



STATES OF DELIBERATION

HANSARD

UNEDITED TRANSCRIPT

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The Deputy Greffier

EVOCATION

Billet d'État XVII

POLICY & RESOURCES

Funding & Investment Plan – Debate continued

5 **The Deputy Greffier:** Billet d'État XVII of 2023. Continuation of debate on Article 5, the Policy & Resources Committee's Funding Investment Plan, amendment 9.

10 **The Bailiff:** Well, let's just pick up those who have walked in during the course of roll call. Deputy de Sausmarez, Deputy Dyke, Deputy Queripel. Is it your wish all to be relevé?

15 **Deputies de Sausmarez/Dyke/Queripel:** Yes, please, sir.

20 **The Bailiff:** So, we will mark the three of you as present. Who wishes to speak next?
15 Deputy Fairclough.

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

Just to keep Deputy Ferbrache happy, I have got to my feet.

20 To say it has become rather tiresome during this debate, hearing about us being in lockstep with other jurisdictions. What about having a unique selling point? We have got USPs. One of those, currently, just one of those is the fact that we do not have GST. Lock Step and Two Smoking Barrels. *(Laughter)* Perhaps a film title for Deputy Soulsby?

25 There has been a lot of talk about our measures being out of step with our close competitors. The clue is in the name. our competitors. The last time I looked out of the window, I saw the best looking Town and Harbour anywhere. This is not Douglas or St Helier. It is St Peter Port. This is Guernsey and we should be celebrating and marketing our differences. We have to do what is right for us in the Bailiwick.

Now, I do not know how this debate is going to play out. I think it is possibly the most unpredictable States sitting I have been involved in. But despite voting for them, I have already seen

30 a number of potential approaches, short and long term to the challenges we face fall by the wayside and not even make it onto Deputy Roffey's smorgasbord which I voted for incidentally. And a smorgasbord traditionally has five parts, requiring five trips to the table.

Deputy Trott is placing this amendment for a very good reason so that we are not left gathering the crumbs under that table, come the end of this debate. If indeed, we are worthy enough. So that
35 come 7.30 p.m. tomorrow or mid-afternoon on Saturday, perhaps, we do not once again hear the tired old mantra being reeled out that we have abrogated our responsibility. Not being brave enough, agreed nothing.

It is easy to vote against anything, of course. But Members should ask themselves what they are voting *for* this week. More on that later in the debate, perhaps.

40 A States press release on 10th August of this year, presumably issued on behalf of P&R, announcing the delay to the publication of this policy letter, said, 'Over the past few months, a very significant amount of work has taken place in reviewing the Funding & Investment Plan and Capital Portfolio'. And incidentally, I commend that work and those involved. 'Particularly', it goes on, 'in light of the outcome of the Tax Review Debate which saw no single plan support for addressing a
45 forecast deficit in public finances and returning them to a sustainable footing'. No single plan supported.

So, with the very real possibility, I will say no more than that, that no single plan might be supported again, Deputies Trott and Gollop, two of our most experienced States Members are offering Members an option. This is an opportunity, an opportunity for us to leave here with something *if* indeed it comes to it. Is it an ideal solution? No. Is it a long or even medium-term
50 solution? Not to my mind. Is it even an option? Maybe not. It is more the pickled herring than the gravadlax. But I urge Members not to turn their noses up at it. And to this end, I would urge Members to read the amendment. It states, and I quote, 'Or if neither Propositions 2, 3 or 4 are approved', and I assume that now also includes Proposition 5, the five parts of the smorgasbord. I
55 think the problem here is that some Members are comparing this proposal with various options that are already on the table. And now they have been separated out. I dare say, some may be worried this proposal is actually more attractive than what is already there.

I urge Members to take this debate a step at a time and approve this amendment.

Thank you, sir.

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The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

I do not think that this option should even be added to the list of options that we will face at the
65 substantive Propositions stage. And the main reason is this. This measure that, this Amendment proposes, exacerbates the very problem that this whole exercise is trying to address, namely the dependency ratio. So, the fact that we have an increasing, sorry, a decreasing number of people of working age, compared with an increasing number of retirees, basically. And so, we are increasing and overly concentrating the tax burden on the very shoulders that this whole exercise is trying to
70 relieve. So, I think it is worse than some of the other, even the treading water options, because it exacerbates the very problem that we are trying to address.

And because that dependency ratio, we know, is set to get worse, I think this would be the thin end of the wedge. I think we can only, if we expect it to be sustainable and it is inherently unsustainable, but if we expect it to be sustainable in fiscal terms, then it is going to come with a
75 greater and greater intergenerational inequity on the younger generations in particular. And I just cannot support that, and I do not think it should be an option for that very reason.

And as for making us uncompetitive with our Crown Dependencies, that is nothing. This makes us uncompetitive with the UK, who, I think their base rate of Income Tax is 20%. And there is no use saying, well, but we do not have capital gains, or we do not have inheritance tax because for the
80 lower earners that this will most egregiously effect, those other taxes do not affect them in any case. And it is people very much in that bracket. We know that we have got significant recruitment issues

across the board, but we do need to be as competitive as possible because we have got other challenges to give us the best possible opportunity to recruit people from the UK or in competition with the UK.

85 So, I think there are a whole host of reasons. I appreciate the ideological and the stance that Deputy Trott is coming from, but I think this option is worse than all of the other options on the table. And I think it is more than even a non-result for the reasons that it would make the very situation that we are trying to address worse. And for those reasons as well as many very well-articulated yesterday by Deputy Roffey and others about the particular impact on lower earners, I
90 do urge people to reject it.

But there was, just before I sit down, I think one or two people did ask why this had not been covered off in more detail. And, of course, it had been covered off in much more detail in previous iterations of this debate. And in some of the, I think it is one of the amendments to one of the previous policy letters, or certainly, when I was just looking on the Tax Review website, it does
95 explain why an Income Tax measure was not put forward as a proposal. I am just going to see if I can find that website. It says:

Increasing taxes on income is one way in which more revenues could be raised, either by increasing the amount of Income Tax people pay or increasing social security contributions or applying an income-based health tax, which of course, this amendment emulates. Many people may think that this is fairer, that we already get about two thirds of revenues this way. Most of these types of taxes are paid by people who are working, and we know that this group with make up a smaller proportion of our community in the future. Relying on these taxes to raise all of the additional revenue we need only increases the reliance on our Island's workers. Each one percent of additional Income Tax would raise roughly £13 million. (I think that figure is now out of date, as Deputy Trott mentioned yesterday.) But if the pool of people in work shrinks, you would need to raise it by more to generate the same amount of revenue. ???

And then, in some of the additional information that we were all given in an earlier phase, and I
100 frankly forget which bit. It does go into more detail again. And it says:

Theoretically, personal Income Tax is considered the main method of redistributing income from the higher income to lower income households. However, this depends on the structure and progressivity of the tax. Personal Income Tax reduces the value of labour as an individual earns less take-home income for the same amount of work. Therefore, any decision to change the rate of personal Income Tax of the rate of Income Taxation more broadly, has a potential to theoretically effect labour supply decisions. Furthermore, the decrease in disposable income that results from a higher level of taxation may also reduce household expenditure which in turn has an impact on the economy.???

So, while I appreciate the good intentions of Deputy Trott, for all of those reasons, I really do not think that this should be an option that is added to the list of substantive Propositions.

105 Thank you.

The Bailiff: Deputy Le Tissier.

Deputy Le Tissier: Thank you, sir.

110 I do not like personal tax. My view is one should oppose the policy, not the individual. However, sometimes, there is no option, when a Deputy makes a Statement that is outrageous. Now, I am referring to a Statement made yesterday in his speech by our dear Chief Minister. He said in his view, someone on £30,000 a year is poor. Now, maybe they are on the scale of things. But they are not as poor as pensioners. And he did not mention pensioners. I did try to challenge...

115 **The Bailiff:** Point of correction, Deputy Ferbrache.

Deputy Ferbrache: I think sometimes, mental arithmetic, two and two is four. If I am saying somebody on £30,000 is poor, does that not include people who are on £10,000 or £12,000 or
120 £13,000 because they are even poorer? That was the point that I was making. And I thought I made that very clear. So, to have a personal attack on somebody because they had not specifically said

somebody on £13,000 is poor and somebody on £10,000 is poor and somebody on £15,000, I think is a matter of an error.

125 **The Bailiff:** Deputy Le Tissier.

Deputy Le Tissier: Thank you.

The point I was trying to make was that nothing really has been done to make it clear that pensioners are at the bottom of the pile.

130 Now I have had a couple of people contact me to say, was that right. So, I am not the only one that thinks that that Statement was strange, to say the least. But and it is a kick in the teeth to our pensioners.

Now earlier in the week, someone, I am not sure who it was. I think it may have been Deputy Helyar and I stand corrected if it was not. I am not giving way, thank you. That we should be careful
135 what we say in the Assembly.

The Bailiff: Point of correction, Deputy Soulsby.

Deputy Soulsby: Deputy Le Tissier is claiming that people are poor by their age, and we know
140 that that is not true. Yes, there are some [?? 09:47:23] pensioners who are very poor and reliant on what used to be called the old age pension. But a lot of people who are retired and very comfortable. I do not think you can determine how well off somebody is by their age

A Member: Hear, hear.

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The Bailiff: If a Member thinks that the Member speaking has either made an inaccurate statement or a misleading statement, then the way of doing it is to say, 'Point of correction', and wait to be called, not to stand up, in the hope of being given way to and then adding a point of correction. It is just a matter of process.

150 Deputy Le Tissier to continue, please.

Deputy Le Tissier: Thank you, sir.

Earlier in the week, someone, I am not sure who it was, I think it might have been Deputy Helyar, but I stand corrected if it was not, said that we should be careful what we say in the Assembly as
155 our competitors are listening. And that is true. Maybe it was... It was not Deputy Helyar, and I apologise.

That is okay but we should practice what we preach. People are listening and irrespective of what was meant or said, some people out there thought it was wrong.

Now, I do not know if P&R agreed with that view. It is a little bit irrelevant. But moving on to this
160 amendment, what many in this Assembly fail to grasp is that many pensioners live a hand-to-mouth existence. £13,000 in, £13,000 out. So, if we add 3% on Income Tax, £13,000, sorry, 3% on £13,000 on their income is a lot less than 5% GST on their £13,000 spending. I will let you do the maths.

So, I would say this amendment is beneficial to States pensioners, contrarily to what other people have said.

165 I will be covering the plight of our dear pensioners at some length, unusually for me, in the main debate. So, I will not speak further on that aspect.

But turning to the detail of this amendment, I declare I am not one of the 70 individuals with a tax cap. I wish I was. Well, maybe I do, maybe I do not. I probably could not sleep at night thinking I was not paying my fair share. But, however, that is an aside.

170 Now, I believe many people, in fact, the majority, are calling for an increase in Income Tax. And I would say that is a large majority. No additional business administration and many other benefits. And it is each to their means. The poor pay less, the higher earners pay more. And there is no need for mitigation to pensioners or increases to benefit claimants.

Those pensioners benefits are like the morning mist. They could go tomorrow. They could just evaporate. If not now, then in the next Assembly.

But my disappointment in this amendment is that it does not say anything about those lucky high net worth individuals who are subject to the tax cap.

Now, as it stands, hardworking Guernsey folk will be paying more Income Tax while millionaires will not pay a penny extra. Now Deputy Trott argues that is not the case and citing his past role as Treasurer. I do not know, but I would say Deputy Soulsby has a similar view. And I would say to Deputy Trott, in his summing up, could you explain in simple terms that the man in the street can understand why I am wrong in that if this goes through tax cappers will be paying more.

There is always the Budget to correct what is perceived to be wrong and restore fairness and that is coming up shortly.

In closing, I would like to say that I am torn a little bit between Deputies Meerveld and Inder. *[Inaudible]* Yes, let's add it to the mix. *(Laughter)* According to Deputy Meerveld or do not according to Deputy Inder.

Now I think on balance, that there is no downside apart from our very valuable time in voting this through. We could at least put it on the agenda, and it would be treated as a last-ditch ejection seat option if everything else fails.

Thank you, sir.

The Bailiff: Deputy Falla.

Deputy Falla: Thank you, sir.

I have had a restless night, wrestling with this amendment. But I do think this option needs to remain in play when we come to general debate on the revised proposals. We need to listen to the people and the people do not want GST.

Yesterday, we heard impassioned speeches that an increase in Income Tax would have an impact on some of the poorest in our community. I agree. I am a Member of ESS and of course I care about that, and I am uncomfortable not to be completely aligned with the President and Vice-President of the Committee on this point. But every revenue raising measure that we are discussing this week will have financial repercussions for members of our community and that includes GST. The packaging Option 3 includes adjustments to benefits to compensate for the impact on some people less well off. That is partly what the benefit system is for. And it could come to play in exactly the same kind of compensatory way if an increase in Income Tax is adopted by this Assembly.

I do not want to push more people onto benefits, but GST does that anyway. Sir, I am still undecided whether I would actually vote for an increase in Income Tax in the final debate, but please let's just leave it on the table for now.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Sir, I want to put things a little bit into perspective here, because I think we are risking potentially getting lost in the forest.

So, I think there is a lot of talk about we need to reach some kind of outcome this week. Yes. However, also, I want to say that the Government does not stop. So, we know and as debated in Amendment 4 at the beginning of this political term, there are quite a lot of revenue raising measures already in train, and with a potential to raise revenue.

As we explained in Amendment 4 and as also outlined in the core proposals of P&R, the core proposals of P&R say we could raise about £25 million. Through Amendment 4, we said we think we have the scope to raise about £40 million. Up to £40 million of revenue through these revenue raising measures. We have that scope of revenue raising measures already. Whether we agree something this week or whether we do not because they are either already in train or we could put them more firmly on the table through, for example, budget. Forty million pounds worth of revenue

225 raising measures is not small change. That is more than 1% of GDP and will significantly improve our revenue capability.

So first of all, to start with, please let's not think that if for some reason we do not achieve anything this week we are not going to be raising revenue. We can raise revenue as this Assembly, regardless of what happens this week, and that is going to be in the region of up to £40 million. 230 And I can elaborate on that in General Debate. So that is point number one.

The core of the P&R proposals is that we should be raising more and the package of proposed measures, core and GST, are saying that we will be effectively raising in the region of £80 million package. Eighty million pounds package. So, my personal view is that I think it is not the right time to raise such significant amounts of money from our community as Deputy Parkinson said. Any tax 235 is a drag because I firmly believe we have to do a number of other measures in the meantime to show to the community that we have the mandate and right to raise such significant revenue. And that includes savings, it is including showing we have an Economic Development vision of why we are raising such significant taxes and how we are going to be investing that.

So, my principle, and I am still firmly behind that principle, is that we do not need, right now, to 240 raise an £80 million package of measures today. Again, commit to raising that package of measures.

So, to me what this amendment does is says, in addition to the core revenue raising measures that we have, according to P&R, £25 million. According to another Deputy, we think there is more potential, £40 million, that we should also raise potentially an additional amount. The additional amount through the Income Tax Amendment is going to be in the region of, depending if it is 2%, 245 3%. But let's say £30 million to £45 million, approximately. And the combined package of that would be similar to what P&R is proposing.

So, if you believe we need to raise this additional revenue. So first of all, you need to believe whether that is the right approach. That we should be, as a Government, having such a significant tax hike today of in the region of £80 million. And then the second question is what is then the right 250 approach to do that? Is it Income Tax or basically is it really GST?

And for all the reasons that have been said, I think Income Tax comes really far behind the GST package that has been developed for all of the reasons that many Deputies have said because it will have a disproportional effect on those who are struggling most right now (**A Member:** Hear, hear.) So, I think if we were considering to raise a very significant amount of money, Income Tax is 255 really down our pecking order.

But I do really want to put this into perspective to say that we will be raising revenue, significant amounts of revenue for our economy. So, we should not be thinking that this is somehow some kind of saviour option. This is really not a saviour option. And I am with Deputy de Sausmarez, because I do not think that it should be even on the table because it really does nothing good for 260 us in this short term

A Member: Hear, hear.

The Bailiff: Deputy Dyke.

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

I hugely respect Deputy Trott. He is probably one of the most intellect Members of this Assembly (Laughter) and he usually brings very sensible amendments. But to be honest, I do think this is probably the worst thing he has ever done. (Laughter) If I may quote Deputy Soulsby, he does seem 270 to have gone onto the dark side of things.

I think this was, no doubt, a well-intentioned amendment but it has been done pretty much at the last minute without thinking through all of the consequential that are involved and the discussion I think that is necessary to flush it out and deal with it. If it is something we want to come back to at a later date then we should, but it is quite a major thing to do at short notice. We have 275 had a 20% rate of Income Tax since 1961, according to my research, so that is nearly as long as I have been around. We do not want to drop that at this point, suddenly and without very careful

thought and discussion in my view. As other Deputies have mentioned, it put us out of sync with the Isle of Man and, in particular, Jersey.

So, if you are trying to recruit staff, people flick through things, look at the headlines, 23%, 20%.
280 Oh, let's look at that first. So, I do not think we want to do that. And if people have taken various examples of how it will affect people. I tend to talk to people a lot, usually, middle Guernsey types. And I was talking to one of the contractors at our house the other day doing some work, talking actually on my time which was slightly annoying. But he earns £64,000 a year. Middle Guernsey, hard worker, out all hours doing things. This would affect him because he is not at the lower end
285 and he is not in a tax cap, by approximately £1,500 a year. That is quite a big extra burden to dump on everyone in that bracket when you take into account the tax wedge that we have. The tax wedge is an economic concept of what comes between what the employer spends and what the employee gets. So, in that wedge, you have to add Income Tax, social security paid by the employee, social security paid by the employer and now we are putting those up right now. Those are on an upward
290 track. And also, we have put in the secondary pension which although does not strictly come into this category, to the average worker it is going to look like a tax. Although, strictly, it is not.

So, you add all of that together. That is the wedge. And the idea that the employer's contribution is paid by the employer rather than the employee. Well, it really is not. it is actually paid by the employer but when an employer is looking at employing a member of staff, he will work out what
295 he is prepared to pay and offer a salary accordingly, but taking into account what he is paying on the social security payments. So, everything, at the end of the day, is actually a burden on the employee.

So, if we are looking at middle Guernsey, I do not think we can do that to them. But that is kind of an aside. I have gone slightly off the point. I think this is simply not the time to debate this and I
300 really do not think we want to pass a resolution now in favour of debating it again later. People are listening and the message going out from here will be, we voted to increase Income Tax to 23% which is going to worry our local population and it is going to have our competitors looking and licking their lips. So, my strong representation and suggestion to everyone is that we do reject this amendment and not come back and debate it again. Aside from anything else, it is getting boring
305 debating everything twice, so let's just say No to this right now, because I think that is the sense of the Assembly. And there is no point delaying this and having another item to come back on.

Thank you.

The Bailiff: Deputy Moakes.

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Deputy Moakes: Thank you, sir.

I am not actually sure if I am pleased that Deputies Trott and Gollop have tabled this amendment or not. but what it does do is show me that they both realise that we need to find a way of increasing tax revenue so that we can fund essential services, along with housing, healthcare and educational
315 infrastructure projects etc.

Now looking at the amendment itself, some people appeared to think that increasing Income Tax by two percent is better than P&R's progressive tax and benefits package which includes an Income Tax reduction of 5%. It is not. just because people have not been walking around with 'No to Income Tax Rise' banners and ribbons does not mean that it is the better option. Many people
320 will not even be aware that the States is considering raising Income Tax at the moment. But I am concerned about this amendment for a number of reasons. Many of these have already been covered, so I will try and keep this short. Competitiveness is one of them. Another is complained within the explanatory note itself. This tells us how much this increase in Income Tax will raise and you can see, it falls well short of what is needed to plug the deficit. To be fair, it does then go on to say that
325 it is in effect a short-term sticking plaster. But what about the long term? Further rises in Income Tax? Well, yes, because the Amendment already includes a provision to increase it by 1% in Year 2.

The second reason or another reason is that we are already overly reliant on Income Tax. When times are good, the economy is booming and we are creating new jobs, Income Tax will indeed go

up which is good news. However, we can also have periods where things slow down and that is when Income Tax recedes can fall off and why being so reliant on Income Tax is problematic.

Of course, we have a slightly different problem at the moment. We have far too many open positions on the Island. As a result, we are missing out on millions and millions of pounds on Income Tax. This is an issue in itself and we know that we have got to build more homes as a priority. But I deviate. The point is, we have no other way of making up for this loss of Income Tax. If we had a more diverse tax system, we would at least not have to be quite as reliant on Income Tax.

Another reason is that this is a regressive proposal. It seeks to increase the standard rate of Income Tax by 2%. In other words, it would affect everyone, but it would disproportionately affect the lower and middle income households the most. In contrast, P&R's proposal is far more progressive or fairer, because the 5% reduction on Income Tax together with the other mitigating factors ensures that 60% of households are better off, even with GST.

In fact, the delta between the proposed tax rise of 2% in this amendment and the 5% reduction in P&R's progressive tax and benefits package is a whopping 7%. That could, of course, increase if it goes up by a further 1% in Year 2.

So going back to what I said at the beginning. People might not be emailing us or walking around with 'No Income Tax Rises' banners or ribbons, but I suspect that this is because they have not realised the implications yet. Are we really considering raising Income Tax by two percent via a last-minute amendment? No consultation with the public, no consultation with business.

Deputy de Sausmarez has already explained very well why increasing Income Tax was considered. It was considered and then discounted. Nothing has changed. No one wants a stand alone GST, but more and more people now understand that it is more than just a standalone GST. It is a far wider, progressive tax and benefits package that will make 60% of households better off. Why on earth then would we even consider a proposal that is regressive and will make some people far worse off?

Sir, P&R's proposal is the, dare I say it, fairer alternative. And I say to Deputies Trott and Gollop, and I say it genuinely. Thank you for putting this amendment forward because it provides an alternative idea to compare against P&R's own proposal. I know that it is not the detailed analysis like the one that P&R undertook, and Deputy de Sausmarez went through earlier on. But even a cursory analysis shows that the progressive tax and benefits package as proposed by P&R is a far better and far more progressive solution.

Please do not vote for this amendment. It is regressive and will harm the very people that P&R's proposal is trying to protect. We still have a number of other options moving forwards, so we need to work together and come out of this with a workable solution. Let's start with CORE and go from there.

Thank you.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir.

I will be supporting the amendment and the reason I will be supporting it is because it gets us off a burning platform. And for people who are not familiar with that particular piece of business lingo, there have been plenty of others that have been bandied around which said that we are at the end of the runway or that we are at a cliff edge.

And P&R have encouraged us that this is to, that they have said that this is a test of metal and that we must have the courage to go ahead with the plans. But it sounds a little bit to me like it is a dare. A dare to jump off a cliff edge and go and support GST. Almost a high-pressure sales tactic that is sometimes used to sell Spanish timeshares. I would just think for myself rather than go in for a dare. And one of the reasons why, one of the many reasons why I would not support GST is that it is inflationary. And it has these secondary effects which I talked about in debate yesterday where it effects the RPI rate.

380 So, one of them, for example, is that in the year that GST is introduced, it was at I think it was 3.25%. I think it is now 3.5% is now being quoted as the effect on the RPI rate.

Now, the Guernsey Private Residential Landlords Association wrote to us this time last year. And they said, 'It should be noted that many long-term tenancies are annually rent reviewed using Guernsey's RPI'. Now, if you were paying £1,000 a month rent, then that would equate to £420 per annum as an increase and that would entirely undermine some of the mitigations.

For example, whether you consider that an effect that is worth noting or not, some people do. Rishi Sunak recently on the Laura Kuenssberg Show said, 'Inflation is a tax', and a lot of people criticised him for that by saying inflation is not a tax because it does not increase our revenues, but it does take money out of your pocket.

390 And some of the individual worked examples that P&R put out of people at different income levels included private renters. And I think it is not correct to say that... to compare that the mitigations will increase your disposal income as if that will not increase the money in your pocket. So, for that reason, although, raising Income Tax is far from my favourite mechanism of raising revenue. I do not think it is Deputy Trott's favourite mechanism of raising revenue. It does not surprise me that from Deputy Trott and Deputy Gollop, former Chief Minister and Father of the house, would put forward this backstop that would get us off that burning platform that we are currently on. And for that reason, I would support it.

