen that with the budget being published showing that we are over the proposals are to raise personal allowances already on that, so the actual value of increasing the personal allowance as part of the package has gone down.

4070 So we have got to remember that these impacts are already that it is the value of that has been eroded. So I absolutely understand why the public vote yes, this is absolutely fantastic, and I do think that is what we have to think about, because politics at the end of the day is the art of the possible.

4075 And now to one of the other mitigations, and I am do stand to be corrected here, but I do think that at the top up where people are earning a lower amount of money and they can have a top up to mitigate the impact of GST, that has to be applied for, and I do not think and I do know how any other way it could exist without people having to apply for it, because there is no way the Tax Office, Revenue Services, will know what people cannot afford and will need to have that top up at any one time.

4080 So people do not want that. They want to think, 'Well, I will be better off but that is only if I apply for this top up,' and I think that is an issue. People do not like to think they are getting benefits.

4085 Now the other argument in favour of this, I think, is well we hear the problem with our income dependency, and according to the last report that was done by P&R which said we currently have a 65.6% basic dependence on income dependence. Under P&R that would go to 58.1%, and if this amendment were ultimately successful and the became substantive propositions voted on, it would be 66.2%. That does still mean that over 50% of our taxes will be income-based. It is not that the P&R package will completely change our system of taxation, and so that is something I think I will come back to in a second.

4090 But the one problem with the amendment is there are no other changes to it, so it is just changing the tax rate, but not changing the tax cap, so the highest net worth individuals on this Island will not be impacted at all, and I have an issue with that especially. And of course allowances have not been changed. But talking about what we what I was just stating beforehand, there is no increase in allowance to support those people on lower earnings, so I think that is definitely an issue.

4095 And there has not been a consultation on this either, and I am not sure if business will be questioning this, and I suspect there will be inflationary impact bringing in income tax at the same time as well, and we have had that discussion about the knock-on effects of that across the board.

4100 So, for some it might be the least worst option, but does it make it the right thing to do? We have, and I would question that. We have to really think very carefully in what we do and of course the argument is, oh this means that we will not walk away with nothing. Well, I do not think from what I have heard, and when we have the debate on Amendment 4, there are a lot of things in train already. All of the core stuff is in train so it sounds like things have been done and it is not as if nothing is happening, I do not think that is an issue.

4105 So, I do not think that is necessarily the right argument, but to be honest, for me, I think as Deputy Gollop referenced when he just said as an aside, well perhaps what I would like to see is a reduction in income tax and perhaps and we have GST across the board and etc.

4110 But and that is the problem. This will be another bit of tax bolted on to our current system, and that goes back to the problem I have substantially with all this debate, just looking at sustainability and not looking at the whole impact of taxes in the round, and for me that is why I think if we are going to walk away with anything, the one thing that we should be walking away with is the St Pier/Vermeulen amendment which will absolutely look at that sustainability and the fairness and looking at the whole tax system in the round. I hope a root and branch review.

4115 So I do have issues in this, but I will be listening to Deputy Trott in his summing up, and also to understand if it does get to a substantive Proposition, will he vote for it? *(Laughter)*

Deputy Leadbeater: Can I try a Rule 26(1) please, sir.

The Bailiff: Deputy Leadbeater is asking for a motion under Rule 26 (1). First I need to invite those Members who wish to speak in debate on this amendment to stand in their places.

4120 Is it still your wish to put the motion?

Deputy Leadbeater: Certainly, sir.

4125 **The Bailiff:** Thank you very much. In that case Members of the States, I would put to you the motion that subject to hearing from Deputy Helyar and Deputy Trott that debate on this Amendment 9 be curtailed at this point. Those in favour; those against?

Members voted Contre.

4130 **The Bailiff:** I think I will declare that lost.
Deputy Prow.

Deputy Prow: Thank you, sir. I can be brief, sir.

4135 I would like to start by thanking Deputy Trott for his eloquent opening and he is obviously a very knowledgeable Deputy, and sir, I am completely sold on his powerful arguments not to vote for the amendment, so I thank him for that, sir.

And other Deputies have stood and given reasons why we should not vote for this amendment, and I am not going to repeat those. In fact the only real argument that I can see for voting for it, is that it is an option, and I have not really heard a powerful argument as to why it is a viable option.

4140 But I think my main objection with this, is the same objection that I had with Amendment 4, except this spades on it, because what we are being asked is a very crude amendment to increase income tax up to 23%, with no consultation, Deputy Soulsby is quite right with that. No consultation with the public, no consultation with industry, and no consultation whatsoever.