Thank you.

400 **The Bailiff:** Alderney Representative Roberts.

Alderney Representative Roberts: Thank you, sir. Just a short comment on this.

And I thank Deputy Trott for bringing this forward and Deputy Gollop. We do need alternatives, but I am totally against this rise in basic taxation rates. It is like he said, we have had 20% since 1961, proudly. And why would we give our competitors an edge on that? They would be rubbing their hands with glee if we did that. And also, it is going to hit the lowest earners in our society. The lowest earners, the very people that we should be striving to protect. I am very surprised why they are putting our neighbours to such an advantage. And Deputy Roffey was absolutely correct in his speech. I was really taken with that.

410 Everyone is worried about walking away with nothing. You are better to walk away with nothing than to walk away with something that hits the poor and damages the Bailiwick competitors. And this, to me, is worse than GST.

Thank you.

415 **The Bailiff:** Deputy Murray.

Deputy Murray: Thank you, sir.

Before we enter this place through that door, I think we probably would congratulate ourselves that we are of reasonably average intelligence. But walking through that door, it is not a portal, it is not magic. It does not make us Einstein the minute we walk through it. That one might be different, I do not know. But certainly, this one is not. *(Laughter)*

We simply cannot know or be as deeply informed on every subject as others may occasionally be. So, we seek the views of others, and we listen. But we have to recognise that most people on the other side of that door do not have the benefit of this debate or the extensive investigations that have been undertaken into our finances, hitherto.

425 Now we have, I think, something around 30,000 taxpayers. And we are told median earnings are around £37,500 or so. That means something like 15,000 taxpayers will be earning less than that, or 37,500 top. And as Deputy Aldwell pointed out, under the proposed progressive package, those on less than £30,000 would be to some extent 5% better off on tax. Or alternatively, under this proposal, 430 would be paying 3% more at a difference of 7% or 8%.

Now, this amendment is actually demonstrating that the Government can put up any tax whenever it feels it needs to. It is not peculiar to GST. That is a myth. Everybody presumes that GST, you can just switch it up, dial it up whenever you want. But if we can do that, we can also do it, as has been demonstrated, with Income Tax, any tax, if we have to. Nobody wants to, but if we have to, then that is something we have to do. But as this amendment stipulates, there has been insufficient modelling to know if there are unforeseen consequences of turning this particular dial up by 2% or 3%.

Now I do echo very much the comments made by the President and Vice President of ESS. But furthermore, if we leave this on the smorgasbord, there is a real danger that Members will avoid making the most difficult related discussions on not just the funding but what we need to actually be looking at to agree on capital spend. So, I do not want to leave it as an option. I want people to come to decisions on these crucial matters that we have before us. So, I would urge that we do not support this amendment.

Thank you.

The Bailiff: Deputy Oliver.

Deputy Oliver: Thank you, sir.

I think these are actually the first proposals that have made GST look quite favourable to be perfectly honest.

I actually asked somebody last night to put a poll onto Facebook. And the results were quite surprising and so were the comments afterwards, that a lot of these people do not actually understand because tax is quite a complex subject and even the GST. People saying, well I still do not understand what that is all about. And you think well okay well... And I do think P&R have done a better job this time of trying to get the word out and answering questions and everything. But I think the lead in time for something like this should be greater. And particularly on this amendment, we had it, was it a week ago, two weeks, maybe, maximum? And how can two weeks of consultation be anywhere close to changing, fundamentally, our tax system. And I think that is where us as a Government fail with our rules and procedures that it could be laid at 3 p.m. on the last day, giving a very short time for people to get their head around. And that is including States Members as well. Looking at the pros and cons. Nothing really in the policy letter about it or anything like that. And suddenly we are here saying let's change our Income Tax.

Thinking about it properly, we are not going to be as competitive as England for the lower paid. It is already a very expensive Island to live on. You look at our jurisdictions. Australia is saying, come in. we are opening our doors for a bit. Bring in the young people. And they are giving incentives for young people to come over and work for them. Guernsey? Well, actually, we are going to be more expensive than England, so probably better off staying there. We just need to think about these things. And I have to say, I do not often agree with Roffey, but I completely agree. I think nothing is actually better than what this proposal is going to be.

Now the poll actually came out with 76% of people more in favour of Income Tax rises and 41% in GST. It is not an accurate poll by any shape or form. It is very limited of the population, so I would not go too much off that by any means.

But the comments were really interesting afterwards. And I would say, go onto Facebook, have a look at the comments and read some of them. Some of them are very sensible and most of them are saying, please do not vote for this amendment.

Thank you.

The Bailiff: And can I remind Members, that when referring to another Member, please give them their proper title. *(Laughter)*

Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.

My old friend, *Deputy Roffey*, I was delighted when he made his speech on this matter, to hear how he attacked it, I think he said, with vim and vigour. His health tax at 3%.

485 Now I am conscious that, island wide, there has been some pressure for a health tax to be raised. But so, I was delighted he has already looked into that.

So, what is in a name? This is Income Tax, an Income Tax rise by up to 22%, going up to 23%. And now people are beginning to suck in their teeth and say, well, I do not know about that. But the people I talk to who earn, say, £80,000, are saying, well, I would rather pay that than pay GST
490 on all of these things that we need, especially in a young family. Clothes, education, food, essentials like that. So, yes, that seems to be the concern there.

Now it is not fair just to compare just that with England, the rate of tax in England would be higher. Yes, but England has got a VAT. But believe it or not, many people, I used to employ many people on the Island, and they would come for the headline rate, the basic pay rate of what they
495 were going to earn. You would talk about a low tax. You would not say there is no sales tax. But many of these people would go to Germany to earn far more in Euros. Now, Germany has got a 19% GST or a sales tax. And when you look at their Income Tax, they have, you might call it a progressive tier. They have got, the more you earn, the more you pay. The Isle of Man is the same. They have got a basic and Ireland is the same. It has got a basic of 20%, going up, that is their basic
500 tax in Ireland which is one of the fastest growing economies in Europe at the moment because they did leave Europe. They are still part of the EEC. And a lot of business has gone there as a result of that. But the more you earn, it can go up to 40% in Ireland for Income Tax.

Sir, I am grateful to Deputy Trott for many things. I can remember operating a business where we could not get visitors into the Island because we had an Airport strike. And Deputy Trott
505 intervened, and he sorted that out. He showed some gumption as Chief Minister and he led by example. It might have cost more money, but he resolved the problem there and then. That is what he did. He went in and so I am grateful for that. And I am grateful for him and Deputy Gollop for bringing this, because it brings in another option.

Now when he first mentioned Income Tax to me going up to 23%, I almost fainted. I said, you
510 cannot possibly, because we have had 20% as long as I have been alive, on the Island. You cannot possibly do that. Yes, he said, well, hear me out. This is what I do. I would introduce it to 23%...I said, well, everybody would ... Well, no, he said, because you have got those people on tax caps so most people would not actually be affected. He said, but if people did complain, you could always bring it back down to 22% or adjust it.

515 So, it is interesting to hear today that the Government is looking at increasing Income Tax at the moment. It is considering it. So, whether it has to be told by amendment in this or whether it should be left, whether P&R should be left up to its own means to investigate, or whether it needs a suggestion from myself and Deputy St Pier that we have a route and branch review, I will leave it up to the voters.

520 I have listened to everything that has been said, not in just in this debate, in the previous debate on GST five or six months ago. I have listened to it, and I have really struggled with it. And you know what? I have not changed my mind. I am still against GST, and I am not going to support it because I think it would be ruinous to small businesses on this Island.

And what makes Guernsey unique? Yes, we have got a beautiful Town. We have got a gorgeous
525 Town. But what makes Guernsey unique is there is no sales tax, there is no VAT. The purchases that people can get in Town are VAT-free. So, people on cruise liners, people that fly over. I was talking to one person who was out on Tuesday, in the crowd there that gathered to voice their opposition to GST. One person that has got a considerable business in the High Street, a lovely jewellery shop, and 10% of his customers come over from Jersey for a bargain. Everybody, sir, loves a bargain. If we
530 introduce GST, that unique position of being VAT-free of being tax-free in the High Street is lost.

At 6%, 5%, that is just the start of it. We are not going to have that all of the time. That is the starting point.

I said before I got elected, I did not want GST and I still do not want to go for it. So that is clear. But I also said, I do not really want higher taxes. And I realise now that it is certainly not about what

535 I want. I was astounded at our last meeting, sir, when I asked you indirectly, who wouldn't want economic growth? Well, the votes showed me in our Assembly, 10% supported VAT Proposition for a longer runway which would have brought in substantial growth to the Island.

The Isle of Man has, as Deputy Trott alluded to, a business plan in place for 5,000 more people over the next 10 years. They have got a longer runway and they have got better connectivity. You
540 need that sort of thing to be able to grow an economy. And I would prefer to grow our economy or at least have a plan for economic growth for the Island, sir, just like Jersey has just adopted. And blow my socks, sir, clean energy is one of their core things. So, it could include things like their, or it does include their windfarm. But again, Jersey has got better connectivity.

So, this walking in lockstep with Jersey is quite interesting because how tourism is supposed to
545 compete with a £50 return from Jersey and how Guernsey tourism is supposed to compete with that and how Guernsey Business is supposed to get people over for board meeting when all the time, they are being, Jersey will always use it, we have got better connectivity. We have got more routes, cheaper flights.

So slightly concerning, but I have not given up on growth and I do not think I ever will be. I am
550 a pro-business Deputy, and I am a pro-growth politician. So, I want to see that direction. I would urge us to have a strategy for growth, sir, so that we do not have to borrow money, we do not have to increase taxes or even consider visiting further misery on people at the same time we are putting electricity up, mooring fees up, we are putting more duty on petrol, we are putting more on TRP. We are hitting middle Guernsey, lower Guernsey, upper Guernsey, all at the same time, with a series
555 of increases.

Now, I have said in the past about the Hospital, and I am concerned that it is the right size, that it is not too big for Guernsey. It has got to be the right to be the size for a population of 63,000. Again, it is what this Assembly decides, and this Assembly has decided that it is going to have that second extension, so there is a cost there.

560 Sir, I am a firm believer in the youth of this Island. They are the future of our Island and the education that we give them must be the best. And I am genuinely excited at the prospect of Les Ozouets Campus, because it encompasses a sixth form college, a technical college, training for our nurses. It has got it all. And there a fantastic Princess Elizabeth Theatre there, too.

565 **Deputy Queripel:** Point of order, sir.

The Bailiff: Point of order, Deputy Queripel.

Deputy Queripel: Rule 17(6).
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The Bailiff: Yes, I think, Deputy Vermeulen, that you are straying some way from what Amendment 9 is about. (**Deputy Vermeulen:** I am.) But can we concentrate on whether [??
10:30:15] add some Propositions?

575 **Deputy Vermeulen:** We will concentrate on it, sir. But I was just about to make the point, sir, that there is an associated cost to providing that education which we have already agreed to do.

So, we are not getting out of bed and thinking it is a great idea to put taxes up. We are perhaps considering that there are a number of factors in play. An ageing demographic. We have projections of what it possibly could cost. We have possibly got £25 million more in Income Tax which we did
580 not budget for this year which is a good thing and there are things that we are doing for growth.

But there are costs of this Government that have to be met. So, what has been missing from this debate? I know it is about Deputy Trott's amendment, raising the Income Tax. But what has been missing from this debate completely, sir, is this word, and it is lacking in our Government, this is word is 'the wherewithal'. That is what we have got to provide. We have got to provide the
585 wherewithal to provide a safe environment for the Island to provide decent accommodation at a decent hospital and we must not borrow too much money or go into too much and end up like

Bermuda with £2 billion debate. We have got to live within our means a bit. So, if we are going to do those things and it looks like we have agreed to do it, we are going to have to find the revenue from somewhere. Now this suggestion, I think we should include it and I am probably going to vote for it even though I do not want more Income Tax because we are going to need the money. And it you compare it to GST, it is seen very much as the lesser of two evils.

Thank you, sir.

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

Deputy Leadbeater: Yes, please, sir.

The Bailiff: Thank you.

Deputy St Pier.

Deputy St Pier: Thank you, sir.

Picking up from Deputy Vermeulen, I think the word that has been missing from this debate is 'anchovy'. I cannot stand anchovies (*Laughter*) and stealing a rhetorical technique used from yesterday, I will return to that later.

I am going to attempt to introduce some new arguments into this debate. But first, I just want to make a few comments about Deputy Trott bringing this amendment. I think listening to the debate so far, a number of Members have quite enjoyed kicking the individual as well as the idea. And it makes for good knock about politics in this Assembly, sir. But I much... I did not speak during the debate on the amendment that Deputy Parkinson brought yesterday, but I would have said the same thing about him bringing the amendment yesterday as I will say about Deputy Trott bringing his amendment today. I think credit is due to them both for bringing alternative ideas.

Now again stealing a rhetorical technique which Deputy Trott uses a great deal. Sir, some people may say, I would not say, (*Laughter*) I would not say, that he is seeking to throw the Assembly a lifeline or perhaps more particularly seek to throw P&R a lifeline in anticipation that everything else will get swept off the table and we will emerge with nothing.

So, I think that is very much his motive and we need to recognise that.

Sir, in introducing the amendment yesterday, he did a very fair analysis of the pros and cons of both sides of the argument with one exception that he left off and that Deputy Moakes touched on which was of course that increasing our rates of basic Income Tax increases our overdependence on Income Tax in our tax system. In other words, we are not broadening the tax base, and I am sure Deputy Helyar may have more to say about that when he responds to this debate.

However, the new argument that I wish to introduce into this debate which has not really been touched on so far is the economic impact and I think it is worth just starting, if I may, sir, with the reference in the policy letter before us, paragraph 11.6 which notes that the economic impact of the proposals which P&R have presented are to increase tax as a proportion of our economy from 21% to something like 23% or 24%. Well, of course, that is actually not really kicking in for a couple of years until 2026 when GST would be introduced.

So, what I really want to focus on is the economic impact of this amendment. And sir, that drives me to touch on the Budget which obviously has been lodged but is not before us today. But I do wish to reference it, sir, as it is relevant. Sir, the budget forecasts or notes that our growth in 2023 is forecast our change in GVA is to increase by about 0.7% in 2023. And it is forecast to increase in real terms by 0.5% in 2024. So, a little bit of growth but not very much, which I think, speaks to Deputy Vermeulen's comments about the need to focus on growth.

So, let's just consider the impact of the proposals which P&R already put to us in the Budget. And it is set out in the Budget. The sum total of the changes in Income Tax, allowances, increases in TRP, increases in excise duty and so on. And that actually amounts to around about 0.5% of GDP. So, Government is already going to take an additional 0.5% out of the economy next year based on the Budget that is already before us.

640 In addition to that, we have already voted for 1.5 ... Sorry, we have already, if you look at the social security contributions which have obviously already been approved on Wednesday, sir, we have got about £15 million, Tuesday, I am reminded. It is that long ago. We are already expecting an additional £15 million of social security contributions going into the Guernsey Insurance Fund and the long-term care fund in 2024 as against 2023. And now, from 1st January 2024, the proposal is to increase Income Tax by 2% which is another £32 million which is about 1% of GDP.

645 So, in a year when we are expecting growth of just over, really, almost flat-lining, but 5% of real terms growth, we are now proposing in total with the Budget measures and if this were to be approved a total of 1.5% coming out of the economy into Government's coffers.

Now forgive me, I cannot remember whether it was Deputy Mahoney or Deputy Murray yesterday or whenever it was that made the point that there is no such thing as Government money. 650 It is Deputy Murray, apparently. Deputy Mahoney is not taking credit. I am sure he would take credit. It is probably a comment he would agree with. But nonetheless, there is no such thing as Government money. It is, of course, simply public money, and Government has taken it from them.

So, I think the economic impact of this needs to be considered. And the fact is them addressing Deputy Taylor's comments. He said, we need to ask ourselves a question. Well, do we need to fund 655 future projected costs? And so, I think when we look at this proposal, we need to be saying, do we really need to be taking an additional £32 million out of the economy in 2024 and 2025 when even P&R are telling us that they do not propose to be taking more out of the economy substantially until 2026.

And actually, I have very real doubts about that anyway and I will return to this in general debate. 660 But I think the key point is we have obviously already got a roughly a £20 million improvement in 2023. Our forecast for the year end is around about £20 million better than was budgeted. And based on all prior experience, I think we can expect 2024 to outperform budget. That has been consistently the case for the last 10 years.

So, the idea that we really need to suck these additional revenues from the public's pockets into 665 the exchequer in 2024 and 2025 through this measure I think is foolhardy at best.

And the other point we should also bear in mind in addition to the tax and social security changes that we have either already have approved or will approve in the budget because we have also got secondary pensions coming in on 1st July 2024. That is the first phase coming in. I am struggling, sir, to find the economic analysis of the impact of that 2024. I cannot find it anywhere. 670 But safe to say that it is more that is coming out of the real economy. And in addition to that, we also of course need to factor in the real in terms impact of substantial mortgage interest rates in 2024 over prior years.

So, all in all, I think the argument, quite aside from those that have already been made and I do not intend to repeat them because they have been articulated well, but I really wanted to introduce 675 and focus on the real terms impact on the economy in 2024 and 2025 if these measures were to move further.

Now the question then is, well, are things so dire and so bad that we need to have it in our smorgasbord of options. And that is where I come back to the anchovies, sir. I absolutely cannot stand them. I do not want them on the smorgasbord. If they are there, they taint everything around 680 them. I have no intention of eating them at any point. So, on that basis, sir, I will be voting against this amendment. But I do thank Deputy Trott for bringing it.

The Bailiff: Deputy Mahoney.

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

I am a bit staggered by this debate and on this amendment so far. Staggered and a bit depressed to be honest. In fact, yesterday evening, I was waiting for the music to start as it seemed to me that we had clearly entered some sort of Twilight Zone where reality takes a back seat.

So, where to start? I was hoping to speak yesterday, but the clock ran out. And I am glad now I 690 did not as I have now heard Deputy Le Tissier speak. And he states that the majority of people want

a rise in Income Tax. I think I have got that down. I was scribbling as he said it, so I think I have got that right. That is poppycock. This is the road to Government by social media.

Deputy Le Tissier and his dog are so tied into a few social media groups that they cannot see the wood for the trees.

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Deputy Le Tissier: Point of correction, sir.

The Bailiff: Point of correction, Deputy Le Tissier.

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Deputy Le Tissier: I never said it was from social media. I do speak to people, so I think it is incorrect to assign my views to social media.

Thank you.

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The Bailiff: With the greatest of respect, I am not sure that is what Deputy Mahoney was doing. He was simply commenting that might have been the source of it.

So, please continue, Deputy Mahoney.

Deputy Mahoney: Thank you, sir. That is exactly right.

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What he means is that a couple of hundred people on a social media group have said, we would rather pay more Income Tax. So, let's ask them what they think about what price prescriptions perhaps. Let's ask the group. Or motor tax, or the horror of horrors, let them decide what the States' Deputies pay should be and let's see who then wants social media to decide these things.

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Others have mentioned it, but it is really worth repeating. Two of the groups that will not be worse off with a 23% Income Tax rates will be those currently on nil or low income and living off their capital. Very nice if you are able to do that. And those already noted at the far ends, it has been noted by others on the tax cap. Not much equity there when a lot of this Assembly keep, quite rightly, saying what is equitable and fair. Well, that clearly is not equitable or fair.

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Moving on to those that are going to be hit hardest. What mitigations are planned for now and in the future? Deputy Trott, I am sure, in his summing up, will fill a few blanks there. And also, of course, importantly, what are the costs of those mitigations? This is not a free one-way street. We are going to get £32 million with no cost to it. There are costs to this, and we have not really seen those or discussed those.

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We should know what we are voting for when we sit down whenever it is, Saturday afternoon, to do so. And if income support payments are going to increase by a significant amount, then what are we doing, even talking about all of this?

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Deputy Gollop seconded this amendment. And I think all of ESS have spoken now. I stand to be corrected. But since he was the one that seconded it and he sits on ESS, I can only assume that he has some knowledge that he can impart on the costs. And I am happy to give way to him as I am sure with his normal thorough manner, he has looked at all of this. I cannot countenance that he has seconded this without some idea that the increased amount of –

I give way to Deputy Roffey.

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Deputy Roffey: I think, if I can just explain, that actually, putting up Income Tax rates, bad idea though it is, will not automatically lead to any increase in income support payments. Because whether or not people qualify for income support payments depends on whether in their family circumstances, they come under what is known as 'the requirement rate'. The question is, would ESS have to re-examine those requirement rates in the light of the extra burden of Income Tax. And I think they probably would, but it is impossible to give a figure because we would need to look at that in great depth.

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Deputy Mahoney: I thank Deputy Roffey for that. And of course, that is exactly what I mean. Those people that are hovering around being above the requirement rate at the moment, if we

suddenly take 3% more from them, well quite naturally, they would fall below that requirement rate and then someone would have to do something in terms of income support payments (**A Member:** Hear, hear.)

I give way to Deputy Gollop, sorry.

Deputy Gollop: Yes. As Deputy Roffey says, it would be hard to calculate in the short-term. But if, we heard a lot of speeches from different Members. Deputy Le Tissier, Deputy Queripel about the effect on pensioners. But the reality of it is that people who are generally in receipt of income support would not be paying the taxation. So, this is actually more targeted of people from the lower middle up to the higher levels. And I did not understand much of what Deputy St Pier said, because taking the money out of the economy quicker would solve putting money into the rainy-day fund. We are already seeing cuts and things from health to public transport. And to me, the whole point of taking money out of the economy is not taking money out of the economy, tax is redistributed. And we will improve the public sector and the real benefit to people. So, we would therefore have more money to expend on our essential services, rather than having a year or two with no additional funds.

Deputy Mahoney: I thank Deputy Gollop. I am not sure I understood any of that, but I thank him anyway.

Turning onto the timing of this, P&R saw this amendment a week or 10 days ago, something like nine or 10 days ago, something like that. There has been no time for any feedback, no time for proper modelling of any of this. Not even any time for some badges and some flags to be made up.

On Wednesday, before we started, someone called me a disgrace and told me to resign. When I asked her whether I should instead opt for the 3% rise in Income Tax, she had no clue what I was talking about. No clue. And that is no surprise since this has been slipped in under the radar. The change in the basic rate of Income Tax slipped in. Let that sink in.

What I have had is plenty of comment from the business community who do keep abreast of things that we talk about in this room, asking if this is a genuine possibility. Well, listening to this debate so far, they will be scared witless, some of the comments that have been made so far.

Many Members have noted about a progressive tax package that the public had not been brought along. Most of the public do not even know what is being discussed here today. In any sensible modern government, it must be inconceivable that something as critical as the tax rate can be introduced a week or so ago and then put in train today. This will make us a laughingstock as a Government and that laughing will be led mostly by Jersey.

Deputy Roffey and Deputy de Sausmarez this morning covered various of Deputy Taylor's points about why didn't P&R bring this so I do not need to go into those which is good. And if this amendment passes and then is approved, sir, I hope that those voting for it are taken outside and lined up against a wall and then interviewed one at a time by BBC and Channel TV because each of them owe it to the taxpaying public to explain themselves as we at P&R have done time and time again over the last 18 months.

Each of you that have been outside glad-handing the public and enjoying a self-congratulatory backslapping fest needs to go back to the public and explained that you have saddled every taxpayer, rich and poor, with an extra tax charge. Just above the income support line? Live with it.

That is what this achieves. It is barely credible that one of our most experienced Deputies would lead this charge to the cliff edge, Pied Piper-esque, marching others off a cliff.

Listening into a podcast last night, a point was made that surely if nothing better has been brought to the table, then you have to go with the only option that has proved it is workable. We should be voting for something because it is the best option, not just because it is the last option that is being put on the table.

I will finish by misquoting Sir Arthur Conan Doyle's most famous character, Sherlock Holmes. 'When you have eliminated the impossible, whatever remains, however unpalatable, must be the solution'. I urge Members to be grown up and reject this dangerous amendment.

The Bailiff: Well, if no other Member wishes to speak on Amendment 9, I will turn to the Vice President to speak on the Amendment, please.

800 **Deputy Helyar:** Sir, thank you very much.

Just to put a flag at the top of the hill that P&R does oppose this amendment, formally oppose this amendment. If it becomes a Proposition, then further applications may be made in connection with it.

805 Now I am going to introduce some potentially new elements here and one of them is about the finance sector as we know it is the powerhouse of Guernsey's economy. It drives pretty much everything that we do.

Now one of the reasons the finance sector is here is because this is such a stable place (**A Member:** Hear, hear.) Very little changes. It changes very slowly. Sometimes it can take seven or eight goes. You could mention so many debates that have been had over the last two decades where nothing has happened. Lots of words in this place, lots of hot air, but no progress. And for business, that is a really good thing because it means there is no prospect of a two-week warning to increase Income Tax by 3%. Such a kneejerk thing could never happen in a jurisdiction like this because it is too stable. But we are faced with it. This instability that this would create if it is voted in, it is really beyond anyone's imagination. There are a lot of people who are listening today in the finance sector who are seriously concerned about this even being tabled. And if we do vote it in a leave it as a backstop Proposition, I think it will have really serious consequences for stability. Not just in the business sector, but also politically.

We have heard lots of things about consultation, and this leads on from what I was just saying. So, let's give an example of some modelling that we have not been able to do.

820 Now it is reasonable to assume that the trade unions, if we impose a 2% pay cut in 11 weeks' time will want to renegotiate the package that we have already agreed with them. If we went to 3% of Income Tax, that would already cost the Government £7 million to £8 million extra in cost. Now I have to say £7 million to £8 million because we have not had time to do any modelling. And this is really one of the surprising things of this debate. Now I fully understand why it has been brought and I have every respect for Deputy Trott. I listen to, very carefully, to everything that he says, because he has so much experience in so many sectors. But it really is not fair to the public that we should be debating something so important on the back of a fag packet. Deputy Ferbrache was having to literally think about the sums and the impacts that this would have on the poorest or the poorer. I am happy to go into semantics on which one you prefer. But, nonetheless, we have gone through this. And Deputy Roffey made the point very strongly.

830 We have spent a huge amount of time analysing this, but we have not had time to consult the public that this would be a legitimate suggestion. And Deputy Taylor raised the point. He said, 'Why didn't you just put it in?' Why didn't P&R just put this in as an option? Well, there is a very good reason for it. The tramlines, the red lines that were set around the tax review were not set by this P&R, they were set by a former Government. And there were several things in that list that we had to comply with in terms of the recommendations that came back to the States. So that include widening the tax base. Not putting more eggs in a shrinking basket which is what this would do. Widening the tax base. Giving us less concentration risks so that if there is a shock to Income Tax, that we would have some other limb to be able to rely on in the event of an economic shock.

840 Intergenerational fairness has been raised very aptly by Deputy de Sausmarez. This does not deal with it at all. The people that will be paying this Income Tax are the young, the working population, a shrinking population. The demographics, we are actually in, if we bring this in, we will be exacerbating the demographic problem because we will be piling more Income Tax onto a shrinking working population and that is only going to get worse. And if we open the door now to

845 3% or 2%, what is to stop it going up to 26%, 27%, 28%, because that is where it is going to need to get to in order to pay for the pensions of the 5,000 extra pensioners we are going to have in a few years' time.

Once you open that gate, and it is the same with GST, I fully accept that. It could go up. And when people have asked me about it, I said, yes, it is likely to, because the costs are going to go up.
850 Unless we make a decision about what we spend, we are going to have to raise money.

Now there has been a lot of discussion about, we cannot leave with nothing. Well, I have to say, I do not think we are going to because I can hear certainly the green shoots of acceptance that the core proposals at the very least, Deputy Kazantseva-Miller referred to it, Deputy Soulsby referred to it. I think we are going to leave with those core proposals.

855 P&R has tabled another amendment, and we would like that one to be the backstop, not Income Tax. And it will be a backstop amendment which reintroduces Option 1 without the Hospital. Because the Hospital amendment that we passed yesterday, Deputy Brouard's amendment, may not succeed. And that is the point at which we would be left with potentially nothing, except the core funding.

860 Deputy Gabriel asked about detrimental effects and so on. Well, we have not had the time to present the modelling to the public or to States Members or anyone else. But a lot of the work has been done.

Now one of the differences with us and Jersey, for example, and I have said this several times now. We pay much more in social security than people in Jersey do. Because once you get to just
865 over £50,000 – I cannot remember the number and I really do not wish to mislead the Assembly, but it is just over £50,000, between £50,000 and 60,000 – the rate of Social Security drops dramatically. So those members of the working public in Jersey pay far less of their wages in tax to the Government in Income Tax and social security than the equivalent person would do in Guernsey. And of course, once you get over £80,000 now would be the recommended start limit for withdrawal
870 of allowances, you are paying it all. There is no allowance once you get over a certain level. You are paying 20%, full 20%, not 20% with a bit of moderation from an allowance.

So, there is a big difference, and this would make it worse. And the problem with it, it is a bit, we always used to notice this when I was working as a lawyer as in the clients would come and they would say, can we do X? You know, we want to do X and it is really important and we need this
875 particular regulatory environment. If those people do not get the right environment, they just go somewhere else. And there is no record of them going or why they have gone. And there is no way to fix what they found was the awkward thing.

Now I was a senior partner in a very large law firm across eight jurisdiction and we became what they call jurisdiction agnostic (**A Member:** Hear, hear.) We did not care where we parked the
880 business, as long as we had the business. So, if a client came along and say, well, would I be better off in Income Tax in Jersey or Guernsey? If this was to go through, we would have to say, well, actually, at the moment, you are already going to pay more anyway because you are paying more in social security. But in Guernsey, the rate is 3% higher to start with. That cannot be anything but uncompetitive. And that is not the situation we need to be putting our economy in at the moment.
885 We are just about to have a Moneyval inspection. It would be absolutely disastrous to place this level of risk.

Now some of the modelling we have not done. We have talked about putting up motor tax. What is that going to cost the individual member of the public? People are buying very very high mortgage rates. We have had no time to model who would be affected by it, but it will be members
890 of the working public because it is the young that take out mortgages.

Who is paying from private education that would not be able to afford it any longer? How much would that cost the States by more children going into education because their parents simply cannot afford to pay for it? And we are already imposing secondary pensions. By 2032, we will be asking employees to contribute 6.5% of their wages. And we are talking about taking another 3%
895 away here.

Really the only thing I think the public would appreciate about this amendment is that we, if we vote it through and it becomes a Proposition when we approve it, it will be voting for a pay cut for us in 11 weeks' time. That really is the only acceptable thing about this, isn't it? We will be voting for a pay cut for ourselves. (*Laughter*) I mean, really. That pretty much is the only thing I can think that is a positive out of this.

Deputy Roffey made a very powerful speech and I really do much appreciate it. I think if this does pass, then we will have to have some rulings from the Presiding Officer as to where this sits in the Propositions because it really is a revenue method. But it was expressed as to be subject to the options not passing. So, it is going to need to be rejigged in some way and we do need to understand that.

Now one of the things, and it is perhaps a slightly new note, is about our moral responsibility. Deputy Roffey spoke about the poorest, poorer, however we wish to define it in society, and one of our jobs here and a duty weighs very heavily on my shoulders. I was awake very early this morning. My brain making speeches for itself. And one of our duties here is to speak for those who are not represented. And to protect those who cannot speak for themselves. And those are the people that we most affected by an increase in income with no warning. This will happen in 11 to 12 weeks' time if we vote it through. And really, I just cannot believe that that is an acceptable way to proceed after we have spent so many months explaining the other options. The public have had no *no* opportunity whatsoever to see these alongside one another to compare the impacts, to understand the issues that might be created by it. And I am really disappointed to hear Members. Deputy Aldwell spoke very well about this because when Deputy Aldwell has met members of the public, it seems she has taken it upon herself to explain what the issues are. To explain what the problems are to do with increasing Income Tax like this. So, if you have met lots of people that say it, it may be, may just be because they are not informed and because you are not advocating for all of the possible opportunities that we have.

Now one of the abiding things in all of the discussions I have had with members of the public has always been, someone else can pay. Those rich people over there can pay or those such and such. Or maybe we would do it with the visitors or the people that live at Fort George. What about the Open Market people? Let's make them pay more. Somebody else can pay. It just *does not* work like that. It is just not possible to cast a finger around and hope that there is going to be some money down the back of the sofa. It just is not going to happen. And this goes, really, I think, in conclusion to Deputy Matthews' point about P&R daring – *daring* – people to vote for GST. That is not categorically what P&R is doing. What we are saying is, if you want this shopping list, you have to raise revenue. We cannot afford to do it. And that is the decision. That is the dare.

If you are not willing to raise the revenue, then do not build the Hospital, do not build the schools and do not do anything else that is on the list because we cannot afford to it. It is as simple as that. It is not a dare about GST. You have other options before you. If you do not want a GST, do not vote for it, but there are consequences to that, and we have to accept them.

Members, I would believe this is a very damaging amendment if it is proposed and in particular if it goes through. I would urge you all to vote it down.

Thank you.

The Bailiff: I turn to the proposer of Amendment 9, Deputy Trott, to reply to the debate.

Deputy Trott: Sir, thank you.

Can we start, please, with you advising the Assembly with regard to the chronology of voting. And indeed, where this amendment, if it is added to the smorgasbord that Deputy Fairclough referred to, when and how will it be voted on?

The Bailiff: Alright, well, subject to any further views that might be expressed. If one looks at Amendment 9 as an amendment to the original Propositions, it is clearly designed to go at the end of them. And therefore, what I said to the States yesterday at the start was that this would be treated

effectively as to insert some Propositions to follow currently Proposition 6 as it stands because this is if all else has failed, subject to Proposition 1 which is stand alone in that regard. Then we get to a vote on these Propositions, if they were to be inserted by this amendment being carried.

As Deputy Helyar has pointed out, another way of looking at them, and I do not think we can decide that at this stage, it is simply a vote as to whether these Propositions should be added, would be to take them as the alternative in the event that Proposition 2 from Amendment 1 were to be lost. So that it would be interposed as a Proposition 2(a) because this is about creating more money into the public purse. And it would be then, if that were then lost, that we get to existing Proposition 3.

So, Deputy Trott, I cannot give you a final answer at the moment. One would have to balance those two, but it will either come after Proposition 2 which is the Committee's original tax package from earlier in this year, but only if that were lost. If GST Proposition 2, GST etc., Proposition 2 were to be approved, then you would not get to either Proposition 2(a), if that is where it goes, or Proposition 3, it would come back to a vote on Proposition 4 thereafter. But at the moment, it is going to be inserted following Proposition 6.

Deputy Trott: Thank you, sir. I think that is very clear. And in a nutshell, we will know, this amendment will only be voted upon if it does form part of the Propositions. We will only vote on it once we know that GST has failed which was precisely its intention.

And I got asked by, I think it was my very good friend, Deputy Soulsby, which way will I vote. Well, if it is the last thing on the table, sir, on the revenue side, I will vote for it. So, I hope that is very clear. And I think many others in this Assembly will.

I am going to start with Deputy Helyar for no other reason that I thought he was very fair in his summing up and I think every contribution in its own way has been equally civil. I did not expect it to be any other way because in fairness when I presented the amendment, I did give all of the reasons not to vote for it as well as what I believe are one or two very strong reasons for it to be considered if necessary.

But Deputy Helyar said that the finance sector is stable. It is and we work very hard at that. And the nearly 8,000 people who work in the finance sector or ancillary services, professional services that assist that sector, they are not stupid. These people know we are not raising enough revenues. And in fact, I do not think there is anyone in this Assembly who believes that not to be the case. So, this journey has been of value in that regard if not in other aspects because that was not the case three years ago. We must remind ourselves. There were an awful lot of Members who came in who genuinely believed there was no need to raise additional revenues. And in fact, listening to my very good friend, Deputy St Pier's comments earlier, he may still be in that camp. There was something a little bit fishy about that speech. I am sure some would agree. *(Laughter)* But maybe I will come back to that later. So that journey alone is a valuable one.

Now we need to raise more revenues to replenish our resources, even if we cannot agree on what big ticket capital projects we want to do and when because we need to replenish those resources. They have been depleted by COVID, we have heard a number of reasons why one particular rating agency is concerned about that. But of course, it is the prudent thing to do. And of course, if we are to borrow, we will need a funding mechanism. And in a business as usual will simply not support such borrowing.

So, what did Deputy Helyar say? Well, he talked about the stability of the finance sector, and I am well aware of the views of many of my colleagues, that if it is not going to be GST which is, I think, still likely, following the outcome of this debate, then there is only one other way that we can raise meaningful amounts of revenue without tinkering around the edges.

Now Deputy Helyar warned us that the unions will want to negotiate on pay if we raise Income Tax. Does he honestly think that the unions will not want to negotiate on pay if we have a GST? So, whilst I accept his argument, it was the lack of the balance in that particular section of his speech that I question. He also mentioned school fees. He said, some people may not be able to afford

school fees. But I would remind him that GST as proposed will be added on to school fees, so there we are.

And with regard to competitiveness with Jersey, I am going to go back to one of the charts that P&R have used. It is a very valuable one. Currently, we take about 21.5% of our GDP in tax. Jersey takes about 26%. So even if this amendment ends up being the favoured one, our GDP take will only rise to about 23% or possibly less in real terms. That is how you sell the difference in competitiveness. Well, that is how you do it if you are the chairman of Guernsey Finance.

Now, sir, like I said, it was a very good-natured debate and I have no intentions of changing that dynamic. But my good friend, Deputy Oliver did make me laugh, because she appears to have been taking lessons in arithmetic from Deputy Ferbrache because she told us 76% voted for 23% Income Tax on an online poll and 44% voted for GST. Well, that is 120%, sir. *(Laughter)* But I think what it does show is there is clearly widespread support for increases in taxes because the message has got through to our community that we have a deficit, and it is getting worse, and it must be dealt with.

Now one person did disappoint me, and he very rarely does because he knows, and I know after our length of service in this Assembly is that politics is the art of the possible. And I do of course refer to my friend, Deputy Roffey, because Deputy Roffey said and Deputy Lindsay de Sausmarez said the same. He said he would rather walk out of this debate with nothing than vote for this amendment. Now, I am sorry. I think that is completely illogical. I am the first to admit, this is by no means the perfect option, but it is something. And it can be adjusted. I will come to that in a moment to address many of the concerns expressed. There was also something that I am sure he did not mean to say it. But my friend Deputy Inder said, this amendment does nothing. Well, it raises, potentially £30 million to £50 million, so it certainly does not do nothing. It goes an awful long way towards addressing our funding gap, notwithstanding there are issues around concentration of taxes and all of the arguments that have been put forward. Now Deputy Soulsby asked me, sir, whether I would vote for this amendment. I have already explained that I would.

But Deputy Taylor was one of the younger Members of this Assembly who made, in my view, the most significant contributions because Deputy Taylor said, do you believe that we should increase revenues? And the answer is, I think we all do. Even those of us who are the most resistant to seeing an increase in the size of the state. Because even those people realise that it is not about increasing the size of the state, it is about being able to sustain the demands that we have currently on us particularly on our Health Service.

I am just going to come back briefly to Deputy Oliver, because I think it is very easy, I know to some Members, for instance, we are talking about a 23% increase in Income Tax. Well, the amendment is worded in such a way that if Members only wish to go to 22% increase in personal Income Tax, they can do that. If they want to go to 23%, the amendment is structured in such a way that enables them to make that choice.

But Deputy Oliver said, we are going to be more expensive than England. England and the UK has a VAT rate of 20%. And many in our community who fear the introduction of GST fear that over the next few years that will be the direction of travel. That is a genuine fear of theirs. And of course –

Yes, I am very happy to give way.

Deputy Oliver: Thank you.

But do you agree with me that, like for like, items in England tend to be cheaper, even with the VAT than Guernsey does? It is just more expensive to live here. And I do apologise. The 41, it was not percent, it was 41 votes. So sorry for that.

Deputy Trott: Living in certain parts of the UK, it is considerably cheaper to live. I think there are parts of the UK that are far more expensive than here. London, parts of London being an example. But I am going to come back to –

I will give way to Deputy Matthews.

Deputy Matthews: Would Deputy Trott agree with me that part of the reason why it might look like that is that the UK does have 20% VAT, but it does not apply it on food. And this is one of the reasons why your shopping basket will be very considerably cheaper if you compare between here and the UK. And I do not think GST would ever come in here. But if it does come it, I would never want to see GST applied to food.

Thank you.

Deputy Trott: No, indeed, it is a very fair comment. I mean, I am back to the high-level data. We know that in the UK, I think I am right in saying, but I will give way to be corrected, that the UK takes something like 39% of its GDP in tax, whereas we will be at somewhere around 23% at the end.

But where there is a significantly material difference between us and most of the UK is the cost of housing which is why it is absolutely essential that we do not lose sight of that (**A Member:** Hear, hear.)

Now, I am very fond, sir, if I am allowed to use that language, of my friend, Alderney Representative Roberts. And he is against this amendment and in favour of GST. And I do not blame him at all, because let's remind ourselves that *the* biggest benefactors of the introduction of GST is the community of Alderney. The effects on Alderney are really quite material. But with it, of course, the gap grows between the amount of funding that comes from Guernsey to support Alderney as a consequence. I am not sure that is a particularly good thing, but I am not in the least bit critical of him for being in favour of GST because they are massive benefactors.

Now, Deputy Moakes tells us we need to raise revenues. Of course, we do. And he tells us that we are overly reliant on Income Tax. And that is also true. I said both of those things in my opening speech. He said, this tax is regressive. And of course, it is. But in a few days, we will debate the annual Budget. In fact, I checked the details with my friend, Deputy Helyar, this morning, and the Budget, of course, is on 7th November. We have until 30th October to bring amendments. And at that stage, those that have concerns around the certain aspects of an Income Tax increase, particularly around those matters pertaining to the aggressive nature of a tax of this type, that can be amended, that can be debated. And the same is true, of course, of things such as tax caps.

But what I would say to my friend, Deputy Le Tissier, is this. Is that there are many millionaires in Guernsey, but only a very small number of them are at the tax cap level. Because you have to be earning a shedload to get anywhere near that tax cut. Now I do aspire, as I said yesterday, to hit that, and I will let everyone know when I do, (*Laughter*) but right now, it remains an aspiration. But the point is, you can be relatively wealthy and nowhere near the tax cap for a whole variety of reasons. But I say to Deputy Le Tissier, that if he has concerns about the tax cap, he can always bring the proposal at Budget time to debate that particular matter.

Now Deputy Falla said people do not want GST. Now, certainly we know organisations like the CGI do not because the CGI wrote to us all and said they would much favour Income Tax. Now, why do they matter? Well, they matter because ... And I do it all the time, sir. I am the first to talk about financial services because it is what I do. It is what the States wants me to do in terms of the job that I do with our promotional agency. And of course, it is the environment in which I circulate.

But the CGI is effectively the second part of our economy. It is all the other bits and pieces. And they were far more content with Income Tax rises than they were with GST. But of course, Deputy Falla's points about people do not want GST. He may or may not be right. But I am fairly certain this Assembly will still reject it. I could be wrong, but I am fairly certain the Assembly will still reject it. But if they do not, fine. If they do not. if this amendment is on the list, well, it just falls away. But if it is not on the list, we have got an option to rescue something, however unpalatable from this debate.

Now my friend, Deputy Kazantseva-Miller, who I jointly hold in high regard, said, this is not the right time to raise time for our community. And she gave an articulate reason why some things we are already doing would be quite revenue generative. But I would remind her that she was a key part of an amendment that I supported. The –

Deputy Kazantseva-Miller: Point of correction.

1105 **Deputy Trott:** Let me just finish. And a point of correction-

The Bailiff: Point of correction, Deputy Kazantseva-Miller.

1110 **Deputy Kazantseva-Miller:** I do not like to correct Deputy Trott, but what I was saying is that it is not the right time to raise a package of £80 million worth of revenue. I hope he appreciates that is a difference between raising a package of £40 million.
Thank you.

1115 **Deputy Trott:** No, I do. But I think she too is guilty of some maths, because she said there was £40 million in train. And of course, the 2% would come if this amendment was successful, on 1st January 2024. And the current prediction is that would raise £32 million.

So, you can see why I did not quite understand her maths and why I am glad she has clarified that for us. Deputy St Pier took a very similar view. They are legitimate views. I do not happen to agree with them, but they are legitimate, nonetheless.

1120 Now I am going to call out, not call out, but I am going to compliment Deputy Fairclough, because I think Deputy Fairclough is one of the deepest thinkers in this Assembly. I do not think he could be bought. I do not think he can be bullied. I think he thinks things through very carefully. And he is of the same view as me and many others, that it is just foolish to get to this debate and not... end of this debate with GST sent packing, at least for the next three or four years, because if
1125 it does not go through this time, it will be the middle of next term at the earliest before it comes back, to not discuss and debate, or not to have a personal Income Tax as an option.

Sir, do I believe that this amendment is the perfect option? No, I do not. do I believe that this amendment is probably the only chance of leaving here this week with something on the revenue side? Yes, I do. And I do, as I have said, disagree wholeheartedly with Deputy Roffey that no option
1130 is better than this. I think that is a very foolish stance to take. And it is that basis that I placed the amendment.

There have been occasions in the past, sir, when some of my judgement has been questioned. I will give you a perfect example. When I led the charge to bring in Zero-10 in 2008, and it was not as my friend, Deputy Gollop, said earlier. It was not my vision. It was something that was imposed
1135 upon us as a consequence of the Isle of Man. And it is interesting that the Isle of Man is now rearing its head as a potential competitor. But I did lead the charge. It did cost me a great deal of political capital. And there were many who said it had no change of longevity. That was 15 years ago, and it still remains the best deal in town. Now that is changing, and Deputy Parkinson's amendment yesterday explained that we are, the direction of travel is now moving. But I think it will be probably
1140 another three to five years before that happens. And if that is the case, then Zero-10 would have survived for 20 years when many were predicting it had 20 months.

Now I would not normally have mentioned this, sir, but it just so happened that you and I were quite recently talking about the firefighters' dispute. And I remember that Deputy Vermeulen mentioned it and therefore it is legitimate for me to address it in my summing up. The firefighters' dispute was about the firefighters at the Airport were operating under some industrial action. I will
1145 not call it a strike. Let's just say there was some industrial action going on. And the Airport was closed, and it was causing havoc. So, I went up there and had a word with them and said if you do not get back to work soon then the attitude towards you by the general public of Guernsey will deteriorate very quickly. I think there is an analogy. I think there is a parallel to this debate here.
1150 Because I think if we walk away with nothing on the revenue side today, we will look like, collectively, a bunch of Charlies.

Now, the Assembly at the time decided to carry out a Tribunal of Enquiry. They spent £175,000. And at the end of that enquiry, they said two things. The first is, that 'Deputy Trott, the Chief Minister at the time, his actions were entirely appropriate for the holder of that Office.' But they went further.

1155 They said, 'What sensible person would not have done what he did?' And that is my message to this Assembly today. What sensible person would risk leaving this Assembly with nothing? I will not, sir. I think that would be an absolute abrogation of duties. I will only vote for this amendment, of course, if we are given the opportunity to vote for it. And first, the Assembly has to add it to the list. But if it is the only thing left on the table on the revenue side, it will have my wholehearted support. And
1160 I will also happily front the concerns of our community about this approach because I do it in good faith.

Thank you, sir.

The Bailiff: Well, Members of the States, we now come to the vote on Amendment 9, proposed
1165 by Deputy Trott, seconded by Deputy Gollop which, at least, for the time being, will have the result, if it were to be approved of adding a suite of Propositions to the end of the current options.

And I invite the Greffier to open the voting, please.

There was a recorded vote.

1170

Carried – Pour 10, Contre 30, Ne vote pas 0, Did not vote 0, Absent 0

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

The Bailiff: And in respect of Amendment 9, proposed Deputy Trott, seconded by Deputy Gollop, there voted in favour 10 Members, against 30 Members, no Member abstained, and
1175 everyone participated. And, therefore, I will declare Amendment 9 lost.

Now, the next amendment to which I am going to turn is Amendment 5, proposed by Deputy Kazantseva-Miller, if she wishes to move that amendment now. Do not worry about the numbers. It will not be after Proposition 4, and it will be probably somewhere after Proposition 9.