4145 And no background information. At least with Amendment 4 there were assumptions made and there was some evidence to back up those assumptions. We have none of this, so whilst it might be tempting to say well if all else fails, we have got to leave this Assembly with something.

4150 I think the public of this Island would be very confused and alarmed that suddenly after all the discussion around a progressive consumption tax, and all the challenge that has had, and all the debate, the public debate earlier in this Chamber, we suddenly on the floor of this Assembly, make a decision to get to go away and very seriously consider raising income tax by 23%.

Deputy Ferbrache has given us some figures, but really that is on the floor of this Assembly challenging what other Members have said. Are we seriously, as a responsible parliament, are we seriously considering whacking in an option to raise income tax without the rigour that we should put into it?

4155 I think the points that have already been made about we talk in terms of GST but this is a progressive package. Deputy Aldwell has outlined it, Deputy Ferbrache has outlined it, and I am sure Deputy Roffey will do. I do not see any of this in this amendment at all. It is just a very crude tool. It says Members of this Assembly, do not walk away with nothing, here is a lifeline for you. If all else fails, just whack up income tax by 23%. Happy days. H

4160

Deputy Trott: I am reluctant, but I have a point of correction.

The Bailiff: Point of correction, Deputy Trott.

4165 **Deputy Trott:** The first time Deputy Prow said that the intention was to whack up income tax by 23% I let it go. The second time it became irritating. The amendment is to raise income tax by 2% initially, 3% eventually, not to 23%, not by 23%, so time your time and read your notes carefully, would be my advice.

The Bailiff: Deputy Prow, I think it is right to say that it is the 'to' rather than 'by'.

4170

Deputy Prow: I completely accept, and I thank Deputy Trott for his point of correction, but in my excitement, I may well have –
I give way to Deputy Ferbrache.

4175

Deputy Ferbrache: While we are doing the arithmetic, would Deputy Prow agree with me, would a rise from 20 to 22% be a rise of 10% above the current rate, and a rise from 20% to 23% be a rise of 15% above the correct rate? Would he agree with that arithmetic?

4180

Deputy Prow: Yes sir, I would, and the point of correction from Deputy Trott is a valid one, but in reality everybody knew what I was saying. I was not deliberately trying to mislead the Assembly, and I am, actually, it is not my notes I am actually looking at, it is his amendment, which actually says, and what I should have said, is that individual shall be increased to a maximum of 23%, and I apologise to him, sir, through you, and I apologise to the Assembly, but I think everybody was absolutely clear what I was talking about. And I thank Deputy Ferbrache for perhaps making the point more powerfully than I was.

4185

So I think where I was, was around the fact that this amendment has drawn out a debate between a progressive consumption tax, which has been explained to everybody, and a blunt instrument in making a rise to income tax, and that is my point.

4190

And I would just add one point to that. I think Deputy Soulsby mentioned around the effects of income tax and how it is charged. I will put the argument more crudely. When my income tax bill falls through my letterbox, I pick it up and I look at it. That is what I have earned and that is what I will pay. I cannot negotiate with it, I cannot think oh I have had a bit of a tough year, so I cannot really, I am really going to struggle to pay this, but at least with the consumption tax you are taxed on what you consume.

4195

So, therefore, if you are struggling, you do not have to buy the new washing machine, you do not have to buy the new car, so there is an element of choice around a consumption tax. The more you consume the more you will pay. Income tax is a blunt instrument. It is precise, and I think that is something that is worth mentioning.

Thank you very much, sir.

4200

The Bailiff: Deputy Taylor.

Deputy Taylor: Thank you, sir.

4205

I rise I suppose, without having to repeat everything, to support the comments made by Deputy Soulsby. It would have been nice if those additional, looking at the tax cap, but I pose a question to Deputy Trott, whether that is something that he would envisage being covered under the potential Proposition 4c as it would become, being measured to come back to address the structural deficit in the absence of any additional measures, if that is the proposal that P&R might be bringing back, if he would envisage that they would look further than just the 23%? Because, truth be told, I cannot see why that would take much thinking about, to just increase to 23%. So does Deputy Trott envisaging some extra measures that would come in there?

4210

But really, the only additional point I want to make is I suppose, a question to the Assembly. It is a fundamental question that I think is, or a question that is fundamental to this amendment, and that is do you believe we need to increase revenue to fund future projected costs?

4215

And I am sure there will be a large proportion of the Assembly here that will say yes. So in their heads they think we need to increase revenue to fund future projected costs. It does not matter what those costs are.