Deputy Kazantseva-Miller.

1180

Amendment 5.

To insert the following propositions immediately after Proposition 4:

4A. To direct the Policy & Resources Committee to review the Fiscal Policy Framework, approved in January 2020, to determine whether Principle 6, which determines the level at which public capital expenditure should be maintained, should continue to hold, including whether using GDP alone is the right benchmark, and to consider the measures that will enable the funding of any amended policy direction, if such is required, and report back by the end of 2025.

4B To direct the Policy & Resources Committee to investigate various opportunities to unlock new methods of funding, including but not limited to public-private partnerships, blended finance, philanthropic and ESG bonds to encourage private market capital investment as part of the delivery of the capital portfolio and to report on the availability of alternative methods of funding any time major capital expenditure decisions and future Funding and Investment Plans are to be debated by the States of Guernsey.

4C To direct the Policy & Resources Committee to develop metrics to be able to analyse and monitor the capacity of industry and contractors to deliver on the proposed level of capital expenditure, with a specific focus on the capacity of the Guernsey construction industry and to include such metrics at the next iteration of the Government Work Plan or the Funding and Investment Plan.

4D To direct the Committee for Economic Development in consultation with the Policy & Resources Committee to develop metrics to be able to analyse and monitor the level of capital expenditure by the private sector to establish a picture of the combined level of capital investment in Guernsey, such expenditure to include physical assets (such as buildings, infrastructure, machinery) and digital and technology assets (such as IT).

4E To direct the Committee for Economic Development in consultation with the Policy & Resources Committee to scope and research measures to accelerate private investment into capital and technology adoption, for the purpose of increasing the overall rate of capital investment in the island and improving productivity, including tax incentives, R&D grants, regeneration zones and other measures, taking into account any work that may feasibly expand the 0-10 regime where capital investment tax-breaks could be provided as part of the overall package of 0-10 measures.

Deputy Kazantseva-Miller: Thank you, sir. There has been a bit of an exodus from the Assembly. I hope it is not because of this amendment.

1185 This amendment is all about capital. And capital, the tools, the machinery, buildings, the factories. They have been at the core of us building a civilisation and us developing as an industrial nation and the fourth industrial revolution that we are currently in through the technological and AI revolution that we are facing.

1190 And this amendment has come about partly because the newly established Guernsey Fiscal Panel, the youth capitalist expenditure [??? 11:28:34] is one of the key levers to measure the fiscal sustainability of Guernsey. And the capital investment is a proxy of how stable Government assets remain relative to GDP. And Government assets being the fixed assets, public investment into infrastructure. And as we know, we have spent less than 2% over the recent history and the fiscal panel has recommended that it should be 3% and they compared us to countries like Mexico.

1195 Now I look closely at what our competitors are doing, to Jersey and the Isle of Man. And the importance of capital expenditure as a lever feature very heavily in their long-term economic development and island strategies. Something which I keep talking about something which we do not have but hopefully Deputy Murray and P&R will continue to develop as we are under the resolution to do so.

1200 And I do want to quote just an extract from the Sustainable Economic Development Strategy and delivery framework that has been published by the Government of Jersey just earlier this week where they talk about four key levers that Government has influence on in terms of the developing the economy. And they are the labour and skills, their capital, the use of your natural resources and land and it is the fourth one being the entrepreneurial spirit.

1205 And in relation to number two, the capital investments. The capital refers to equipment, the infrastructure, the funding used to produce the goods and services from factory machinery to computers. And it says, I quote from that strategy:

Jersey has low levels of investment and low adoption of technology, contributing to the low and declining productivity. Leveraging and ensuring investment infrastructure, equipment and technology is paramount to delivering the productivity gains needed for the island. Technology absorption within business in Jersey is far behind leading adopters such as Iceland, Luxembourg and others, harnessing the opportunities that technology offers is key. It is often said that we are in the age of the fourth industrial revolution with advance in technology and automation representing huge opportunities in economies from the way we work, produce and live. Automation and artificial intelligence, AI provide opportunities for greater productivity etc.???

1210 So capital is not just about capital investment from the public sector. It is a very important part of it, but it is not the only part of it. Obviously, investment into capital by business is extremely important. It is the other side of the equation, but also by households. The houses, we have building of the houses, renovation of houses, buying cars or the tools, computers etc. is all part of that equation.

1215 And so, what this amendment is trying to do is to insert a number of Propositions that imbed this kind of thinking and start to establish our capability in developing our thinking around capital investment into Guernsey.

1220 So, the Proposition, the first Proposition 4(a) looks to review the level of public capital expenditure that we should have. And some might say, well, does it really matter? But it certainly acts as a good benchmark for us to have. And I think it is very important that we should be comparing ourselves against similar island jurisdictions. And we have been comparing ourselves, through the fiscal panel, to the OECD average and countries like Mexico. But importantly as an Island jurisdiction and our current set up as a Crown Dependency, we do not spend, for example, on defence. We do not have complex climates and wide geographies that need to be connected through complex infrastructure.

1225 The UK spends 2% of their GDP on defence, 2%, that is a huge amount. That is over £45 billion in 2021. And a third of that was spent on defence capital. So, this would be equivalent of us spending 0.65% of our GDP, of our £25 million, on defence capital spending. We do not have that spend, because, obviously, we do not do defence. So, there are really large proportions of capital expenditure that other countries spend that we do not have to incur those costs. So that is why I think it is quite dangerous that we try to compare ourselves against wider jurisdiction. And just for comparison, in the US, they spend over 3% on defence, Israel 4.5%, even Mexico spends 0.6%.

1230 So, I think there are real questions about what is the right comparator jurisdictions that we should be looking at? And I would say that looking at comparable island jurisdictions and of course Crown Dependencies is probably a better comparator to have.

1235 The other one is to think, well, is percent of GDP at the right level? Or should we be saying how much as the percentage of our public expenditure, that should be our correct benchmark.

1240 So, this is, the previous Assembly laid in the last political term, approached an updated fiscal framework which contained Principle 6 which recommended the level of capital expenditure that Guernsey should maintain as a level of GDP. And what was interesting is that after quite a lot of detailed work that was undertaken by officers and Policy & Resources at the time which recommended a 1.5% expenditure, it was amended through the amendment that I understand Deputy Roffey brought that this principle should be at 3%.

1245 Now I do not know what the right answer is, but I think we should develop a better understanding of what the right benchmark for us is because it will guide our public expenditure but also for longer term forecasting purposes.

I think the other important thing in relation to public expenditure is to also look at differentiating investment in capital which is there to fund universal public services. So, it could be hospitals, it could be schools which effectively do not generate income, versus public expenditure, capital expenditure, into capital which has income stream attached. That is a very different kind of capital.

1250 And for example, we have, within our capital portfolio, a number capital items such as the Guernsey Registry IT Programme which is funded from the taxpayer funding. But Guernsey Registry as such is a cost and income centre. It generates fees and it should really have a fee structure that generates enough to cover for all of its costs, including capital costs, financing costs, and then have a target income return that it generates back to the exchequer. So, to me, investing and spending money on capitals for such cost and income centres such as Guernsey Registry, should not be within, effectively, our public expenditure capital portfolio. It is an expensive of running the Registry. So, I do not think it should be included as an example in the funding that is available from the taxpayer funding.

1260 Another one is the future waste. And Deputy Roffey is not here, but I understand he will speak to that in debate. Again, future inert waste is a service that you can charge those who dispose of waste to. So, it is again, an income generating capital expenditure. And so, where capital can be repaid by users, then the function of Government is that of being effectively, a commercial lender. And you do that because governments can get better interest rates to get such loans.

1265 So, I think in relation to points the first Proposition, is for us to develop a more robust approach to what is the level of public expenditure we should be maintaining. What is the right benchmark? Is it GDP, is it percent of public overall expenditure. And also, really start differentiating between what is capital that is absolutely necessary for universal public services and goods versus what is capital investment that is into income generating assets. And it thinks we need to look at them through a different lens.

1270 So, once we have a better understanding of the true level of public capital requirements, I think we need to be continuously exploring different funding approaches. And I will give you an example which I did reference the other day again. It is the Pool Marina. It is a clear Economic Development project. It has been fantastic to see it being progressed. And we have recently, with the Ports Board having new board members with really in-depth experience in infrastructure funding, have been really fine tuning and developing updated funding proposals which have really reduced the expected level of taxpayer funding that is required, and they have been looking for innovative approaches with blended finance, philanthropic bonds and others. And I was very impressed of what they had to offer. And I really think these type of funding mechanisms can be potentially that could be available for housing development as well, energy transition and financing capital requirements for our trading assets. We need to be exploring more of them. So, Proposition 2 of this amendment suggests that this is the type of thinking we should embed in when we talk about financing opportunities, and it should become part and parcel as especially as we look at some of the bigger projects and certainly the projects that relate to our trading assets. So that is the purpose of the second Proposition of the amendment.

1285 The third Proposition is looking for us to develop the capability to better understand and monitor the capacity of industry and contractors to deliver on our capital programme. And really this is especially in relation to the construction industry. Capacity, I know mere multiple Members have mentioned the potential constraints we have in the construction industry to deliver on our ambition capital programme. And the reason why I know that this is something that can be done is again because our competitor jurisdictions have undertaken very specific construction industry capacity modelling for some of their potential future projects such as the hospital in Jersey. And what they found is that such huge capital projects will have a very significant effect on the industry. I think if they wanted to build the full shebang, £1 billion hospital, the estimations that they will need 1,000 construction workers.

1295 So, there are ways to start measuring and having a better understanding of the capacity of the construction industry such as the size of the industry, how many people are employed in it. But also, then the concentration. Do we have predominantly smaller players? Do we have just one player? It is the concentration, the structure of the actual industry is also quite important.

1300 So it is as a reminder, back in 2021 when we approved the first Government Work Plan, we had the ambition to spend over £650 million of capital expenditure this political term. And so far, as I said previously, we have spent about £90 million in the two years, 2021 to 2022.

And so, this Proposition suggests, the third Proposition 4(c) suggests that such analysis of industry capacity to deliver against the Government ambition of the day should be part and parcel of the development of any future Government Work Plans and the Funding & Investment Plan.

1305 And if we do find that there is limited capacity, and there will be potentially unintended consequences, that we need potentially to be much more active in bringing other players to the market. And again, this is, I understand, something that Jersey has been looking at and working with potential contractors in places like France. And I know that through the Franco-Normandie relations that Deputy Blin and Le Tocq maintain, we know that there are players out there who
1310 might be interested to come and work and tender in our market.

So, these three Propositions relate into most specifically into public to Government expenditure on infrastructure. But as I said, the other side of the coin is really also investment by the private sector. So, by business into capital. And it is absolutely equally critical if not more important for economic development. So, we talk here about expenditure by businesses and households. And I
1315 think what is important is that I am not talking here just about physical assets. I am talking about technology and digital assets here as well. For businesses, this will include investment into buildings, into machinery, R&R, IT. And it would be, I think, a very valuable datapoint for us to monitor.

And the reason for making sure there is close cooperation with Policy & Resources is because through Proposition 4(c), P&R will look to develop metrics to monitor capacity in relation to the
1320 public expenditures. So, when we look at a combined level of capital expenditure, we need to be working across both public and private.

And once we have a better ability to understand levels of private expenditure in the market, really the key is that we should develop much better understanding of the leverage that we as Government may have to influence the rate of private investment in the economy because it will be
1325 critical in terms of improving our productivity, it will lead to better products and services etc.

So as an example, we currently have a Proposition within the new Budget that from January 2024, the Proposition will reduce the level of tax relief in respect of interest paid on loans to acquire improved commercial property. And we have already received, very quickly, and I think P&R is very aware of that representation that this could be extremely negative, potentially, to incentivising
1330 investors to invest in commercial property because we will be really comparatively really worse off than the UK Crown Dependencies and other jurisdictions. And I understand that P&R is potentially looking to amend that Budget Proposition already. So, this is just an example of the leverage we have and how significant. We do not hear about them, right? Because we have never heard about anyone complaining much about this existing relieve, we have. But the moment you remove it, the
1335 moment the Budget was published, we very quickly saw how potentially detrimental it will be to investment in commercial property by investors.

This Proposition is specifically asking Economic Development in consultation with Policy & Resources to scope further and research the types of measures that we could have to accelerate private investment in the economy. This could include tax incentives, R&D grants, regeneration
1340 opportunities with States backed financing. We are doing a bit of that with potentially investing into Leale's Yard.

As an example, Jersey, right now, again, through their budget for next year, is looking to introduce what they call a RegTech 'super deduction' that can be claimed by companies against investment into technology and training to reduce the compliance burden. So RegTech is regulatory
1345 technology. So, firms which invest in technology that help them to meet the regulatory obligations will be eligible to tax relief under the Government-proposed spending plans in 2024-25. So again, that is just an example of the type of levers that we could also have because we do have the Zero-10 corporate regime and we can have deductions against the corporate income generated from companies.

1350 As Economic Development, we have included proposals for one incentive like that. It is called the Guernsey Enterprise Incentive Scheme, and we want to run it as a pilot. And it will provide tax relief type incentives for investors to invest into local companies. And I think the point is that I think we need to be doing more. And these types of measures should be a part and parcel of how we

look at Economic Development and really signal to our community the clear intent to do so. And Economic Development opportunities continues to be one of the key areas of focus that community and industry are asking us for.

So through the different Propositions in this amendment, what I would like to seek from the Assembly is the real signal and intent that we will start embedding this kind of thinking, this kind of internal capacity to, say, monitor the construction industry, whatever it is, and really embed this further into some of the work that we are mandated to do such as under Economic Development etc.

So to me, this is really important that we do it. Even if the Propositions for whatever a reason are not supported and Members may have to do so, I think we still have to do them because it should not part of the process of us developing Government Work Plans, the Funding & Investment Plans, Economic Development mandates etc.

I hope this is generally not controversial. I do have to speak to that it is difficult to gauge exactly what the resource implications will be, and I was not really able to specify exactly whether there is a financial element attached to it. I do believe this the kind of capability thinking that we should be developing, but they are likely to have internal resource implications if we do that.

There is nothing immediate that this amendment says we need to do right now, today, for delivery tomorrow. I think this is all about embedding this kind of thinking into our BAU process so that we can make better, more informed decisions on such a critical part of enabling, stimulating and driving our economy and community.

Thank you.

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

Deputy de Sausmarez: Yes, sir.

The Bailiff: Deputy Helyar.

Deputy Helyar: Thank you, sir.

In the interest of hopefully bringing debate to a swift close on this amendment, P&R do not agree with it, but I have to say, I agree with Deputy Kazantseva-Miller that it is not especially contentious. But there are some points I would like to make in connection with it.

Deputy Kazantseva-Miller mentioned, I would just say first for the record at commercial property and the Budget, we have been having meetings. We need to agree formally as a Committee, but I expect, I expect because I think we already probably have a majority of views anyway from the Members that I have spoken to, that we will be recommending in the Budget that the Propositions in relation to commercial property tax breaks will be voted against, so we will not bring an amendment specifically to change that, but we will recommend to Member that they turn it down.

We had a meeting. Some Members will have seen us meeting yesterday lunchtime with representatives of the Development and Commercial Property community who have made very strong representations about potential impact that it could cause, and those were not, I have to say, well understood when they were made. And hopefully that demonstrates we are listening.

So, the points I would make is that these matters are already within the mandates of the Committees to which they relate. So, they do not require an amendment or resolutions. That is a trite point. There is absolutely no reason why that should not be brought in order to give it some focus. It will require resources, unfortunately, which are already engaged elsewhere. And Deputy Kazantseva-Miller has mentioned Jersey and what they are doing and how much they are doing. And it is a point that has already been raised in this debate or in the amendment debate. But Jersey has GST. It has a lot more money to spend than we do. We do not have the money to do it unfortunately.

So, if these are approved then it will and we prioritise them, it will pull resource off other matters. And I have to say, Treasury team, ever since we were elected in that happy hiatus between COVID

1 and COVID 2. They have been working flat out on this tax stuff. They have been really run ragged, so I greatly appreciate the support I get from them but adding some more stuff on their list is probably not going to help but it is something we might be able to do to fit in the easier bits.

I agree with Deputy Kazantseva-Miller. We do not have any defence spending and it is something that is raised regularly in the table tennis that we sometimes get on why we do not need to raise so much tax or why we do. But one of the important things to remember is we do have a Harbour, an Airport, a health service and all of the utilities and infrastructure to run all within the confines of what would be in the UK a very small town. So even without defence spending, we do have a lot to spend otherwise. A small county council, for example, would not face.

So that is all I have to say.

The other reason that I stood up is I am desperate for a comfort break, and I did not wish it to be seen as causing offence that I had not listened to debate but I do need to go, but I will be back as quick as I can. *(Laughter)*

Thank you.

The Bailiff: Deputy Gollop.

Deputy Gollop: We could all do with more breaks, sir. But never mind.

Deputy Vermeulen made a great speech earlier in which he said basically he was against high tax, and he was a pro-business Deputy. And I think in the last States, sir, one or two Deputies who were perceived as being anti-business and hopefully I am not one of them.

But I do have a different philosophy from Economic Development and its predecessors, Commerce and Employment because I think the general way of life for those Committees was to very much set a regulatory framework to encourage business to Guernsey to ensure that things were as good as possible. But it was a light touch rather than interventionist. And I believe that we do need more intervention. And in some ways, bigger Government. And I think that will actually help the market rather than hinder it. Be more of a social market. So, in broad terms, I am very supportive of this amendment.

I think there are Deputy Helyar has already referred to one disadvantage about scarce resources and I think we should be prioritising more Policy Resources on Economic Development. Dare I agree with the Guernsey Party perhaps and their allies. And the other thing that slightly worried me is Deputy Kazantseva-Miller in wanting a greater understanding of capital hints again that we do not need as much as the economists and P&R are currently saying. And my suspicion is that we do, and I am fortunately given the costs of capital here. Equally, what will be 1.5% in Northern England might be 3% here simply because we pay too much.

But the broad points here are important. And far from wasting resources, this could actually really be a game-changer if we put the resources into it, because it is not actually specifically just related to this Report about our taxation and capital expenditure. Although, that is interesting, given the views of the economists and the diversities that we have had over the years from different senior politicians. What this is trying to do is to slightly confound Deputy Brouard, who is a wise person, but perhaps saying to him that maybe there were mistakes 15, 20 years ago in the Blair/Brown era or whatever about Private Public Partnerships. But we surely as an offshore community, given the credibility and the knowledge that is on the Island make that work.

So, I welcome investigating various opportunities to unlock the **methods ??? [11:57:32]** of funding. I went to a Partners of Sustainable Guernsey conference and a workshop where philanthropists are changing, they are becoming younger, they are becoming more inclusive, they are becoming perhaps from a wider range of backgrounds, more willing etc. And we could actually attract those people to Guernsey. We have not done enough on Social Government investment that Deputy St Pier and others have been talking about for a long time. And I know Deputy Helyar would wish to see more Private Public investment too. Wouldn't that be a great idea for the Pool Harbour which I support. Deputy Inder and the Harbour projects and so on. And indeed, many other things.

Entertainment facilities maybe. Maybe conference facilities. So maybe colleges, maybe a new vision for education beyond what we are already working towards.

1460 And we need to look at all of the levers, tax incentives, social community incentives, research and development grades, regeneration zones. Maybe even a special entrepreneur relation for Alderney, or the Bridge. I do not know. There are many things we can do. We want to attract investment. We want to attract and retain our own people, but we also want to attract a younger generation of high-net-worth people. And really this should be virtually priority number one. If Economic Development as well as additional taxation and social expenditure are all part of the same picture. And perhaps this is a useful kick-start for Policy & Resources. And I am sure Deputy Inder's views on making the economy work are valid too.

The Bailiff: Deputy Inder.

1470 **Deputy Inder:** Sir, Members. Look, thanks very much and I think this is a very good amendment, so I am grateful to Deputy Kazantseva-Miller and Deputy de Sausmarez. But I am going to pick a couple of things up here and I have heard a theme coming through over the past couple of weeks and months and I want to pick up a general point of creating a general economic strategy or vision.

1475 Now my view, and this is entirely in my DNA, has been that strategies are places where consultants get paid an awful lot of money and politicians have somewhere to platform. The mettle of any politician, and what I have done all through my working life, is determined by delivery not strategies. I have always been someone who effectively delivers. That does not mean I am always right.

1480 Now I want to cast my mind back and [??? 12:00:13] some of the Members of Economic Development to the busy period we had as a Committee. We were elected in the middle of the pandemic, as was everyone else. I told the Committee on day one if not the day before they chose to work on this Committee that we would need to go hard and fast to get everything and anything out of the Committee as soon as possible and I actually said to avoid Government as much as possible, and the Members will entirely understand what I meant by that.

1485 Now policy letter one, if Members cast their mind back, was a removal of an officer from a position. A real baptism of fire for us and possibly for me to be honest with you. We then moved on to the transformation of tourism along with myself and Deputy Vermeulen. Deputy Moakes and Deputy Falla assisted on managing of the Guernsey Finance Funding they will remember through the States. And we were then if not in conjunction with led the project to put fibre to every property in Guernsey. Now that doesn't not look like growth to me.

1490 Now the work we had to do with that Committee and officers on getting the cannabis industry into some sort of shape. Their demands on getting the ability to get the licences for the growing going out of the Committee. We worked on that. They asked us for an MOU, and we worked with Deputy with that of Home Affairs on the same matters. And the other thing I sometimes forget and I should not have, the amount of work we have done with External Relations on the TCA, managing the fishing and the relationship we have between France and Guernsey. So it is not small work. So, it is heads down, working very hard. And all of that largely in the first 18 months of our Committee, possibly the first two years.

Now extant in all of that was the Economic Strategy of 2017 which is almost certainly out of date, and I entirely accept that. But that was something that this States had agreed.

1500 Now Deputy Kazantseva-Miller has led the Enterprise Investment Scheme which I think we will be discussing in the GWP later, along with Education, the Skills Strategy or HTCP, and of course, we have generally had a lot of regulatory work to do for the GCRA and general BAU. And quite a lot, in the last 18 months of this term, an awful lot of task and finish. And part of that, we want to leave, I think we want to leave this Committee in some kind of shape for anything that comes after us.

1505 And I just cannot read the note I am being sent by Deputy Moakes. Oh, yes, of course. And I forget all of the background work that Deputy Moakes has done on trade deals along with External Relations. There is a heck of a lot of work that goes on which the public just do not see. They just do not see what they do. They always think what we are not going, but they do not see what we

actually do. And it is not just us as politicians, we owe a debt of gratitude to a lot, and I have said it time and time again. In fact, I have said it only recently on another, thanking our officers directly for those quiet grey suits, sometimes grey skirts, often grey skirts, they just sit there in the quiet, keep their mouth shut and do what they are asked to do and actually make us look good. Because I do not think this Island would function without them. Especially on External Relations, and especially running through the Moneyval work that we have had to do. We have had some really good talents.

Now, the extant Economy Strategy is woefully out of date. It is from 2017. I mean who was talking about AI in 2017? Absolutely no one. It was probably the name of a brand of Mazda to most people. *(Laughter)* And I think what is required is, it needs to have one document that encompasses all of the GWP work that is existing, and that the Committee are under a mandate to deliver. And there is where the Committee has not got mandate, but the rest of the world thinks we possibly have. So, there is certainly work to be done.

But I have got to give a bit of fair warning here. If we do it the traditional way which is basically come up with a brief, give it to a bunch of consultants, it is going to cost us millions and it will not be done in 18 months. The job of a consultant, as you know, is to take the watch from your hand, tell you what the time is, and then charge you for it. That is generally the job. I think I have got a lot of confidence in Guernsey. I have actually got a lot of confidence in our Committee and other Members of ... I think it can be put together in more of a Guernsey way. But, sir, and it is maybe something Deputy Murray could chime in here and I am happy to give way to him.

Now Policy & Resources are under direction to develop that strategy which is likely to include all of the things which both Deputy Kazantseva-Miller and Deputy de Sausmarez have included in there because I will be supporting this amendment. I thought I would get that in, sir, at some point. They are under direction to create this vision. But I have detected from the presentation that we had at the [OG \[?? 12:05:49\]](#) And I think something Deputy Murray said is that, I think he said something along the lines of housing effectively is a vision similar to that. And he mentioned things like signposting. But I do not think that at least the document that Islanders plus new business need to see what Government is doing.

So really, I would like to hear from Deputy Murray and possibly Policy & Resources if they would like Economic Development with the existing team to work with them closely to take on some of the resources to do that and get that into shape. Because I think Policy & Resources have possibly, it sounded a good idea when we gave the direction, but they are looking too busy to possibly do it as mentioned by Deputy Helyar. So if I get some kind of response, they want to hand it back to Economic Development without having to rescind it. It was just us doing the work and at some point, I am happy to do that. It is work that needs to be done. But again, I will give fair warning. Be very careful of the scope drift. If we end up trying to do everything, we almost inevitably will end up doing nothing. It happens time and time again. Too many people in one single brief. It just goes on forever and it becomes incredibly difficult. So I am happy to do the work.

I will be supporting the amendment. I am grateful for seeing this. I am here with our officers and our Committee Members to help Policy & Resources in the last 18 months of this term. I am happy to help.

Thank you.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: I am grateful to Deputy Inder for his comments. And I do not think that we need to rescind resolutions etc. because we should be fluent and flexible enough to work with each other and say, okay, if you think you can help and do that, by all means, go ahead and do it etc.

And I do think this amendment is well founded and well-meant and is constructive. What I am disappointed about, and I have got to say so is that bearing in mind 4(a) directs Policy & Resources to do something, 4(b) directs Policy & Resources to do something, 4(c) directs Policy & Resources to do something, 4(d) directs Committee *for* Economic Development in consultation with Policy & Resources to do something and 4(e) directs Committee *for* Economic Development in consultation

with Policy & Resources to do something. That when we come to Rule 4(1) information b, in preparing the Propositions, there has not been consultation with Policy & Resources. I am not sure why that has been the case and why that has not been the case. Because if we are going to work together cohesively, you would have expected the- No I am not going to give way, because you have spoken. *(Laughter)* Sorry, the Deputy has spoken. And I am always interested in hearing his speeches, but I think he has made enough just for now.

But in relation to that, I would have expected people with the intelligence of the proposer and the seconder of this amendment to come and talk to us and say, let's have some consultation etc, because the proposal behind it is good and we want to expand our economy.

Deputy Gollop and I have had this conversation many times. I think he and I are probably in the minority couple in this Assembly who actually are in favour of bigger Government, but not, he does not mean bureaucracy. I do not mean bureaucracy. We mean doing more for the public of Guernsey in the sense of investing more money in our wellbeing. He and I have had discussions about that on many occasions and I see him nodding. But we are pragmatic enough to realise that we would probably lose 38/2. So, we are not at the moment advocating that in any degree.

But the proposer of the amendment said, look, here is 3(d) [?? 12:09:36] and I think this is what she was saying. And she was saying it constructively. Is 3% of GDP the right parameter? Well, and look what they spend. We do not have to spend on nuclear weapons. We are thankful of that in relation to where we are because we are Guernsey, and they are USA or whatever it is UK spends this percent of their GDP on building nuclear weapons etc.

But when I look at the report we recently had, only recently had from the Guernsey Fiscal Policy Panel, and I look at the people who contributed, grateful for Dr Snow's contribution. He made a great contribution. But I look at the two people, the two other Members and look at their experience where they talk about, we should have 3% of our GDP as our benchmark for capital projects etc.

One of them is Dr Matthew Agarwala, chair of the panel, he is an economist at the Bennett Institute for Public Policy at Cambridge and the Tobin Center for Economic Policy at Yale. He has extensive experience working with governments and scientific organisations around the world. So, I think he probably knows what he is talking about and can adjust in relation to where we are. And the other person, Deputy Breedon, he Professor of Economics and Finance at Queen Mary University of London, with previous experience at the Bank of England and in senior economic roles in the private sector. He is also a member of the Scottish Fiscal Commission and Jersey's Fiscal Policy Panel. So they have got experience of jurisdictions where they build nuclear bombs, and they do other things that we do not have to do. But they still recommend that 3% is the benchmark. And when we look at figure 12, we are behind Mexico, we are behind everybody. So we have got to do that. So, we should be spending more money on capital projects. We need to do so to be resilient.

I was also grateful to Deputy Inder, despite the fact I have not given him a chance to make another speech, when he was detailing all of the things that his Committee and other Committees have done. We are 64,300 in this Island. Add together our friends from Alderney, another 2,000 people. We are 66,000 people, or thereabouts. We are a tiny little place, trying to do all of the things that the UK does, to a degree. In a sense, we have got External Relations, that is a very important part of our thing. We have got to provide hospitals, we have got to provide schools. We have got to do all the other things that most other people do not have to do in a community of 66,000. You try and find a hospital, a decent sized hospital like the one we have got in a community of 66,000 in the UK. Well, you will not find one. We have not got it. You provide a detailed education system with lots of primary and secondary schools in the UK with a population of 66,000 people. You will not do it. So, we do an awful lot.

And when I hear people who, and I do not mean anybody in this Assembly, I hasten to add. When I hear people who have lived here for five minutes saying, well, just cut back on the Civil Service. Just do not pay them. Just have a different policy. You have a pension pot for the doctors and the teachers etc., but not the other civil servant. I do not know who Lord Digby Jones means by that. But in relation to that, I say, that would probably include the policy officers that we have got in P&R. That would probably include all of the various people in our Treasury team. That would

probably include all of the people that work in our External Relations team. If you add them all together, they are not very many. They are people of the highest quality. I have worked closely with them for the last three years. I am so grateful for their advice. I do not always agree with it, but I am so grateful for their advice. They work really hard, really constructively and we should be praising them rather than criticising them (**A Member:** Hear, hear.)

Now we ask them to do an awful lot. And when we compare the numbers of people that we have got in these various bodies compared with our neighbours, Jersey, it is a fraction. It is probably a quarter, a half or even a fifth on some occasions on where we are in relation to. And we are expecting those people, and they do it to go and do the job.

Now Deputy Vermeulen was talking about growth as if he is the only person who thinks about growth. But I think about growth every day in relation to our economy. And we should be growing our economy. The proposer of the amendment rightly said she exemplified the Pool Marina which I think is a brilliant project. But we are told it is going to cost £80 million, £90 million whatever it is. And it was not put into the ... because all of the things that we may, *we may*, when we continue this debate later on in a different context, authorise the expenditure of over the next three, five, 10 years. Not one of them. They are all valuable. They all should be done, so do not get me wrong. Do not misunderstand me, Members of the Assembly. But not one of them really advocates growth. Education, of course, does, I will give you, in a sense that, I mean things that will not earn us money in the sense of, like the Pool Marina would earn us money.

But and public [??? 12:14:22] found that Deputy Brouard is right. The only people that benefited from that over many years were the private financiers. And it was a disaster. It was not well handled by the local authorities in the UK and nearly every local authority suffered considerably as a result of those kind of projects, because they were out governed. It was like having Lionel Messi as your centre forward against Peter Ferbrache. Peter Ferbrache might have been quite good in his day, no he was not. But we were just outgunned in relation to that, or they were outgunned in relation to that in connection with resolution and development of those particular projects.

So, this is a good amendment. I am not critical of it at all. It is a good amendment, but it does not deal with the resource of where are we going to get the resources from to do these things? And I would like the proposer when she sums up to say what she thinks the resources are involved in. As I say, because there has been no consultation with P&R in connection with it, because we have run and said, well, we need this, we need that. We suggest you do that. I am disappointed in that, because whether people like me or do not like me. And quite a lot of people outside. I was the only one booed yesterday. Deputy Mahoney said he was ... So, I almost took that as a badge of honour really to be booed by 70 people. I have had worse, though, in my life.

But I would like us to be in a position whereby we speak to each other. And I have always had the door open in relation to it. I do not think any States' Member in this room can say that if they had wanted to speak to me, I have refused to speak to them. I will talk to anybody at any time. I have held my door open. I have said on many occasions we speak. So, I am disappointed that we were not spoken to. But that does not matter. You have got to get over disappointment because we have all had disappointments in life. I bet Deputy Trott was nodding a bit at the moment was disappointed. Although, I thank him very much for putting forward his amendment and I said so at the time and well done for doing it. It was a debate that had to be had.

So, this is a good amendment. And Deputy Helyar said rightly that P&R is a bit unsure in the sense of that expressed our view. But I think having heard what has been said so far, somebody is going to have to persuade me otherwise to not vote for it. So, because I think it is something we should look at. But please be realistic. Please consider what resources we need. Speak to the people in question and we may not be able to do all of these things because we are asked to do lots of things in a relatively short period of time. A couple of years or so. I know it seems a long time, but it is not. and I would rather that we concentrate, I do not mean instead of, but in addition to, in actual growth policies.

Grateful again for Deputy Inder and say, look at all of the things Guernsey have done. Because you get people out there saying, what has this Assembly done? What has the States done in the

1665 last three years? It has done all of the things that Deputy Inder has said and many more. It has
battled COVID, it has had to deal with Brexit, it has had to deal with the Trading Corporation. All of
these trade agreements that we have had to deal with. It has had to deal with all of the challenges
of life. It has had to deal with as a result of the Ukraine, rising interest rates and all of that. It has
had to do that. Not too bad for 40, and I include myself and Deputy Trott in this, 40 humble people.
1670 Sixty-six thousand people trying to resolve the problems that we have. So, we are not doing too
bad. But like everybody, we have got to do better. But a credit to the proposer and the seconder
for bringing the amendment.

The Bailiff: Deputy de Sausmarez.

1675 **Deputy de Sausmarez:** Thank you, sir.

I think Deputy Kazantseva-Miller did a really good job of covering the full breadth of this and I
think there have been some really useful contributions from other people who have spoken on it.
So, I do not intend to speak for very long or indeed very expansively.

1680 I just wanted to pick up on one point that Deputy Ferbrache touched on when he spoke just
now. And it is a subject which I have talked about at some length in times gone past. And that is
the issue of using GDP as the sole metric as, you know, underpinning a target for investment and
infrastructure. So, I think there is, I do not know if arbitrariness is a word, but I think it is arbitrary
on a number of different levels and that is why I really do welcome the opportunity and I am
1685 encouraged that P&R will look into this.

I think Deputy Kazantseva-Miller did a very good job of explaining why Guernsey, as a
jurisdiction, may well, we do not know. We would not want to pre-empt that. But we may well come
to the conclusion on closer examination that our targets should be somewhere different.

1690 But of course, GDP gives us a snapshot. It is a useful metric. It is one that obviously we have to
use for a number of different things. But my problem is using only GDP because I do think it falls
short in a number of important ways. It is, of course, a useful snapshot for measuring the health of
the economy and it gives us a monetary value of all the finished goods and services produced within
our jurisdiction or any other jurisdiction within a specific time period.

1695 So it is important because it is a comparator, obviously, with other jurisdictions. And it is a very
broad measure and a very blunt measure. So it can give us a snapshot of overall domestic
production and can therefore be a sometimes useful proxy for a jurisdiction's economic health. But
what it does not tell us, is how that economic health is distributed throughout a community. It tells
us nothing about how it affects individual members of the community. And this is relevant, coming
back to the point that Deputy Ferbrache made. And he talked about the target that was suggested
1700 by the Guernsey Fiscal Policy Panel and I share the utmost of respect for the people on that panel.
I think they did a very good piece of work in a very short period of time as they were at pains to
explain to us. So, I do not think this was an issue that they had any chance to really get into in any
detail. And I completely respect the conclusion that they drew based on the parameters that they
were given and the timeframe which they had to conclude that piece of work.

1705 But this was something that came up in questions. I was one of several Members who questioned
them on this particular issue. Because, obviously, I think, GDP per capita, we are a finance centre, so
we have a very high GDP, a very high GDP per capita. We are a small population, a finance centre,
so we have got a very high GDP per capita. But that does not equate to everyone in Guernsey rolling
in money. One of the big themes of this debate is the recognition about under how much pressure
1710 members of this community feel already. So the answer that we got was, when we queried, well, is
that the right metric? They said, ah, because we were somewhere in the region of Mexico in terms
of our investment and infrastructure. And when we queried that, they said, oh, actually, if you are a
wealthy country, then people expect better public services. So, you actually need to have more
investment in infrastructure.

1715 But we know that we have got high levels of inequality in Guernsey. We have got a high Genie coefficient which is a metric of it. And so, I do think that it needs to be evaluated in that light as well as the other contexts that Deputy Kazantseva-Miller has rightly explored.

I do agree with Deputy Helyar. I am sure this is work that is already in P&R's mandate and I am glad to hear that it is something they intend to look at. But I think this amendment will help endorse this work for P&R.

1720 Anyway, in the interests of keeping debate as concise as possible, I think I will leave it there. Thank you.

The Bailiff: Deputy Falla.

1725 **Deputy Falla:** Sir, over the last three years of getting to know Deputy Kazantseva-Miller round the board table at Economic Development, I recognise that she sees the world through the lens of an entrepreneur. And she has the track record behind her and experience behind her to be able to do that. And it is refreshing what she brings to the policy. She sees the possibilities through the perspective of investors and partners outside of perhaps what might be our routine vanilla route to funding. And this is often bold. And of course, it must always be sense checked. But I applaud the vision embodied in this amendment and I think it is good that we are able to discuss it today and I applaud it. And I will be supporting it.

1735 **The Bailiff:** Deputy de Lisle.

Deputy de Lisle: Sir, I did speak earlier about the need for more emphasis. I think I said by P&R at the time to encourage private sector funding in major capital projects, of the nature of the Hospital Phase 2 and perhaps the Education transformation programme.

1740 I made the point with regard to the fact that the States are having more and more difficulty in finding resources for major capital projects in that it all gets down to the individual and taxation to the extent that people in Guernsey are being asked for larger charges and taxes in order to fulfil the needs for some of these major capital projects.

1745 And I spoke at the time that, having worked in other jurisdictions, there is an emphasis on Public-Private Partnerships and also a sponsorship by individuals to the extent of actually financing totally, a wing of a hospital or a new hospital or private educational facilities. So, I am quite supportive of some of these proposals. Here, 4(b) for example, 4(d) and 4(e). Although, I agree with the Chief Minister when he said that it is not just a matter of P&R. It is a matter of every Committee actually looking to ways in which they can provide sponsorship for some of these developments.

1750 We have seen it, for example, in Health, with regard to public support for the MRI scanner in that particular area, for example. And it can be done through the public sponsoring more generally, some of the schemes. But there is also opportunity, I think, in Guernsey, amongst some of the more wealthy residents, to actually sponsor totally, some of these major capital projects and I think we should be looking further at that particular option for the future.

1755 Thank you.

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

1760 And I do thank the bringers of the amendment, because I think that what they are articulating here is something a way of thinking that has been brought into the States in the last couple of terms and certainly quietly behind the scenes I know does go on through Committees. I did mention yesterday some outreaches from myself to individuals and the comments therein made. And I think we need to take those comments very seriously, that if private investors, altruistic or philanthropist individuals, companies, may be wishing to partner with the States, it is incumbent on us to be able to agree a plan, stick to the plan and see the plan to fruition. because people will be wanting to

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invest and see the fruits of that investment come through. And actually, it is generally only people in Guernsey who have got an emotional tie to the Island, the Bailiwick, who will be wanting to do that. So, unless of course there is more of a financial return on investment, because philanthropists will be looking to put their money globally to developing countries, to areas that have significantly more issues that we do to deal with and significantly more vulnerabilities. So that the pool that we have to fish in is small. And we have to make sure that we are as committed as those individuals might be.

But I wanted to speak because it is not just about capital projects as well, it is about other projects and other workstreams. Certainly within education, we have a creative, outward looking team that we work with within the Education office. And for many years now, led by the current Director of Education in his capacity, fulfilling other roles within Education, has looked to private investment, to philanthropic investment amongst our corporate sector to be able to support some of the most vulnerable in our community and with special projects. And the project for education other than at school which has come to fruition a couple of years ago next to Beaucamps is one such funded project. So that is directly assisting our children in Guernsey through philanthropic investment and through closer working together with the corporate sector.

So, what I wanted to illustrate is that whilst it has not been a requirement through a States resolution, this work does go on behind the scenes. I see the benefit of this because it forces that type of thinking on a more regular basis and does not rely on the creativity and broader thinking of individuals who are employed by ourselves in the Civil Service or for Deputies to come in with this way of thinking. It starts to drive a cultural change which, I think, is much needed.

Thank you, sir.

The Bailiff: Deputy Queripel.

Deputy Queripel: Sir, this amendment makes perfect sense to me. Then I will support anything that makes perfect sense.

The Bailiff: Deputy Oliver. *(Laughter)*

Deputy Oliver: Thank you, sir.
You did say me, sir, didn't you?

The Bailiff: I did, yes.

Deputy Oliver: I thought so.

With this amendment, I would just like to pick up on things that we are always saying, the States need, and I do not mean to negative about this. But we are always saying, the States are always trying ways to cut money and to save money. And I do think sometimes do we need another report back by the end of 2025?

A lot of these things, but I will contradict that by saying a lot of these things are really good ideas that I think should come forward. And I think one of the things, particularly with the private partnership, is just the amount of red tape that people have to go through to be able to come and do a partnership. Are they trying to con us, are they trying to get. Hold on, the States will still make money. And probably, as builders or something, we are not going to be as successful as the private developers are. But it is just sometimes I think looking at all of these, we should probably just be doing them rather than let's have another report to say that we are doing them. Maybe come back with how we are going to do them, but just actually get on and do it, really.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir.

I will be supporting the amendment. And it was really standing just to say a couple of words which are very similar to those of Deputy de Saumarez about the use of GDP and whether or not it is really accurate and whether or not it is very valuable to use it in the context of Guernsey. And I think that our GDP is slightly distorted. And I did, at the fiscal panel, I did speak to Dr Agarwala and Professor Breedon about this. Because it is possible for GDP to look a little different between different countries if you just assume that the distribution is exactly the same between those countries which it is not always. And in Guernsey, that is made very clear by, we have an income distribution that is relatively smooth, but then we have a big peak at the end where we got a lot of very high earners there. And we can see that because we know that from when we look at the Household Income Report, for example. And the reports there and the difference between the mean and the median. Because the results there, I am looking at 2021, so I think it is an old. In 2019, the overall mean gross household income was £74,000 but the median gross household income was only £58,753.

So the difference between the mean and the median shows you, and this is why Treasury are always very keen to use the median as opposed to the mean average, that there is distorted up by this group of people at the top end that pulls the average right up. So, if you filter that out and look at the rest of the economy, Guernsey is still relatively wealthy. But it is not quite the same as if you take the average. And I think that that same sort of affect happens with our GDP. And when you then try and say, well, we should be having 3% of GDP as our capital investment, you are actually asking for quite a lot. And you are especially asking for quite a lot when you are not really getting the same tax revenues because we have things like a tax cap, and we do not have a lot of the other taxes that high tax jurisdictions would have like capital gains taxes and tiered income taxes and things like that.

So what you would then be doing is asking for an awful lot of income or revenue to try and come from everybody else and that would put quite a lot of strain on the rest of taxpayers. So I think it is a good idea to really consider whether we should be using GDP or whether we should be adjusting GDP or using some other measure to try and understand our capital investment should be across the board really where we use GDP as our best measure that could be used.

Thank you, sir.

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

I think there is a lot of things that are of value in this amendment I think my colleagues in P&R will be or could be persuaded to support.

The issue, well, let me start just by saying, a lot of what is on there looks to me like business as usual and we should be doing anyway. And therefore, to have it as an amendment in this context shows how far we have come from business as usual, I suppose.

I am certainly in favour of exploring all other means of capital investment to be able to produce and to build our infrastructure and maintain our infrastructure and not just PPPs. I know my good friend, Deputy Brouard, has been against them for as long as he and I have been in this Assembly. But of course, there are some that have not worked and there are some that do work. And to be quite frank, sir, if we could do some of the things that we want to do through alternative methods, crowdfunding or whatever, I would be happy to explore doing those sorts of things.

So, all of that there seems to be work that, in my estimation, Economic Development and Policy & Resources should be doing and perhaps we could do.

The issue is this, and I think it is the main issue that has been a sticking point for my colleagues. It requires resourcing. And this debate is mainly resourcing. It is mainly about how do we resource what we ought to be doing. And if this is business as usual and we are struggling to resource already, which I think we are, then we have to take very seriously our financial position. And that should, hopefully, make us think strategically a little bit more longer than we are. We are so keen on muddling along for a very short time and saying, well, we will cross that bridge when we come to

it. And it is a phrase that I like. That is very true. But the problem is, if you come to that bridge and you have not got the resources to cross it, it is a bit late to be thinking about that. And I am concerned about it.

1875 So, it is with a degree of concern over the funding elements of this that I would support it, but I am going to support it. Because I said right at the start, this is what I believe we should be looking at and doing as a normal part of our existence. But we, sir, have already said, we need to make savings in our expenditure. And it is not surprising perhaps, therefore, because we have already begun to do that, we are finding that the very issues that we would like to put resources to no longer have those resources available.

1880 So I ask Members to take very seriously the fact that sometimes when we see things in isolation that look like a good thing to do, we need to put them in the context of what that will cost us and what that, if we are going to do them well, and if a job is worth doing and all that, it will require us to resource it adequately.

1885 I think I have said enough. Thank you, sir.

Deputy Prow: Sir, could I try Rule 26(1), please?

The Bailiff: Yes, Deputy Prow. Can I invite those Members who wish to speak in debate on this amendment to stand in their places.

1890 Is it still your wish that I move the motion?

Deputy Prow: No, sir.

The Bailiff: Thank you, very much.
1895 Deputy Brouard.

Deputy Brouard: Thank you, sir.

1900 One of the wise Statesmen we had here a few terms ago was Deputy Le Pelley from, I think it was St Andrews. And he said, before you can have a chicken dinner, you first need to get a chicken. *(Laughter)* And it is all very well spending all of this time discussing how we are going to use our capital money and how much capital we should raise. We first need to raise it. So, before we start spending it, can we please have the bravery to go down one of the routes our P&R team have put together, such as GST, so that we actually have the money that Deputies like Deputy Kazantseva-Miller can actually then spend them on some of the capital projects that we need.

1905 And I just fear that amendments like this look very nice and beautiful on the front, but when you scratch below the surface, what it actually says to me as a pretty hard-headed donkey, is actually, we cannot afford to do something so we will sell some of the family silver to somebody else so that they can do it and make a profit out of it. Well, I would much rather us be brave enough and actually raise the capital we need to do the projects that we need to do rather than relying on trying to eek out some of our assets by letting other people have a large chunk of any profit from them. There is nothing wrong with profit, I just think there are certain elements that we need to keep control of as a Government.

1915 But if any entrepreneur wants to make a donation, either privately or secretly, they can at any time. I am sure the Treasury. If one of the entrepreneurs on the Island wants to give a £10 million donation, privately and secretly to the States of Guernsey, we will accept it. *(Laughter)* We will accept it at the Hospital. If you want some wing named after you, come and have a chat with me. So those sorts of facilities are there and available at any time. And I am just a bit nervous that we are trying to get our capital by the back door by trying to sell off some of our assets.

1920 I also would countenance and my colleague, ex-, from P&R last time. We used to spend a lot of time trying to debate how much we should raise for capital and the different permeations you can do. We are not a giant economy. We are a very small place. You can do those sorts of calculations on the back of a cigarette packet, and they are probably going to be as accurate as anything else.

So this idea of going off to check off some matrix or going to the fiscal framework is pointless. And by the time you have done it, it will be out of date anyway. We just need to sit in the room and have a reasonable conversation to see of how much projects we have got that we need to fund and how we are going to raise them. It is as simple as that. I think we just complicate ourselves and tie ourselves in knots. And as P&R said, another lot of civil servants or consultants will have to go out and look at these matrices to see how they work. And it is just not that complicated.

We need to raise sufficient income to cover our revenue needs and for our capital. If we find that we need more money for capital, well then, we have to raise it elsewhere or cut out some of our revenue. It is, literally, as basic as that. So I would, unfortunately, although I understand the sentiment for this and I am sure the Deputies bring it with all good faith and that, I cannot support it. Let's just not try and hide the problem. The problem is, we have not got enough revenue coming in. Let's try and fix that first and then see what projects we can then fund.

Thank you.

The Bailiff: Deputy Haskins.