4220

So then the second question, a follow on, is if your preferred route to raising revenue to fund future projected costs is no longer an option, go back to question one, do you believe we need to increase revenue to fund future projected costs?

Now if you fundamentally believe that we need to increase revenue, and your preferred option is no longer available, but you still think we need to increase revenue, there is a final option that would sit on the table here.

4225 I take on board all the points that Deputy Ferbrache took a long while to make. No one is disputing the numbers. But if there is no other option, if it is a difference between saying sorry Mrs Le Page, I know you were paying £1,400 but your tax is supposedly going to go up by £400, and we did not support that, so you cannot have any of the additional things that were going to cost more. You are still paying £1,400. If you are going to pay £1,400 and not get what you need, an extra £400 does not seem that much money at the end of the day.

4230 Now it is not the ideal proposal, but we are where we are, and I suppose with hindsight I would probably keep asking the question why didn't Policy & Resources just put this in, and then we could have had the full briefing. It could have been discussed with all members of the public, and then we could have had all the information. We would have had all the thoughts of the public, and it would not be coming here as a slightly last-minute discussion.

4235 So, I will be supporting this, and I thank Deputy Trott for bringing it. I do not think it is a great option, I do not think anyone does, but it is an option.

Thank you.

The Bailiff: Deputy Roffey.

4240

Deputy Roffey: Thank you, sir.

Having listened to the speech of the seconder of this amendment, Deputy Gollop, I am concerned about him in two ways.

4245 Firstly, I thought he was losing his voice, which I suppose would at least maybe speed up proceedings over the next couple of days, but ... (*Laughter*) Secondly, I was worried about the logic of his arguments, because I believe that, having worked actually with my colleagues on ESS over the last three years, I think all of us are concerned about those people on modest incomes in Guernsey (**A Member:** Hear, hear.) and I do not think that this ties up with seconding this amendment, I really do not.

4250 Now Deputy Prow says that this is on the fly, this is sudden, there is not much warning. We are having to think about it and Deputy Ferbrache, bless him, with his fading skills of his mental arithmetic is having to try and calculate things.

4255 I am not in that position. I am more or less uniquely not in that position. Because earlier on in this Assembly I got the call, I got the heap of grief put on my lap, of asking to go on the tax review panel. And I spent 18 months, sometimes two or three meetings a week, using my best, it may be limited, but my best intellectual skills trying to analyse the alternatives.

4260 So this option does not come as any, another one that I am trying to come up to speed with. It gave one of the main options that I was keen to look at when I went on to that panel, was a 3% increase in the tax on income. I was not going to call it a 3% income tax, I was going to try and fool the world by saying it was a 3% health tax based on income, and that our basic income tax was still 20%, but effectively it would have been exactly the same.

4265 Now sir, I think people in this Assembly have different views about me, but I think probably even those that like me and those that do not like me, will understand one thing, that I approach politics through the lens of trying to consider most people who find it difficult to live in our expensive Island. Some may think I am elected because of that. I do not think I am elected, I just think some people find life harder in our expensive Island than others, and we should have particular concern for them.

4270 So I went into that 18-month exercise, one of the most intensive I have ever been in, meeting as I say multiple times sometimes a week, viewing everything through that lens, and I was not going to go lockstep, to use that word, the expression of the day, with P&R. I did not care what P&R thought, I was going to come away looking to represent the people that I believe needed my support and help.

4275 And I became absolutely convinced, not on the basis of a 9-day warning and a debate on the floor of this Assembly, but of 18 months careful rigorous examination, that putting up tax on income by a simple 2% or 3%, was worse by a country mile than the package that we ended up putting forward.

4280 And I do not think it is an either or. If you do not think you can vote for the package that P&R put forward, reject it. But then let us try and find a good way forward after that, and this is not a good way forward. I do not want to walk out of here with nothing, but I would rather do that than walk out with something that is rotten to the core, and for people that I care about, this is exactly that.

4285 Now, Deputy Trott and I think Deputy Soulsby to some extent, said well, what about the public reaction? We are getting a lot of moaning about GST, but we are not getting much moaning about putting up income tax, in fact one or two people have even said why do you not put it on income tax instead?

4290 Well, they have both been around the political block a few times. I have been actually going around it a lot longer. I know you get vigorous opposition to whatever the States is considering bringing in. Why do you not do something else? Why do you do that? And why do you not do that? Until you consider bringing those things in, when suddenly there is a march of 6,000 against that as well.