Deputy Haskins: Thank you.

Going on Deputy Brouard's line, for which I really do agree. But it also goes to Deputy Le Tocq who said, well, really, have a think about it Members. Where we are is, we have got to look at revenue just to do your BAU. This is what we are doing – We do not have enough already. And this is BAU and we more to do this. It does not really make much sense to me.

Now sir, comments were said about the 3% infrastructure which I agree, because, fundamentally, Members, infrastructure investment equals economic growth. It is not necessarily linier, but that is what it leads to. So of course, we need it. So I am supportive of updating the framework. But, sir, I do think we should be doing that anyway.

I have another point to make which I think Deputy Brouard was trying to make and did so eloquently. But I believe that Deputy Kazantseva-Miller had a bit of an issue with it, which is because in 4(b) it says philanthropic. I think that is where she has got the exception from, because the first bit is the blended finance in which, I think, Deputy Brouard is referring to. That if you are going to ask for private money, it is not going to be free. There will be a cost. So what cost is it and compare it to the cost of what we could borrow etc. Or any other cost you have to do like lost income. That is where I believe he was going with that.

My final point before I actually do go and say why I really will not support this amendment is 4(e), absolutely. Diversification and helping start-ups, I am all for. And I do believe, Members, I said it many times about Artificial Intelligence. We are not doing enough. We are not.

Now, in front of us, even this, this mentions research measures to accelerate private investment. That is great. Well, we can give tax breaks and it is worth exploring. It is worth saying, okay, well we need ... We might have lost revenue here, but it is going to lead to an economic long-term growth. And I do believe we should be looking at the longer term. But, sir, I do also believe that we are going to need public money to put into these types of things. That is what I believe. I do not think we are doing enough to diversify.

But sir, what I really want to major on is what Deputy Ferbrache said, which was Rule 4. And the seeming abuse that is happening to our Rules, sir. And that is most specifically in (b) and (d). So, in this one, of course, okay, there has not been any consultation now. In the Rules, it allows. But what I am saying, and I think this Assembly has said many times, is we need to sort this out.

Now if I am not mistaken, sir, if I or a couple of Members were to lay a motion under Article 7 of the Reform Law 7.1, we can vary those Rules immediately, like we are going to [??? 12:47:58] motion in front of us to suspend that same Article in order to hear amendments. So, my understanding, sir, is we could then vary and say, actually, Members, you must have consultation before you come and put the amendment in front of us. Actually, Members, you must have asked the Committee who is being subjected to this amendments, what are the implications, what are the financial implications.

And they are then reported back to us in that Rule. And only then does it pass the barrier to then go through to the Assembly.

Am I correct in my understanding, sir?

The Bailiff: To the extent that you are suggesting that there might be some different approach to Rule 4(1) information, yes.

Deputy Haskins: Brilliant, thank you for confirming that, sir. That that is something that I very much, seriously, of bringing, because this is – They are not being used, not with the intention behind them, correctly. Sir, that, I think yourself, you said, you highlighted what is happening as if someone stands up and waits to give way and they do not. And the other Member who is addressing the Assembly does not give way, they will just do a point of correction, knowing full well in view, it might be right, and it might be wrong. That to me, sir, is not right.

Sir, for those two last reasons, I cannot accept this amendment.

Deputy Queripel: Point of order, sir.

The Bailiff: Too late, Deputy Queripel.

Deputy Queripel: Rule 17(6).

The Bailiff: In that case, I will turn to the proposer of the amendment to reply to the debate, if nobody else is standing.

Deputy Dyke.

Deputy Dyke: Thank you, sir.

I will not take much of the Assembly's time.

I am not quite sure how I am going to vote for this, but there is a lot of business as usual, and it is going to introduce some costs. Although, it is not all bad, that is for sure.

But a couple of things that have been said on investment. The 3%, clearly, is an arbitrary number, a quite random number. And to my mind, it is not a matter of percentages, it is a matter of project by project, is it economic, is it going to stimulate growth or produce benefits to our people that are commensurate with the cost. If you look at the UK, they have investment after investment after investment. A billion goes into the National Health Service. It never gets better. Another billion, another billion, another billion. Clearly it needs work done to it. They have put £100 billion into HSC. That costs as investment. You have got to look at the projects and not go by percentages and numbers.

The other thing that I was going to make which is going to annoy Deputy Brouard, I fear. That the concept of Public-Private Partnerships has a terrible record and reputation from the way they have been introduced in the UK and they have been disastrous. But they do cover a multitude of different types of arrangement that can be done. And if the States and their officers are clever enough, you can negotiate a deal that works for everybody, depending on the circumstances.

The one idea that I perhaps, I am not going to bring an amendment, that perhaps Health might consider is whether funding the private ward part of the Hospital extension when that is done could be with the assistance or in conjunction with funding from the Medical Specialist Group who presumably most would like the new private ward. So that is something that he might want to think about.

That is all I had to say. Thank you.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, sir.

I find this, that the first impression is, and I am going to quote Deputy Falla. He made a very interesting observation regarding Deputy Kazantseva-Miller, that she sees things from not only an understanding point but an entrepreneurial point.

2030 So, if I, for example, jump to 4(b), asking or directing Policy & Resources to investigate various opportunities to unlock new methods of funding, not limited to public private, philanthropic, SU bonds etc. Giving that as an instruction, directing P&R. they have already got enough with all of the work they are doing on the planning all on the sites there. So, who is within P&R who is going to take this approach to review this?

2035 So, my gut instinct is, and just before I stood up, I asked Deputy Inder just to clarify that ED supports this. So, I just get a feeling, without ability and knowledge, couldn't this be undertaken by Economic Development and then coming back with the result rather than. And I know that in two cases, it does say to direct in 4(e), direct Committee *for* Economic Development. But most of this could be undertaken like that because the hub is Economic Development.

2040 I will give way to Deputy Inder.

Deputy Inder: I am not sure if Deputy Blin was in the room at the time, but when I responded after Deputy Helyar, we made similar points. So even through the direction is to Policy & Resources, in all likelihood, it is very similar, officers, and we will try and find some capacity to assist P&R in that.

2045 Thank you.

Deputy Blin: I thank Deputy Inder and that clears it to a certain extent.

2050 I was listening with intent when Deputy Helyar was speaking because I wanted to hear if this is something supported by P&R, on the pile, on the gibbons of other areas. So, I think I have got to reserve judgement because each of these points could almost ... Asking another Committee to work out the metrics, to work out the systems, to work out all of these things there. If a person has this idea, I would like to hear from Deputy Kazantseva-Miller when she is summing up if there was no other way around of doing this. And I would be more pleased to give way to any Member of P&R, who although they see it as innocuous and it can be integrated into it, if anyone would like to stand and say if this is something worthwhile supporting in the sense of given the workload they have got. So, if there are any takers from P&R?

2055 I will give way to Deputy Murray.

Deputy Murray: Thank you for giving way.

2060 I think we are very much aware that a lot of these metrics that are being discussed at the moment would be very valuable. So, of them, perhaps, exist in some shape or form at this point in time. Probably the more significant one was that the FPP reported on this 3%. And we really do need to look into that with considerable detail to make sure that, obviously, that we are getting the right type of focus on the various parts of the economy and mechanisms. So, the only problem that we have is resources. So, providing that resources can be found because we cannot do them with the current resources, then I think we will be very supportive of this.

Deputy Blin: I would like to thank, sir, Deputy Murray, for that. And I presume the same applies to whether the metric of a GDP is suitable and [?? 12:56:06]

2070 So, on that basis, I will be supporting this amendment. Although, I will finally listen to the summing of Deputy Kazantseva-Miller. But on the basis that, if it is able to integrate it into there, it would be a useful and practical thing.

So, I thank Deputy Kazantseva-Miller for bringing this to the table.

2075 **The Bailiff:** Deputy Soulsby.

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

I have only come to my feet because of the comments Deputy Brouard, who I think optimises reason why we do need this amendment which is not – I mean he talked about, well, the thing is we need more money so we can spend more of that money on capital.

This amendment is dealing with things in a far more ... and saying that we need to more clever in what we do with that capital. And I disagree with Deputy Haskins. Just because you are investing capital, it does not necessarily mean it is going to help the economy. And we might get onto that when we debate Deputy Matthews' amendment.

But I just thought it was important for Members to appreciate that is at the heart of this amendment is to say, well, what are we spending it on? Is it the right thing we are spending it on? And are we spending it in the right way, and could we not have more partnerships and work with others to develop what we need?

Thanks.

A Member: Hear, hear.

The Bailiff: Deputy Mahoney.

Deputy Mahoney: Thank you, sir, and definitely briefly before one o'clock.

Some of these things, I think, have already been said by Deputy Helyar. But I do think they bear repeating briefly.

For years, [?? 12:57:32] are already doing. Some of these things we are already doing. Sorry, to start with, I should echo the points made by Deputy Haskins that the Rule 4 stuff just seems to have been ignored now. It is thrown out of the window entirely. If we are going to do that, we should just scrap the entire thing, and anyone could bring anything they want at any point. There is no point in just simply putting in stuff which is not true or else it defeats the object of having a Rule 4. But Deputy Haskins has said all of that far better than me.

The public-private partnership stuff, it all sounds all very good. And I am a fan of that. But the private sector is not going to get involved if there is nothing for them (**A Member:** Hear, hear.) So, where we have schemes where there is nothing in it for them, they are not going to touch it. They are not going to be near it. The Harbour, yes, they might, because there is something in them, those kinds of things. They might well be in it for something. But where we have something where it is just the Hospital. We all know we need it. But what is in it for me as a billionaire investor? Nothing. I am not a billionaire investor by the way. Deputy Trott may be, but not me. (*Laughter*) So, we just need to be a little bit more realistic about that side of things.

Deputy Helyar covered all these, so I will not go over them again. I think he covered the other bits so I will sit down just a minute before one o'clock.

The Bailiff: Well, Members of the States, it is very nearly one o'clock. There is only one speech left, which is Deputy Kazantseva-Miller replying to the debate. Is it your wish that we continue to take a vote on this amendment and then break for lunch? We will work out where we are to when we get there.

So, I am going to simply put the motion to you that we continue to the conclusion of Amendment 5. Those in favour; those against?

Members voted Contre.

The Bailiff: Well, I will declare that lost. So, we will resume at 2.30 p.m.

Can I just explain to Members that I am going to interpose Amendment 12. A paper copy will be provided to you, so it is on your desk before we resume at 2.30 p.m. before we turn to Amendment 2. And then after Amendment 2, we will take Amendment 10 before Amendment 8. Just so that you know what is coming next.

But we will now adjourn until 2.30 p.m.

*The Assembly adjourned at 1 p.m.
and resumed its sitting at 2.30 p.m.*

**Funding & Investment Plan –
Debate continued**

2130

The Bailiff: So I am going to invite the proposer of Amendment 5, Deputy Kazantseva-Miller, to reply to the debate, please.

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Deputy Kazantseva-Miller: Thank you, sir. I hope everyone is digesting their lunch successfully. I thank everyone for a very constructive and productive debate. I think, overall, it was extremely positive which is great to hear. I thank Deputy Helyar for his early intervention. He very much talked about, sometimes we get amendments that allow us the opportunity to focus specifically on certain issues and this was one such amendment. He talked about the question of resourcing, and I will try to address that a bit later because I think that has come up through a number of speakers. I hope he could be in the bathroom on time, so his early intervention was good.

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Deputy Gollop talked about that this could be a game-changer and he was welcoming more intervention from Government in this kind of area, in finding levers that the Government has to affect change. There was a question whether the amendment was supposing that less than 3% of GDP would be required. I really do not know. And I think that is the whole point. I think we just need to do a bit more work to understand what do we think should be the right benchmark. So I do not think the amendment in any way should be taken suggesting that we should have a certain degree of percentage of Government expenditure. I think it is really a question. Let's just do the work to establish what is the correct benchmark for us to go forward.

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I think Deputy Inder talked about, he was welcoming the opportunity to create a more general longer term economic strategy. He raised the concerns about, it could look like you get some expensive consultants. They do a very expensive piece of work and a few politicians sign up behind the documents. And I think he is right to some extent. I think that is how it could happen in some places. We know that in Jersey and the Isle of Man, something similar did happen and has cost quite a lot of money. But I think, as we said, we do not have to repeat, we do not have to follow exactly the same process, for example, in establishing an economic vision.

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Actually, reading the work that the Isle of Man and Jersey have done, I think there is a huge amount that we can learn from that, almost to a point where we could just put Guernsey to some extent on the headings of some of those documents. So I reckon we can learn very quickly from the approaches that have been taken elsewhere and that we can minimise the costs to deliver on some of these objectives and we can do it in a cost-efficient way.

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He mentioned that P&R is under the Resolution from the February Tax Debate to establish an effective vision and economic model. And he is absolutely right. I think elements of what I am talking about through this amendment today will fall exactly into that vision, because as I mentioned before, capital remains looking at capital, public and private, remains one of the absolutely key pillars of any type of Economic Development strategy. So we are bound to be looking into it with Deputy Murray and Policy & Resources. And I agree with him. It is important not to scope drift, because before you know, this could be a huge project.

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I thank Deputy Ferbrache for his support. He talked about why there has not been any consultation. I briefly had a chance to chat to him during lunch. And what I said, although, I have been thinking about elements of capital throughout the last few months and from the previous Tax Debate. What has really led me to bringing this amendment is the publication from the Fiscal Review Panel. So their report was published on the Friday afternoon, or something like that. And the amendment deadline was on the Monday. And we also had to, in the meantime, fly from the CPA

conference we had. So it was really a matter of, it came to my mind last minute, and I did not have a proper chance to consult with P&R in this relation.

I think like with Deputy Gollop, there was perhaps a perception that the amendment was not suggesting that we should have 3% or whatever percent. I think it is very much up for grabs. I think it is the Fiscal Panel introduced the concept of the 3% GDP, obviously, just recently. The Fiscal Panel themselves said that they only had a chance to do quite high level very quick analysis given the timeframe they have been given. And also, that they were only established in August. So just a few months ago.

And I think I will address the resource issue here. So I think the intention of, there will be resource implications. And I think, for me, what is important is that we have quite a lot of internal resources dedicated already to the delivery of some of this process which I am suggesting. One of them is the Government Work Plan, the Funding & Investment Plan. We have heard how much time officers have spent over the last few years, whether working on the Government Work Plan and the Funding & Investment Plans. So I think as part of the business-as-usual process of us working on those plans, I think what this is trying to really focus our attention on some of the key elements of those plans and I think that is where we can develop the capability. So I think first and foremost, I think we have the resources that will typically be dedicated to working on elements of what I am proposing already in place.

In relation to the Committee *for* Economic Development, I mentioned that it is already within our Government Work Plan to look into scoping the digital economy and the Enterprise Plan incentives. And I think this would be an element of expanding further potentially the scope of looking more into the physical capital assets as well.

So what I see as being on Economic Development, we have the scope within our existing resource base and funding to undertake the elements of work that are in relation to Economic Development.

But I do also want to say that I would not have brought this amendment if I really did not believe this was extremely important for our Island. I really fundamentally believe that this is absolutely critical for our success, for our economic development, for better resource allocation and being able to deliver in the future on our Government Work Plan ambitions. I think it is absolutely vital. And if we think it is absolutely vital, we should be able to dedicate the resources, I think, we need to look at capital better.

We also have now the resources of the Fiscal Panel that were established recently. They have been established. They are being, I understand, being also paid etc. So we have resources we can tap into. We also have a fantastic Data & Analysis team. And I have a little bit of experience working with them through the Skills & Human Capital Plan. Again, they are constantly innovating. They are constantly looking at new measures, at new economic matrix etc. So I think we have got quite a lot within the Government resources we already have to take a lot of this work forward. And I think the key about it is, the timing of this amendment. We are not asking for something to happen tomorrow or in the next couple of months. It is really imbedding this kind of thinking into the business-as-usual processes that will be taking place over the next couple of years.

Deputy de Sausmarez was talking about whether GDP, using the GDP, and Deputy Matthews was also talking about whether using GDP is the correct metric. I think it is exactly the type of questions that we can be asking. And we do not have to be again, we do not have to spend a huge amount of time. We could say, listen, the percent of GDP is a metric we could as a percent of total Government expenditure as a metric.

And she talked about the importance that everyone benefits from the economic growth and the investment that we are putting in the economy. And I think this very much speaks to, it is not just about the quantum of capital investment that is going into the Island, but it is also about the quality of the capital projects we want to be undertaking, because you could have better capital project than worse. For example, as an Assembly, we agreed that it was not the right time for us to look at the runway extension at this stage. And we did not want to spend the money on that right now. So

2225 it is about prioritising the types of capital projects that we think will deliver the biggest outcomes for our community.

I thank Deputy Falla for his support and approach. And seeing that, as a Committee, we try to look at things differently. And I really fundamentally think this is a really critical pillar for us as Economic Development and as Government to look into.

2230 Deputy de Lisle mentioned that he has consistently suggested more emphasis to encourage more private investment from his experience. There are, in other jurisdictions, more examples of private-public partnerships. And yes, it should be a matter for the different Committees as they work on different projects to explore those opportunities.

2235 And I think Deputy Dudley-Owen very much spoke to that, I am not bringing something completely new to the table. And that discussions and work and other Committees might have undertaken some of this kind of thinking for some of the projects they have been doing. And she mentioned about the conversations she has had, for example, on the opportunity of funding the education programme. And I think what she said for me summed up the reason for this amendment quite well. Is I think this type of amendment really helps us force this kind of thinking and imbed this in our processes and BAU processes so that we do that on a more regular basis. And she also spoke about that cultural change. So I do appreciate her support and understanding in the rationale for bringing this amendment, but also acknowledge that Committees and individual Deputies might have already been taking some of this approach forward through their own Committees.

2240 I thank Deputy Queripel for his speech. I think that was the shortest speech as far as I can remember. But thank you. What makes common sense is common sense.

2245 Deputy Oliver talked about the red tape and I very much agree with her. I think there is a genuine desire and willingness in the community, in the industry, to work with Government. But they just, whenever they engage with us, they start tearing out their hair, and they just do not want to do anything with us.

2250 There were initiatives in the UK. I think it was the red tape Hackerthon or whatever, 10 years ago, which looked, the UK government looked at, can we do a blitz on removing bureaucracy and red tape. And I think, through the work they did, they removed thousands of pieces of regulation and legislation. I think we should be looking into something like that. I am not suggesting we do it this political term, but I certainly think that looking at bureaucracy and red tape is something we should perhaps more systematically look into.

2255 Deputy Matthews referenced whether GDP is the right matrix for certain things. And I think it is a metric but maybe there are better benchmarks.

2260 Deputy Le Tocq saw a lot of value in the amendment and I thank him for that. And he also talked about, it seemed like a lot of it could be BAU which I think absolutely it could be. But having been on Economic Development. Having seen ... I have not seen some of this kind of thinking develop to the extent that I think that we should be developing it. So while I think we can absolutely embed it into our Committee mandates and our BAU processes, I think we need to be much more specific to talk about the issues that I have highlighted about the importance of capital expenditure, private capital expenditure, and really systematically looking for levers that we can unlock from a Government perspective to encourage that capital expenditure. I hope that I have addressed the resource also question in a little bit more detail.

2265 Deputy Brouard, I felt like he thought this amendment is a drawing horse about selling off our assets. I know how sensitive he is about anything in relation to any suggestion about selling off our assets. I really do not think this amendment is a threat or Trojan horse to that. But I appreciate that 2270 he will look at anything that has any kind of remote possibility of asset sell off with a complete black red pen. I know also that he is not a big fan of long-term strategies and all of that stuff. He likes to do things and stuff like that. But having seen what Jersey, the Isle of Man and others have done and how they have really strongly looked at the importance of looking into capital, public and private, I really think that is the kind of medium-, long-term thinking we need to be putting in place, 2275 systematically. So I am up for action this day, but I am also up for having a bit longer term thinking.

Deputy Haskins was talking about BAU and also infrastructure investment could be directly linking to economic growth. But infrastructure investment is not always linear. And if you look at some of the countries, and I have recently been listening to a podcast on China, they will obviously have a huge amount of capital investment that has gone into the Chinese economy over the last three decades. But what they are seeing now is that marginal increases in capital infrastructure are not delivering the same levels of productivity increases or economic growth increases because once you have built all of your primary roads and railways, you start building tertiary etc. roads, they do not have as much economic impact. So this, to me, talks about the quality of capital investment and projects that we need to look into.

But I was also quite surprised that he was not going to be supporting this amendment, because at the core of this amendment, is looking at technology investment and innovation and technology adoption. And the fundamental part of it is AI. And I know that Deputy Haskins feels very strongly about the opportunities with AI and asks Economic Development at every opportunity what we are doing about it. So I am quite surprised that he does not think it is important to support this kind of amendment, because it will help us move further into scoping and understanding the opportunities of AI.

I think he mentioned it, this is all about start-ups and diversification. But actually, this is really beyond that. It is about ensuring any type of business is investing in capital technology adoptions, not just really about start-ups.

I think there were questions about Rules of Procedure more generally. As I mentioned, I laid this amendment late for the reasons I have explained. But I do think on the wider point, I do think with important debates like this, perhaps Rules of Procedure do need to change to allow for much longer time between when policy papers are published and the amendment deadline so that it allows Members and the public for proper consideration, proper work with officers and other political Committees.

So I do, I would support a review of Rules of Procedure, especially in relation to major debate. But I do not think it is fair to criticise Members who try to abide by the Rules of amendment deadline and stuff like that.

Deputy Dyke, I know how passionate he is about Economic Development. So again, I am just a bit unsure why he would not be supporting this amendment because this is the type of amendment that is putting Economic Development, investment into capital, front and centre, basically. So I do hope through debate I changed his mind.

Deputy Blin, I thank him also for his support. He mentioned whether some of the work can be coordinated between P&R and Economic Development. Yes, absolutely. A lot of the thinking about capital is going to be similar here. And it is differentiating between what is public and what is private. So it is not about P&R doing something in their corner and us doing something. So, yes, absolutely, I could foresee us doing a lot of this work.

And Deputy Murray spoke about it. P&R is under Resolution to bring a vision and Economic Development model. And Deputy Murray has been leading this piece of work. We have had some really interesting early engagements with Deputy Dudley-Owen and him with a number of economists and local consultancies on their approaches. And I think he really understands where I am coming from, because that kind of thinking about the importance of investment into capital has been pretty much systematically shared by all of them. So I think this is very much Government-led work.

So Deputy Mahoney mentioned that some businesses may not be interested at all in private-public partnerships. Yes, absolutely, we are not saying that everything is going to be open to for public-private new innovative funding methodologies, but there will be projects, like the Pool Marina, is a great example, which can start paving that way for being those poster projects for a different type of funding and I really hope that we can see more of that.

And if I remember correctly, at the first Government Work Plan debate in 2021, we had a Resolution which was approved which said that P&R would look into new types of public-private

partnerships. And I still believe that resolution is live. It has not been rescinded. And my understanding was that, I think P&R said they will hope to do something this political term.

2330 So Members, I really sincerely believe that this area of work for us is absolutely critical for our economy, for our community, for our Government. And I really think it will, by imbedding it a bit more, this intent that we look at public capital expenditure, private capital expenditure, and we really look at the levers we have as Government to accelerate investment into public capital expenditure will be game changing as Deputy Gollop says. So I sincerely hope to get the Assembly's good support for this amendment.

2335 Thank you very much.

The Bailiff: Well, Members of the States, it is time to vote on Amendment 5, proposed by Deputy Kazantseva-Miller, seconded by Deputy de Sausmarez, which if approved, will simply insert five Propositions. Do not worry about the numbers. They will go towards the end of the set of
2340 Propositions by the time we get there. And obviously, if they are inserted, people can vote for or against them when they are substantive Propositions.

I will invite the Greffier to open the voting, please.

There was a recorded vote.

2345

Carried – Pour 36, Contre 4, Ne vote pas 0, Did not vote 0, Absent 0

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

The Bailiff: So, the voting on Amendment 5, proposed by Deputy Kazantseva-Miller, seconded by Deputy de Sausmarez, there voted in favour 36 Members, against 4 Members, no abstentions, everyone participated.

And therefore, I will declare Amendment 5 duly carried.

As indicated before we broke for the luncheon adjournment, we are going to take Amendment 12 next. That is being proposed by Deputy Helyar.

Amendment 12

To insert a new Proposition as follows:-

OR IF PROPOSITION 1 IS APPROVED BUT ALL OTHER PROPOSITIONS ARE NOT APPROVED:-
SCENARIO 1

9A. To agree that the States shall 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 £190m (including the in-flight schemes), as set out in Appendix 1, as the agreed capital investment portfolio for the remainder of this term;

b. limit major capital expenditure to funds of £190m available from within existing reserves; and

c. rescind Resolution 16 on item 1, entitled "Government Work Plan 2021-2025, 2021/71", of Billet d'État No XV dated 21st June 2021 authorising the Policy & Resources Committee to take out new borrowing to a maximum of £200m;

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 Helyar: Thank you, sir.

We have just passed on the third day. So I really implore Members. This is very straightforward. You either agree with inserting a backstop which is Option 1, the pure Option 1 as existed in the original policy letter as a final backstop amendment. So this will only be voted on in the event Proposition 1 is approved. That is the Core Funding, and everything else has fallen by the wayside.

So it is very straightforward. I think it is either something you agree with or you do not agree with as a matter of principle. And I would urge Members, please, we do not have a lot of time left on the clock. Several of the amendments which are still to come are going to eat up an awful lot more time, I suspect, particularly in relation to Education which is very contentious. And please could we move as swiftly as possible to the vote if at all possible.

Thank you, sir.

The Bailiff: Deputy Ferbrache, do you formally second it?

Deputy Ferbrache: I do, sir.

The Bailiff: Thank you very much.

Well, I do not see any Member rising to debate Amendment 12, so we will go straight to the vote on whether you are minded to insert what was the original last chance saloon as the latest last chance saloon.

It is proposed by Deputy Helyar, seconded by Deputy Ferbrache. Amendment 12.

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

There was a recorded vote.

Carried – Pour 31, Contre 7, Ne vote pas 1, Did not vote 1, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	Brouard, Al	Le Tissier, Chris	Leadbeater, Marc	None
Blin, Chris	Bury, Tina			

Burford, Yvonne	De Sausmarez, Lindsay
Cameron, Andy	Matthews, Aidan
De Lisle, David	McKenna, Liam
Dudley-Owen, Andrea	Parkinson, Charles
Dyke, John	Taylor, Andrew
Fairclough, Simon	
Falla, Steve	
Ferbrache, Peter	
Gabriel, Adrian	
Gollop, John	
Haskins, Sam	
Helyar, Mark	
Inder, Neil	
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	
Soulsby, Heidi	
St Pier, Gavin	
Trott, Lyndon	

2385 **The Bailiff:** And the voting in respect of Amendment 12, proposed by Deputy Helyar, seconded by Deputy Ferbrache, is as follows.

There voted in favour 31 Members, against 7 Members, 1 Member abstained, 1 Member did not participate in the vote. And therefore, I will declare Amendment 12 duly carried.

The next amendment will be Amendment 2 to be proposed by Deputy Roffey.

2390

[Amendment 2](#)

1. To insert the following Proposition immediately after Proposition 7, regardless of which other Propositions are approved:

"7A. To authorise the Policy & Resources Committee to take out new external borrowing up to a maximum of £150million, for a period of up to 40 years, on such terms and conditions as the Committee deems appropriate, specifically to lend on to the Guernsey Housing Association, or another provider of affordable housing, to fund the Affordable Housing Development Programme and to be repaid over the life of the borrowing at a rate calculated to ensure that there are no residual costs to the States of Guernsey."

Deputy Roffey: Thank you, sir. In the same spirit. I will try and be as brief as I can.

The thing about Government borrowing is that there is borrowing and there is borrowing and there is borrowing.

2395 The first type of borrowing is for Government to build stuff like schools and hospitals which do not really generate an income stream or only a minor one. I know there is a private wing. But basically, I am not going to pay back that loan. Frankly, that sort of borrowing gives me the jitters. I am not saying it is never justified, but my instinct is to avoid it wherever possible.

2400 The second type of Government borrowing is to fund its own capital works in areas where it hopes that those projects will generate sufficient revenue to service and to repay that loan. I am far more sanguine about this sort of borrowing, but it is still not without its risk because the revenue stream is not absolutely secure.

But this amendment does not deal with either of those sorts of borrowing. Rather it is the States borrowing to lend on to other organisations which have an uber reliable income stream and which

2405 can offer proper security. In investment terms, this is a financing arrangement which is, to use a phrase, as safe as houses. To be clear, this is not talking about borrowing to fund the capital grants that the States provide to the GHA and other similar organisations, the grants that make affordable housing affordable. Those sums will still need to compete against other priorities in our capital programme for funding. Albeit given the comments over the last few days, I really hope that they will be regarded as something as a top priority.

2410 But this amendment is not about that sort of grant funding. Rather, it is about facilitating loan finance on a proper commercial basis to the GHA or others to provide the rest of the funding of that development of borrowing that they do and those loans which are then serviced from the rental of.

2415 Indeed, this has been going on for years. The GHA has been borrowing bond money for some years now and it has not been costing the taxpayer or the States of Guernsey one penny because it is done on terms to make sure that does not happen.

2420 However, we have now decided that that source of funding, the bond, should be allocated differently. So it is not available at the moment to the GHA, or there are only small amounts left that they can access. But nothing like what they are going to need for their programme going forward.

2425 So to sum up, this is very safe borrowing. It will cost the States nothing, the taxpayer nothing. In fact, it might even make any other borrowing that we might decide to do later today or tomorrow, more practical and cost-effective because of the scale of the overall issue. And without it, not just the GHA, but the whole of the Affordable Housing Programme, will be absolutely jiggered, because they have not other source of affordable borrowing.

Not I cannot believe having heard what I have heard from Members over the last few days that that is what any Member would want to see.

2430 So I hope that this is an uncontroversial amendment and one that we can approve even more quickly than the last one. *(Laughter)*

The Bailiff: And Deputy de Sausmarez, do you formally second the amendment?

2435 **Deputy de Sausmarez:** Yes, sir.

The Bailiff: Thank you very much.
Deputy Mahoney.

2440 **Deputy Mahoney:** Yes, a very quick question for Deputy Roffey or perhaps for you, sir. If this is obviously put in as a Proposition, when it comes to the vote, will 7 and 7(a) be taken separately and can be voted on separately, once we are actually in the policy letter bit. Or will this, because it is mentioned as 7(a) not be splitable out?

2445 **The Bailiff:** The 7(a) that is referred to on the face of Amendment 2 was in relation to the original set of Propositions. It will be added somewhere around about 9(b), (c), (d) or thereabouts *(Laughter)* depending on when we get there. So it will not be a Proposition 7(a). It is not to substitute or interpose between 7 and 8 in Amendment 1. So 7 and 8 will be taken discretely if Proposition 2 carries.

2450 **Deputy Mahoney:** Thank you very much.

The Bailiff: I hope that helps.
Deputy Brouard.

2455 **Deputy Brouard:** Thank you, sir.

Perhaps when the President sums up, just to give a bit more information as to why it is necessary for these other organisations because I thought they would stand alone from the States and would be able to access bank finance, borrowing etc. in the commercial marketplace and I just wondered why we are going back in hold their hand again?

2460

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Well, I do not think, sir, that we are holding their hand. We are making sure that what we all agree, the phrase used by Deputy Queripel yesterday, we must blitz housing. Deputy Trott made a similar point when he was speaking recently.

2465

I have been part of the Affordable Housing Group, if I can call it that. The work of Deputies Roffey and de Sausmarez is commendable. This is another way of making sure that we can provide as many homes as we can. The explanatory note sets out that it increases, potentially, the number of affordable homes that can be built, constructed, made available. I really do think it to say, it this Assembly is going to put its actions where its words are, this should be a non-contentious amendment.

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The Bailiff: Deputy Inder.

Deputy Inder: Only briefly, sir.

2475

In email exchange with Deputy de Sausmarez, while I did not what to see was any of this money going to maintaining existing properties. And I think she has already confirmed that. But for the record, we have got something like 415 houses, potentially identified, on land that we spent an awful lot of money purchasing over the last two years. I want assurances, this is for new builds only. This is not for maintaining old properties.

2480

Thank you.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, sir.

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I have a question in relation to, is there a timeline about when this, how much funding the GHA will actually require, because I assume it is not going to need £100 million of funding tomorrow. It will need it over a period of time. But if you obviously borrow £150 million, you are going to start paying interest straight away. So what kind of mechanisms, and perhaps this is a question to Deputy Helyar and others in P&R. Can we support some kind of flexible borrowing facility which allows GHA to draw on the money when they need to so we do not then have to pay interest on the funding that we do not need at the time?

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So I am in general supportive, but I am questioning about the timing when the funds can be drawn.

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Thank you.

The Bailiff: Deputy Gollop.

Deputy Gollop: I very much support this initiative. It is proposed and seconded by two of my senior ESS Members. And I also support the Guernsey Housing Association.

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It is important to mention that the GHA has several strands to its bow, not just maintaining existing properties but building new social housing, potentially, keyworker housing and also partial ownership.

And Deputy Trott made a very valid point yesterday in his speech when he said, 'Aren't we all thinking too much about schools and hospitals because housing should be our number one social and economic priority?'

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Well, I would reply to that. It should be. But we do not have private hospitals in Guernsey yet. And we do have some very good private schools. But housing is both private and public and intermediate as well. And we need to kick-start all sides of these markets. And my answer, probably, to Deputy Kazantseva-Miller would be I would hope, and I know from talking to Deputy Inder, that there are some really good developers out there who can get on and build small scale half a dozen, a dozen properties, not on the scale of a school or a hospital or a port. And we must enable them to work with the GHA or other housing providers. And reasons I do not understand, it is very complicated. When the GHA was set up, it had the freedom to borrow in the open market. And then for some reason that changed with various articles of associations and things. And I just think we want in the speed of today, action this day, or at least action this year, in the most flexible responses possible.

So let's get on and support the amendment.

The Bailiff: Deputy Gabriel.

Deputy Gabriel: Thank you, sir.

I will try and be brief, but I do not want to be too brief because it is £150 million we are talking about here. And I do not want to sign it off just like that. And I was just hoping that Deputy Roffey, when he sums up, can give me some sort of security around the security to put it shortly.

We are approving a term of 40 years. If the worst happens and all of our young people or people needing social housing leave the Island, then in 30 years' time, the GHA have got no tenants and a load of property built, how will they be servicing the loan? How will they be repaying it?

So I just want to make sure that I am not signing off £150 million. I will say it again because it is not a small amount, before, without the valid security that is in place for the repayment mechanism. And whether it is going, the payments as well, not being on ESS or *au fait* with the GHA arrangements. Do the rents that are going to service the loan go straight to the GHA or come into the States at ESS? And if it goes into the GHA, how protected are they? Aware that they are not for profit, but I am sure there are operating costs as well. So if you could give me some reassurances around the operational requirements as well.

Thank you.

The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir.

Yes, I do not think we should do this too quickly without some thought. (**A Member:** Hear, hear.) The first point that I have is, how does this £150 million mesh in? Perhaps Deputy Helyar could help on this. How is the £150 million, how does this mesh in with the scenarios that P&R presented to us? In particular, scenarios one and two, where we might have £200 million borrowing and there are figures in there. Is this going to gobble up most of the borrowing contemplated in those scenarios?

So I just do not know, (a) how this meshes in with the other things and (b) I do not understand why we need to do it now, all at once, because the nature of this building is going to be a project at a time. One project at a time, over a number of years, as and when they are tendered and we can get builders in, assuming they are free from the Hospital and the schools (**A Member:** Hear, hear.) So I do not understand why we need this huge headline figure of £150 million now at all to be honest. So that is one point I have.

And I did have a niggly point on the explanatory note. The Housing Needs Survey that Planning are working with when we are approving planning applications is as is stated, 721 units of affordable accommodation, give or take 10%. And 844 units of private accommodation, give or take 10%. But this, the first paragraph of the explanatory note confirms the number of affordable housing units, 721, give or take the 10%. But then it says on the top of that, is keyworker housing. Well, in the Housing Needs Survey that we are working with, there is no separate category of keyworker

2560 housing. There is no definition of it. So I would assume that keyworker housing is either going to come under social housing or private housing because there are no other categories defined. So I am not quite sure why it is then stated that this is on top of the 721 which gives an impression of a much larger figure that has been approved which it has not. So I am a bit concerned generally about this proposal.

Thank you.

2565 **The Bailiff:** Deputy Taylor.

Deputy Taylor: Thank you, sir.

2570 I suppose the first question is directed to Deputy Roffey. It is really just in the most simple terms possible. What is the impact of not approving this amendment in real terms? So does that mean that those 1,000 or 721 houses are an absolute nonstarter? So just in real simple terms for me please?

2575 And then, I suppose the second question is directed to both Deputy Roffey and Deputy Helyar which is drawing to paragraph 15.42 of the original policy letter which we are referring to this £100 million and the impact that this debt, if we take it on, if Government takes it on behalf of the GHA. If a little bit of explanation on that. Which is the better option if the GHA were going to take on the debt themselves, does it come to the same thing? Is it preferable to have the debt all in one lump sum under Government, or is it better to have it set out into the GHA, or does that not make any difference? That is the two bits that I have a question on. So, yes, if those can be answered, it

2580 would be brilliant.

Thank you.

The Bailiff: Deputy Blin.

2585 **Deputy Blin:** Thank you, sir.

Like our colleagues, a number of questions. I am very much a strong believer in the GHA. We also know that currently we are talking about the capital A affordable housing. We know the numbers of 700 to 1,000 are required. We have a large sum of money here which is going to be repaid over a period of 40 years. But the bills will be in a shorter period. Like Deputy Inder asked,

2590 we wanted an assurance that it is not going to be on maintaining other things there. But also, is there an assurance it is not just going to be a party who is just acquiring land and then we are waiting for many years to see if anything is built. Is has got to be on the build.

The other side of it is, is the loan going to be in the form of a drawdown, where there the interest, if there is interest, I would be interested to have a conversation or hearing about the structure for

2595 the interest. Is it a drawdown situation or is it a lump sum?

And also, to authorise P&R to take out a new external borrowing up to a maximum of £150 million for a period of 40 years. To lend, to specifically to lend to the Guernsey Housing Association or another provider of affordable housing. So is this some sort of competitive nature or choice or if some explanation on how that would work would be appreciated by Deputy Roffey.

2600 And also, if he could talk about an estimated build time because we are so aware that this could make a huge difference on the timing of it. So it is the timing, the interest, the build time, the drawdown and if there are any benchmarks that could be fed to the Assembly at periods during this very large sum of money loan to see how we are progressing.

Thank you, sir.

2605 **The Bailiff:** Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.

I am a bit, I have got to say I am a bit puzzled. We are in a housing crisis. It is an emergency, and

2610 we need to be building more houses, yet from the GHA, I have seen the States run out and buy six

sites, six fields as I call it, and the cost of that was £30-odd million, £32 million, £33 million, I am not sure the exact amount. Some of those sites- Too much, John Dyke says. Some of those sites were not zoned for housing and I am just puzzled with it. Of course, we have a very fine Castel Hospital.

2615 **Deputy Mahoney:** Point of correction, please, sir.

The Bailiff: Point of correction, Deputy Mahoney.

2620 **Deputy Mahoney:** I think £32 million is the right number but I do not think the fields cost us £32 million. I think that includes some of the grants that have been set aside for the building of those houses. So the cost of the land itself was not £32 million.

The Bailiff: Deputy Vermeulen.

2625 **Deputy Vermeulen:** I am grateful for that explanation, but, of course, there is none of this in the paper.

But the thing which really does puzzle me is why the GHA have only built in the middle of this emergency, only 15 units. And that does concern me. The other thing which concerns me is, do the States of Guernsey have to build all of the houses on this Island? Can nobody else, is nobody else
2630 qualified? Are there no other builders or developers on this Island that could provide alternative units of accommodation? I know that GP11 has slowed developers down for the last eight years or so and put a lot of people off developing large sites. And we have got to go careful that we do not end up in this situation where the private and public sector are against one another almost. You know, it has got to be an equal playing field, a level playing field for both parties, I believe, if we are
2635 to get some houses built.

I was delighted to hear the Chief Minister yesterday talk about what he would like to see from the DPA, and I am completely with him on that. I am conscious that the interest rate has gone up considerably and these are very expensive times to borrow. And Deputy Gabriel and a few others have mentioned this. Where is the money coming from? Who are we borrowing it from? What is
2640 the interest rate? But more importantly, how are we going to service it? And could it be, perhaps, that we have bought too many sites for the GHA and perhaps some of those should be sold off to generate some money so that we could build some houses on the sites we have already got. Or better still, sir, instead of buying sites, why don't we just develop some of the land we have got like the good old Castel Hospital? That would be ideal for building. And there is even a field alongside
2645 it which would make fine units for accommodation, sir.

Thank you, sir.

The Bailiff: Deputy Oliver.

2650 **Deputy Oliver:** I was not in my speech at all, but I will just speak about Castel Hospital at the moment, Castel Hospital is not actually zoned for housing, but it will be within the site selection and it might come forward through there.

However, just talking about the £150 million. It says that, 'on conditions as the Committee deems appropriate'. Can I just ask for a capital repayments rather than just interest only, so we are actually
2655 trying to pay off some of the debt as we are going rather than just building it up and it has to be paid off in one foul swoop? Or maybe a sinking fund or something of similar to actually to have the month to be able to pay it off. And I assume the GHA will be paying the interest rather than the Government. If that could just be confirmed.

2660 **The Bailiff:** Deputy Trott.

Deputy Trott: Sir, I want to make a few points and ask a few questions which is why I am rising before other Members of P&R have spoken.

2665 The first question I would like to ask is, how much have we currently lent the GHA from the existing bond? Because if my memory serves me correctly, the two largest benefactors of the existing bond within the States portfolio is the GHA and the electricity company. So I suspect there is a fairly substantial sum. And how much of their other borrowing have we guaranteed? And the reason I ask that question is I was Treasury Minister back in the day when the GHA was set and a lot of that work was ... initiative was driven by my friend Deputy Roffey and others. Deputy Jones in particular. And what we did was we seeded them with a huge whack of States' houses and then we stepped into their shoes. We underwrote their initial tranche of borrowing with one of our clearing banks.

2670 Now the reason we did that was two-fold. The first was we wanted to get the building of that sort of housing outside of the States. We wanted to give the direction a clear dedicated management team. But we also did it because we did not want to contingent liabilities and the borrowing on our books. We wanted them to go out and borrow in their own right.

Now Deputy Gollop said something that I was not aware of. He said that the articles have somehow or other changed which means they cannot borrow in their own right. I was not aware of that, and I would like some clarity around it. Now I also want to know whether there has been any radical thinking around this because I have explained why we did it. One of the reasons we did it, as I say, was that their borrowing could be autonomous, it did not clutter up our balance sheet and did not therefore impact on ... We were not thinking in this way at the time but subsequently this has been a significant factor, impact on our rating with Standard & Poor's.

2680 So we are no longer getting the benefit. We are the ones, we have to go out and do that borrowing because the commercial facility is not available to them at an attractive rate. I do not know why. Have we considered taking them back in-house? Renationalising them. Because that, I would contest, would have a very positive effect on our balance sheet.

Now everyone knows I hold Deputy Roffey in high regard. I think he made a very odd speech yesterday, but it seemed to have influenced Members. So he will not mind me identifying something he did very craftily just before. He said, [?? 15:23:15] may even help us agreeing to this £150 million because we may need to borrow more. Well, the truth is, we will not get £150 million away in its own right as this number. The minimum market size for these sorts of things is £250 million to £300 million. The problem we therefore may have is we may end up doing some extra borrowing simply because that is the only commercial way we can do that. Now he did mention that, but he did it in a very clever way, so I thought I would spend a little bit of time identifying it.

2695 And whether it is for housing, which I think is absolutely our number one priority or anything else, this remains the worst possible time in recent memory, certainly within a generation, certainly since the Global Financial Crisis, to be borrowing this amount of money over that term. **(A Member: Hear, hear.)**

2700 So there is a lot to recommend it. There are an awful lot of questions, so I am going to repeat them, so no one is under any doubt. How much have we currently lent them? My guess is it is north of £100 million. How much have we guaranteed? In other words, what contingent liabilities did we have? What realistic prospect have we got of getting £100 million away. Particularly, bearing in mind, we have just approved Amendment 12 onto our smorgasbord. And Amendment 12 asks us to rescind the authorising the Policy & Resources Committee to take out new borrowing to a maximum of £200 million.

2705 So if I am reading this correctly, the revolving credit facility that we currently have would be removed as well, forcing us in, not to any kind of commercial borrowing from a lender such as the Royal Bank of Scotland, for instance. But rather, out into the commercial markets for a fresh debt issues. So this is by no means as simple as it looks. And some of those questions, Deputy Roffey will be able to answer, but some of them, he will not. So I am looking directly at Deputy Helyar who looks like he might be typing away.

So Deputy Gabriel is right, that there is far more to this and there are a number ... The questions do need to be answered and understood by this Assembly before any commitment is made.

The Bailiff: Deputy Moakes.

Deputy Moakes: Thank you, sir.

I will support this. We desperately, desperately, desperately need more new homes and I think this is a good way of building new homes.

I guess the question I have to ask is, what thought has been put into how these homes will be allocated? It might be worth, perhaps, Deputy Roffey explaining how this happens because I am 100% sure. And the reason I ask that question is, there are many people on the Island who are living in circumstances which they should not be having to live in, sofa surfing etc. We have got lots of people that cannot hire because there is nowhere for people to live etc. So it would just be interesting and useful to know how they are going to be allocated. If that is how it happens or if it ... Only just help me out here.

Thank you. But I will be supporting this because I think it is a great initiative.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: All of these requests, sir, from P&R for borrowing. First of all, we had this £350 million, then we had a £200 million, that was in scenario three, and then scenario two was borrowing £200 million. Now we have got a request for £150 million. When is it all going to stop? **(A Member:** Hear, hear.)

As Deputy Gabriel says, this is another large chunk of money, £150 million. And there is no need to go for £150 million right now at all. Absolutely unnecessary. If you want to build a few houses, we have got the land, then build them on there and the States can do it. There is no need to go out to the GHA.

So my first question, why can't the States themselves add housing to the property that they have been purchasing recently? As the Housing Association is already, apparently, from what I read, overrun with project development and you are talking about another housing affordable provider. Who is that? We have no knowledge of this other housing provider, so we are taking a huge gamble here on companies that are in vogue today and out tomorrow.

And why can't the Housing Authority, this is my second question, why can't the Housing Authority go out to private lenders? They are already saying that the rates are very high now for Government to borrow. The Housing Association has a plethora of housing currently under their belt. There is no reason why they cannot provide themselves with some security or provide lenders with some security.

And thirdly, is this for affordable social housing and partial ownership housing or is it for other things? And is this a way of borrowing under the table essentially for Leale's Yard? Because I just wonder what the intention is exactly with respect to this, and I know that others have been talking quite a lot about pouring *taxpayers' money* into Leale's Yard when that company has told us many times when I was on Environment, for example, in 2004. They came in with their plans and said they could not carry them out because there was no market for the stock, or nobody was going to invest in it. They could not see it.

So along they came with another plan and another plan and another plan. It goes on. We are not going to bail out the Co-op. The Co-op gave us lots of promises in the market. We were going to have a flower market, we were going to have a meat market, we were going to have a fish market. What have we got? Nothing!

So please answer a few questions to give us some direction on this because I see no reason why they cannot do their own thing, and no reason why we cannot, as a States, further our investment in our own land with our own housing development for the very reasons affordable social housing and partial ownership.

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The Bailiff: Deputy Soulsby.

Deputy Soulsby: Thank you, sir.

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Do we want more housing? Yes, we do. And I absolutely understand the intention behind this amendment.

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I think I really rise to reiterate the comments of Deputy Trott. I completely understand where he is coming from on this because I think it is where I am as well. And it is interesting hearing the history. Deputy Trott was around when the GHA was set up and the advantages of having it and keeping stuff off the books, of course. I think under IPSAS, it is quite possible, given we have got that golden share that the GHA might actually have to fall with the States accounts at some point unless something has changed. So I think that might be quite interesting to see if that happens or some jiggery pokery goes on to change how the ownership works. I do not know. But that could actually happen at the moment.