So I think, I do not take the line that it would be less controversial to this Island to bring in an increase in income tax, which will hit modest earners harder. No, it will not hit people who are below the income tax level. Not many people are earning less than, what is it? I do not know, £13,000 or whatever, but those that are my department tries to help in whatever way it can.

4295 But there are an awful lot of people on £20,000, £25,000 earning, finding it incredibly hard to exist in Guernsey, and it is not a discussion about P&Rs package here, but they would be better off under that package. They are going to be a whole lot worse off under this package.

4300 I would have had more sympathy for it if Deputy Trott had said put it up to 25% and then put a whacking big increase in the income tax allowance and funded the sort of Social Security reforms that we are trying to do.

4305 Yes, I know we signed off the Social Security review yesterday, but that was a revenue neutral one. We will only be able afford a personal allowance of x contributions under about £9,000 as opposed to about £14,000 if we have a proper funding package for the Island as a whole. That may not sound very much difference, that £5,000 difference, but it makes a huge difference to how far up the income scale you go before people are better off or worse off under the social security system. An enormous difference.

Now, it is different to corporate tax. I do not think there is the same competitive comparison with outside, but I still have absolutely no doubt that our competitors will absolutely make hay about this.

4310 And also, what is the biggest problem facing Guernsey today? It is a staff shortage. A recruitment shortage. We are trying to get people into the crucial jobs in our key industries, whether they are public sector ones in education and health, or whether they are private sector ones. If you have 20,000 people on just ordinary earnings that you are trying to attract in to jobs like that, nurses and teachers, and you are hitting them with higher levels of income tax here, when actually I am afraid they will be worse off. I think we will just have to crank the wages up for everybody in order to be attracting those people. So actually, we will undo all of that affect that we are trying to add.

4315 So, on most things I am really happy to have as an option, but I cannot see the point in having an option that I know 100% that I will never in a month of Sundays vote for. And I would rather walk out of this Assembly with nothing than having passed this.

4320 Please Members, listen to me. I have uniquely spent 18 months looking at this in depth. I know that this is a very bad option for people on modest incomes, and I think the penny will drop with the people of Guernsey pretty soon, when they think, oh, and then when we walk out of here on Friday or Saturday or Sunday, or whenever it is, saying we have rejected GST, pretty soon the penny will drop that we have passed something worse.

4325 Always hold on to nurse for fear of meeting something worse, I think is the expression, and I think I would rather we had to go back, and we do not want to go back to the drawing board, when we get to general debate I am going to try to argue, with difficulty, that the fundraising package under Scenario 3 is worthy of support.

I accept, Deputy Trott says he does not think he will find anybody that thinks this might go through. I think I am in that camp. I think it is going to be really difficult to get that through, but I would rather walk out with nothing and go back to the drawing board, than end up with something which is absolutely appalling, which is just what we would be for, well I am sorry, Deputy Trott laughs, if you are a Guernsey person on £20,000 or £30,000, Deputy Ferbrache is right. On £30,000 and you would be paying 23p in the pound in a couple of years' time as opposed to 15p in the pound. You would not have the benefit of the same size of social security allowance built in because you will not be able to afford to do it. Those people on modest incomes, the bedrock of our Island, will be an awful lot worse off.

Please Members, I have looked at this in depth. Do not do it.

4340 **The Bailiff:** Deputy Inder.

Deputy Inder: Some very powerful and passionate speeches. This will not be one of them. You have heard the variations on this for the last two or three times I have stood over this debate.

I am not going to repeat what most other people say, but I did say in my speech on Amendment 4, that what is said in this Chamber resonates and I would like to repeat those statements, sentiments here, and I think I did on an amendment previously.

There are two important issues to consider when making changes to tax rates. Effect on economic competitiveness of Guernsey. I think you have heard me say that before. Impact on business confidence of any changes or likely changes in the future. I think you have heard me say that before.

Now we know from what industry keeps telling us, that our stability and our competitiveness is what keeps businesses investing in Guernsey. It is what will generate future growth in the economy. It is what the bedrock of our economic growth success story for the last 50 years. Where I entirely agree with Deputy Trott, he made mention of Guernsey has always had in the past 30 years a sharp focus on creating employment opportunities. He is spot on. This Island and its businesses, its small businesses, financial businesses, has already been very proud in employing people and keeping them on the books.

Where I part company, and I think as Deputy Prow summed it up, and I am sure you are going to get variations on the same theme, Deputy Trott will claim this is the place to do it. I do not think it is. I think a lot more consultation should have happened, if, *if*, this was ever going to get to this point, and I think Deputy Trott and Deputy Gollop were sort of under obligation.

But I accept, well I do not know if I do accept it actually. I can see their concern that they want to bookend debate just in case nothing happens, but taking on Deputy Roffey's point, if there is a danger that this Assembly will not do anything, I can tell you now, do not do this. This is a bad idea.

I am not going to go for the full dramatic invective that Deputy Roffey does because I felt it before in absolutely everything I have ever said. I just enjoy Deputy Trott getting a bit of it for a while, it just was not me. But he does have a point. We do have an obligation, we do have responsibilities, and again in the end what we have to do in the Island is also often seen outside.

It is up to you, Deputies, but my advice for what it is worth is please reject this amendment if you have got no intention of voting for it later. It does nothing, serves no real purpose.

Thank you.

The Bailiff: Deputy Queripel.

4375 **Deputy Queripel:** Sir, thank you.

Sir, it concerns me that if this amendment succeeds, we will then be taking from Islanders on the one hand via increased income tax rates, and giving back to the members of our community who will be impacted the most via income support in the other hand, and I addressed this with Deputy Trott prior to this debate.

4380 By seeing the Rule 4(1) information at 4(1)b in developing the Propositions the Policy & Resources Committee has been informed, but there does not appear to have been any consultation with Employment & Social Security on this matter, which concerns me, because perhaps ESS could have given a figure on that increase that would need to be paid out in income support. But Deputy Gollop, the seconder of the amendment, is a member of ESS as we know, and surprisingly he did not touch on that when he spoke.

4385 There is a real possibility of course that I am being overly concerned here, but I would like to hear from a member of ESS on this issue, because my concern is the impact this will have on mid to low earners, when they have no choice but to apply for income support, because this increase will add to the mosaic of increases and it may just tip them over the edge, so they may have no choice but to go to –

4390 I give way to Deputy Oliver, and I thank Deputy Vermeulen for alerting me to the fact that she was standing, sir.

Deputy Oliver: Thank you.

4395 Last time I checked, Deputy Roffey was actually President of ESS, so I think you have actually heard somebody from ESS.

Deputy Queripel: I was asking a specific question, sir, I was asking for a figure.

4400 So, just to elaborate for a moment, I am conscious of the time so I will not be long. In 2024 this increase in the tax would bring in approximately £32 million, but ESS could then have to pay out a lot more in income support, and the same would apply to every year after that.

The current bill for income support, I believe I am right in saying, is approximately £50 million a year, and that will surely be increased if an increase in income tax comes in. Now the reason I would like to be given the figure, if possible, is to be fully informed as we always say we need to be.

4405 Now it may be that we will bring in tens of millions of pounds by increasing income tax rates, and only have to pay out say an additional £100,000 a year in income support, but at the moment, sir, I do not feel fully informed because I do not know what that figure is.

4410 As I said earlier, I may be being overly concerned about this, but I am not only concerned about that, I am also concerned about Islanders who may have to apply for income support for the first time, because that can be a daunting and somewhat demoralising experience. I have worked with dozens of Islanders who are in that position needing to apply for income support, and they have found it daunting and demoralising, and that is before they go the offices with me.

4415 So what I want to say to anyone, if this comes in and Islanders find whichever how many Islanders find themselves needing to apply for income support, phone a Deputy and ask them for help, because that is what they are here for. They are supposed to help people when they are in distress. They are supposed to help people. We are not supposed to pick up the phone and say 'I am sorry I do take on one-to-one cases'. My colleagues do that. I prefer to work on high-level policy, high-level strategies really. Really? That is not the way to respond to someone that phones you and asks you for help. They voted for you. So, phone a Deputy if you find yourself in need of going to social security to apply for income support.

4420 But having said that, I just want to repeat something that I have said many times in this Chamber, the staff at ESS are amazing. They are always respectful, they are always compassionate, and they are always extremely considerate, and always willing to help.

4425 I am only saying call a Deputy to find out which Deputies in this Assembly actually do take on one-to-one cases, because I have been told some Members do not, and I think that is appalling. You should take on one-to-one cases. That is what you have been elected to do. I repeat, to help

people in crisis. If you do not take on one-to-one cases then you should be thoroughly ashamed of yourself. I have taken on 303 one-to-one cases in my time, and I am currently working on seven.

4430 So, if this comes in Islanders could be pushed over the edge. Finding themselves having no choice but to apply for income support. I will say it again. Phone a Deputy, that is what we are here for.

Thank you, sir.

The Bailiff: Well, Members of the States, we will now adjourn until 9.30 in the morning.

4435

The Assembly adjourned at 6.02 p.m.