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But I can see where Deputy Trott is coming from, and said, right, do we bring it in-house? But I do not know. And I think that is part of the problem I have with this amendment. I can absolutely see why the proposer and seconder believe in it. Being on ESS and having the E&I link there, I absolutely see why, we want more housing, surely this is a way of doing it. But we have not heard from the GHA and I know other housing associations may be available, but I think we do need to understand where they are coming from in terms of what they think they can build and how we should be building at the moment.

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And I think they have been, in terms of all the discussions we have had on housing on recent months and when it comes to Leale's Yard, we have not heard from GHA at all. We really do not get a feeling of how does that fit into what we need to do in terms of building housing. So I think I would need to understand more about what the GHA think about this. I also do not understand how it will fit into the Leale's Yard. I have no idea how we are going to end up at the end of the day, but whether we could have Leale's Yard voted for and then we have the funding here as well. And I think us getting into a bit of a mess. Or is the Leale's Yard development meant to come out of here as well? I am not sure, because we do not really know quite how the Leale's Yard units will be acquired and who will acquire them.

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So it is all very lots of ifs, buts and maybes for me at the moment. It is one thing I struggle with it. And again, it is a lot, we are talking £150 million. Admittedly, it says for a period of up to 40 years. But I do not know if that means taking the money out over 40 years or having the facility for 40 years which is two different things. Because Deputy Vermeulen did talk about affordable housing and then we have got the private sector and the private sector we want building this, that and the other. But it is private sector contractors that are actually building the homes for the GHA. It is not the GHA on branded vehicles and people that are doing the actual building. These are contracted out from the private sector. And I just want to know how that fits in to everything else.

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So, I do, absolutely, for me and that is why Amendment 4 is all about saying housing is our number one priority. What are we doing about it? But I have just got a lot of concerns with this amendment right now in understanding all of the implications, particularly if we want to borrow now when we know it is not exactly the time to do.

So that is where we are at the moment. I am really happy, and I would really like to hear other aspects of this debate before I decide which way I am going to vote.

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The Bailiff: Deputy St Pier.

Deputy St Pier: Thank you, sir.

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Well, how times have changed. Back in 2008 or 2009, 2008, Deputy Parkinson, that brought a policy letter to seek authority from the States to borrow. And the States rejected it. In 2014, the Treasury & Resources department put a few Propositions in the Budget along with quite a lot of analysis in the accompanying Budget Report. And we were panned for doing so, for seeking to get

authority on the back of the Budget rather than as a separate policy letter. Roll on nine years, and we are slipping an amendment into another debate (*Laughter*) for £150 million. As Deputy Gabriel says, 'Wow, how times have changed'. Sir, Deputy Moakes has said, building new houses, we need to get on with building new houses. And this is one way to do it.

Sir, the way the GHA has worked up to this point and there is no reason to believe that they or indeed any other developer operates in a different fashion, is they normally undertake the development using short-term development finance obtain on commercial terms from a lender. Albeit, guaranteed by the States of Guernsey to ensure the most favourable terms. When the development is then completed, the short-term development finance is refinanced, in other words, it is repaid with longer term financing.

And of course, that was one of the purposes of the 2014 bond. It was taken out, £330 million, and a good chunk of it was earmarked with the intention of allowing the refinancing of that long-term funding for the Guernsey Housing Association. And of course, that is indeed what happened. Albeit with many strings and constraints around that bond, it was, of course, a separate bond reserve was put aside, picking up on Deputy Oliver's point, effectively. A sinking fund to ensure provision was made to ensure the bond could be repaid at the end of its term, 32 years. And the bond could only be used to lend on to those projects that had an income stream sufficient to cover not only interests but the capital. And that, indeed, is what the latter part of this amendment is seeking to do is to ensure that it is lent for that purpose.

However, may I remind the States that this Assembly has unwound all of that. It collapsed the bond reserve and it rolled back on the conditions around the use of the bond, such that we can now use it for anything and, of course, the intention is to use the balance of it as being added into reserves for the use for capital projects.

So Deputy Trott's question is pertinent, because, actually, the first call on the balance of the unused bond should be precisely for this purpose, rather than seeking additional authority (**A Member:** Hear, hear.) So that would be my first point.

Secondly, I want to deal with the terms of this very brief Proposition, should it become a Resolution. And some Members have already picked up on some of this. Firstly, of all, we have no idea whether it will be a bond or it could just be commercial borrowing. As Deputy Trott has pointed out, it would not be terribly practical to get a bond in the public markets, so that would imply simply going to a bank and taking out commercial borrowing for this amount.

'On such terms and conditions as the Committee deems appropriate'. Members, that is enormous delegated authority being given to the Policy & Resource Committee. Whoever is comprised upon it on any given day, enormous authority without any reference back to this Assembly. It is also open-ended. This authority contains no subset clause. This Committee may not it, the next Committee may not use it. The Committee after that might choose to roll it out and use it on terms that nobody will have any clue on because it will be up to them and is within their authority.

I hope that Members have learned during this term that the decisions to grant so much delegated authority over so many aspects to roll back on all of the controls that we have had have not necessarily served us terribly well.

Capital spending, originally any project over £500,000 needed the authority of the States. Reluctantly, the States agreed to extend that to any project up to £2 million, then it went to £5 million. Now it is a project of any size, once the States, albeit subject to Deputy Burford's more recent amendment. So giving delegated authority is all fine and dandy, but it is an enormous power.

Now if I was Treasury lead, and indeed, had another Committee rocked up during my period of leadership with a Proposition such as this, I would have welcomed it with open arms. Brilliant, fantastic if others want to give this to us. It is interesting that P&R did not themselves seek this authority in this policy letter themselves. But it does not surprise me that somebody else presenting it, they welcome it with open arms. I would if I was in their position. That does not mean the rest of this Assembly should.

It also, as Deputy de Lisle has quite rightly pointed out. It refers to the Guernsey Housing Association, who we know well, or any other provider of affordable housing. Now, that makes eminent sense. There may well be a need to have competition and to have another provider, more capacity. We have got no idea who they are. This Assembly has got no idea who that might be. We have no due diligence on them. The authority is open ended.

It also talks about to fund the Affordable Housing Development programme. Can anyone tell me in three succinct sentences what the Affordable Housing Development programme is?

I am not going to give way, Deputy de Sausmarez. I have an opportunity to speak.

Of course, the explanatory note tells us what has been approved by this Assembly. But in terms of the detail around the contents of that programme, that is not something which this Assembly has approved with any granularity at all.

Deputy Oliver has also queried about the terms of repayment. Is it interest only? Would it be a sinking funding? And nobody can answer that question, and nobody can give you the reassurances. And even if this Policy & Resources Committee attempts to give you some reassurance, the Proposition is clear that it is as they deem appropriate. And if it is another Committee, they may choose to interpret it in another way.

Sir, this amendment, I think, is superficially attractive. I understand, exactly as Deputy Trott has said, why the Committee for Employment & Social Security have presented it, in accordance with their mandate. It makes sense. I understand who the Policy & Resources Committee embrace it, given their mandate. But the scrutiny, this Assembly, if it approves this amendment, I would suggest it is not applying sufficient scrutiny which is our responsibility as the rest of the Assembly (**A Member:** Hear, hear.) to a sum this size.

I am a supporter of debt. I am the individual who led the argument for taking this modern States into its first period of borrowing. I will give way to Deputy Trott.

Deputy Trott: Well, it is only so I can say thank you, because we are more than £100 million better off as a consequence of those actions. So, on behalf of all the community, well done.

Deputy St Pier: I had a feeling that Deputy Trott might say that which was why I was willing to give way to him (*Laughter*).

So I am of course a supporter of debt. But this, sir, is a step too far.

I think the other point I would make. Deputy Helyar in opening debate pointed out that the Fiscal Panel and S&P between them had really identified that we could take on an additional £750 million of debt. Well, this is using £150 million of that headroom. It may well be that if this is not used, the GHA or any other should we stick with the language of the amendment. Any other provider of affordable housing would go into the market and obtain their own debt without eating into the headroom that is available to us as a Government, even if we were to guarantee that.

So whilst, as I said, I think I understand all of the reasons why it has been presented, there is simply insufficient detail available to us today. The proper process for this is as and when there is a proper programme that requires an understanding of the long-term funding needs, whether that is for development finance or whether it is the long-term refinancing, is for the Policy & Resources Committee of the day to come with a policy letter and detailed proposals which the States of the day can properly scrutinise and examine and give authority if it is the appropriate thing to do, which it may well be at that time.

This open-ended authority is deeply dangerous. This Assembly has given too much of its authority away. It has not served us well. We should not continue to do so by approving this amendment.

Thank you, sir.

The Bailiff: Deputy Queripel.

2920 **Deputy Queripel:** Sir, thank you.

Everybody knows my view. We need to blitz housing. Put all of our efforts into building as many as we need to satisfy demand as quickly as possible.

And I want to get behind this, but I have got a few questions and concerns.

2925 We are told in the Proposition that it is specifically to lend on to the Guernsey Housing Association or another provider of affordable housing. Well, we are told under Rule 4(1)(b) information, 'P&R are supportive of the funding being provided as [?? 15:45:38] Guernsey Housing Association'. There is no mention there of another provider of affordable housing. Sir, I would like some clarification on that point, please, from Deputy Roffey when he responds.

2930 But also in the explanatory note, we are told that an estimated 1,000 units are needed in the next five years of affordable housing. Now we have got the land. So is Deputy Roffey able to give me an assurance that those 1,000 units of affordable housing are going to be built in those five years if we agree to this? Because there would not be a lot of point in borrowing £150 million if building is not going to start as soon as the money becomes available and the money just sits there waiting to be spent.

2935 Deputy Taylor, I think it was, asked what would happen if this amendment failed. He asked, what would the result of it be? So it would be interesting to hear the response to that question. Before we hear the answer to that question, another question I have got which is, I doubt if Deputy Roffey is going to be able to answer it, but how much money do the GHA have right now to spend on building affordable housing or carrying on with their projects? I think we need to know that, because unless we know that we do not know if they need another £150 million or not.

2940 And Deputy St Pier touched on this. But why can't we use the remainder of what is left in the bond. Or what was left in the bond until we transferred it to general reserve of £160 million?

2945 Now I really want to get behind this, but this is a lot of money. Deputy Gabriel and others have highlighted, to borrow just for it to sit there, if it is just going to sit there and I cannot get an assurance that building is going to start right away, as soon as the money is in place, then I am afraid I will not be able to support this.

Thank you, sir.

2950 **The Bailiff:** As I do not see any other Member rising, I will turn to the Vice-President, Deputy Helyar, to speak to Amendment 2, please.

Deputy Helyar: Thank you, sir.

A few questions to answer there and I am sorry, I apologise beforehand, if I tread on Deputy Roffey's feet in any regard.

2955 I think the first comment, Deputy St Pier has summed it up very succinctly. Deputy Gabriel asked about security, Deputy Vermeulen asked about who is getting ... what interest rate etc. We cannot predict that, and Deputy Dyke mentioned the same thing. Why are we doing it all now. The authority is not to do that. It is up to a total. If we have to come back to the Assembly, we cannot delegate. I apologise. I give way to Deputy Gabriel.

2960

Deputy Gabriel: Thank you for giving way, Deputy Helyar.

Can I just confirm my understanding. You just said, based on my questioning, my statement when I stood up, you cannot guarantee the security arrangements.

2965 **Deputy Helyar:** The point is, we have not entered into any negotiation with anybody. We have not been presented with anything to provide security over. If this is an authorisation, it is not a, 'we are going to lend X for these houses'. It is not possible to answer your question, that is the point. And it is not possible to answer the other questions. The GHA may only ask for £5 million for all we know.

2970 The fundamental reason for doing it this way is that the Government can borrow money more cheaply than an independent organisation. It is as simple as that. And the loans, if they do ever

happen, will be back-to-back. And the terms of this authorisation provide at a rate calculated to ensure that there are no residual costs to the States of Guernsey.

I give way to Deputy Oliver.

2975

Deputy Oliver: If the GHA only want to borrow £5 million, why are we agreeing up to £150 million? That is what I do not understand.

Deputy Helyar: I am simply giving you an example. There is no project, specifically, for anyone to put into an amendment or a policy letter. It is a programme. And I am sure Deputy Roffey will speak to that in due course which is why this is a general authorisation rather than a specific one. We cannot tell you what the terms are because they do not exist yet. If there were terms, I am sure they would be in here and everyone would be absolutely entitled to demand what they were.

Deputy Trott asked some specific questions about guarantees and outstanding bond amounts and so on. I have been able to very quickly look that up. The outstanding amount, and I do apologise, but these figures have only just come in from Treasury. My understanding, that there is £94 million outstanding to the States of Guernsey on the bond in respect of lending that has gone across on the bond. The States also provides a guarantee of £25 million in respect of the GHA's revolving credit facility. So the GHA has expandable finance for when it needs it.

My understanding also which is relevant to some of the points that have been raised, that the GHA records its assets at £200 million which is obviously significantly more than those two amounts joined together, and £0.2 million in term of leasehold assets.

I do not know the answer in relation to consolidation from Deputy Soulsby. I would have assumed not personally because I think the GHA is structured as an LBG and the shares ... or a Limited By Guarantee company is a company which has no share capital. And so, the person who provides the guarantee capital for it is not entitled to dividends or returns except on liquidation. In which event, the share capital would be called up, which is the guarantee. I think that is only about £80 at the moment. So that would be the States' liability if the GHA were to fall over, and the States decided to let that happen. So I am not sure that would happen in the current circumstances.

I give way to Deputy Dyke.

Deputy Dyke: I thank Deputy Helyar.

He did refer to my questions. One of them, and he may have missed it. One of them was, how does this borrowing authority mesh with the borrowing authorities in the scenarios that P&R laid out for it? Does it add £150 million to all of those figures so that we go in with £150 million down and all of these other figures to add on top of it. So I am getting a bit really worried about this to be honest.

Thank you.

3010

Deputy Helyar: Yes, I did hear Deputy Dyke say that, but it is not my amendment, not P&R's amendment. And that goes to something which Deputy de Lisle said. Why is P&R asking for all of this money? It is not. This is not P&R's amendment. This is Deputy Roffey's amendment.

So the extent to which it meshes in, it is a specific authorisation for a specific purpose, and it is back-to-back so that it cannot represent any loss because it says, '... to ensure that there are no residual costs to the States of Guernsey'.

Why all now? Well, because otherwise we would have to come back here with a policy letter. Can I continue, sorry. I am not saying no. But I have got some facts to get through here. I did not expect it to be quite so contentious, to be honest with you.

But then again, I do understand why there would be concerns which takes me on to Deputy St Pier which is there is a very significant amount of discretion in this, and I do not, absolutely do not deny that because there is. It is as wide it could be on such terms and conditions that the Committee deems appropriate. That is just purely about the job of delegation. If States' Members

do not feel that it is appropriate to do that, that is a perfectly fine conclusion to reach. I do not have any problem with that. It just means that we need to come back and ask if there is some means of doing that in future, then that is a perfectly legitimate decision for States Members to make if they feel that they need to do so.

So really this comes down to that, it comes down to delegation. And it comes down to an issue that has been strongly, I believe, championed by Members throughout the debate so far which is housing, housing, housing. That solves, unlocks, creates all sorts of opportunities for Guernsey. And many of our problems that we have at the moment, including our very expensive cost of living and so on, is down to a lack of supply. And we need to get on and build. And hopefully, this kind of financing may assist that to happen.

So the Policy & Resources Committee does support this. But it is an authorisation. It is not a specific. This is the group of houses we are building and this is the money that we need to do it. And we do not have the level of detail required to provide that assurance at the moment.

If Members do not feel that is appropriate, I completely understand. But we do support the premise that we do need to get on and fund this organisation or another to build sufficient housing.

Thank you.

The Bailiff: I turn back to the proposer of Amendment 2, Deputy Roffey, to reply to the debate, please.

Deputy Roffey: Thank you, sir.

At the beginning, I felt this was going to be a very short debate until my Committee Member, Deputy Gollop, got up. And then it seemed to all kick off. So thank you Deputy Gollop.

Let me make a few things clear at the beginning. It has made it sound as if, why is this just being slipped in by amendment? Why haven't we learned more about it before that? The policy letter, the Funding & Investment Plan policy letter from P&R makes absolutely clear that they are going to need to borrow money to fund the Affordable Housing Programme and the GHA. For some reason, that did not make it through into the Propositions. But it is not an amendment that has come on the back of nothing in a policy letter. It was all in the policy letter.

Now admittedly, they have said they are going to need to borrow £100 million and we have said a maximum, read my lips, a *maximum* of £150 million. A lot of people have said, why do we have to borrow £150 million? We do not necessarily have to, but we wanted to make sure there was sufficient headroom, knowing that Members of this States are saying, we want this to be our absolute priority. We want to go gung-ho for it. We want to set everything else aside and do housing. We wanted to make that we were not trampled in being able to deliver what this Assembly was asking for.

Now as for surety, and I, actually, my understanding is that the GHA are so entangled with the States of Guernsey, that it may well be that under the new accounting standards that they may have to appear in those accounts. I have heard that certainly as a strong possibility. But what I can say is, if they were, and we have heard that their assets will outstrip their liabilities. But if they were to fail at any time, or their articles of which they were set up, means all of their assets automatically revert to the States.

I am not sure what better surety you can really have for that. Unless, of course, in the dystopian world of Deputy Gabriel, that so many people have left ... 'Oh, wouldn't it be nice to have a shortage of people wanting affordable housing in Guernsey so that we cannot let them'.

Unfortunately, we have got hundreds and hundreds of people wanting affordable housing that we do not have. But yes, I have to confess, that if we have a Scottish Island style depopulation to the extent that there was nobody to pay rent on any of these houses, that could arise. If that is a reason for not supporting the Affordable Housing Programme and cracking forward at a time when we really need it, well then, I think it does not show much courage in the future of our Island.

Now, Deputy Brouard says, 'Why don't they just get to commercial lenders?' That is what they did in their early years of their life. They did exactly that. Since, certainly, I think, 2012, all of the borrowing has been through, we are really the conduit here. This is not borrowing to build schools and hospitals where the taxpayer is going to have to pick up the tab. We are the conduit, almost, of this. And because, for exactly the reason Deputy Helyar says, borrowing through us is cheaper than borrowing commercially. And therefore, we get bigger bang for our buck. We get a few more houses for £100 million than we would do if they went off down the High Street looking to borrow. It is as simple as that.

But, Members want a few fewer houses and they want to borrow commercially, well, that is fine. Well, it is not fine, actually. But that is ... Deputy Kazantseva-Miller asked about the timing of the debt. And also, Deputy St Pier said, we do not even know if it will be a bond or not. And that £150 million is not even for a bond. And look, I am not the expert here. We saw that in the policy letter it had been flagged up rightly that the States were going to need to borrow to make development finance available for the GHA. Therefore, we have brought the amendment to do that. And we are saying to delegate the way that it is done to P&R.

And I actually have, I do not see the bogie man that Deputy St Pier does. I did support the Burford amendment because I did not want P&R to have delegated responsibilities to say that project is going to go ahead, whatever the cost they choose. That project is going to go ahead. This is not about that. This is to do with the detailed terms of which we are going to take that on. And if Members think that the best place to determine that is on the floor of this Assembly, taking out that commercial debt, then I just beg to differ. I think sometimes when you have got a Committee charge for doing something in their mandate, you have to delegate that responsibility to them.

Now several Members have asked, why does it say, 'to the GHA or other similar provider'. And I have to say, that the first draft, the first iteration mentioned just GHA, as it does in the policy letter. Recently, we had a tripartite meeting between ESS, P&R and the GHA. And they made clear that they had some concerns and some jitters about expecting them to expand at a rate commensurate with the affordable housing indicators. They have basically a thousand units of housing and we would want them, if they were the only deliverer, we would want them to double in size, really, inside a few years. And I understand. I respect that.

They are, despite the fact that we are intermeshed with them and their assets would revert to us, they are an independent organisation, and they want to make sure that they are in control. That they can grow at an affordable rate. But we cannot say then, well, in that case, we just will not build the other houses. We have to find a delivery route for doing it. And that other organisation may even be the States of Guernsey. I do not rule out as a backstop using this cash to build extra States housing, to use an old-fashioned term. But we will give them first dibs. I think they have got a very good set up. They have got a development team that is driving it forward. But if they are not going to have the capacity, then we have to make sure there are other ways of doing it.

As for the pace at which it is released, I trust the Treasury team to be able to take out a facility which makes sure that we do not suddenly just borrow all of the money upfront and have to pay all the amount. But I am not the expert there.

And I quite agree with Deputy St Pier. If the States decide in other matters today that they do not want to borrow at all for hospitals or schools, then a bond would not be the right thing. You could not go out with £150 million for a bond. It would have to be another form of borrowing. The point is, it would still be, it may not be as cheap, but it would still be cheaper than the GHA. Well, we think it would be than them going out and getting commercial borrowing. Of course, if they could find a way of doing it cheaper, then the authority being given today, it would not happen because they would be able to use that route instead.

Deputy Dyke, well [??? 16:02:54] or the borrowing ??? That is not how we see this at all. We see this as basically, we are the conduit here. This is GHA borrowing through us and that it stands aside from it. He also asked, 'Where does keyworker housing sit?' Keyworker housing is very much a part of the Affordable Housing Development Programme. And I am sorry that Deputy St Pier

does not know what that is. But I would invite him in to speak to the team to understand it because it is well-established, and it does cover keyworker housing and it does cover social rental housing and it does cover the shared equity scheme. And in some ways, it is a great shame that ... I approved, it was the right thing to do, but I was not able to deliver my opening statement at the beginning of this meeting because a big chunk of it was about where we are going with the Affordable Housing Development Programme, including putting in –

Oh, I suppose I will give way to Deputy Dyke, yes.

Deputy Dyke: Thank you.

At the risk of being pedantic, the figures in the Housing Needs Survey are for 721 affordable housing, not 1,000. The 1,000 figure is not something that I recognise from anywhere. So it is 721 is the number.

Deputy Roffey: When we debated the housing leads indicator, it was made very clear that no allowance had been put in there for keyworker housing and that would sit on top of the 721 that was there. And altogether, that makes a requirement of about 1,000 units of affordable housing. That is the situation. And it was, I would say, through you, sir, to Deputy Dyke, made very clear at the time that that was the case.

I am going to come back to Deputy Taylor at the end, I think.

Deputy Inder, no, it is not for repairs or upgrades. I have to say, as far as our own States housing stock is concerned, now we are not transferring that across for GHA. We will be knocking on the door of P&R and saying that the type of ... Savills identified an enormous amount of upgrading, particularly in thermal insulation terms. They said it was well-maintained, our stock, but some of it needed a lot of upgrading. It was going to [??? 16:05:27] take a lot of money that was going to be swept up in the transfer. Now it is going to have to be [???] We do not want to bad landlords, do we? So it is going to be swept up by this Assembly. Remember that when you come to vote on the funding package at the end, that there are other, not just SLAWS, there is lots of other funding requirements coming along knocking on the door. But no, this is not. this is to do with the development programme.

I did not follow everything that Deputy Vermeulen said. He said that we have £50-odd million. There is a –

I give way to Deputy Moakes.

Deputy Moakes: Sorry, Deputy Roffey. I hate interrupting when people are doing this type of a speech.

I made it very clear when I spoke that I really wanted to support this and I desperately want to support this because we are desperately in need of housing. Obviously, I wanted some questions answered which some people had already asked when I stood up. I asked what type of homes and for who. But I guess my question is, we want this to happen, we want it to be passed and we want to get on with building. Are there any gates, or a gate or two gates that could be added to this Proposition, this amendment, which gave people that sense of, okay, nobody wants to stop it. Everybody wants to build new homes. But technically, somebody could go out spend £150 million on one house here. *(Inaudible)* Okay, but the point I am making is the number of people who have said they are slightly concerned. I just wondered whether there were any gateways that could be put it.

Deputy Roffey: I really do not understand that.

But while I am on my feet, I will move on to the point that Deputy Moakes made earlier about how the allocation of this housing is going to take place. Well, exactly the same way as the allocation of all of the existing affordable housing takes place. There is a joint application system through GHA and States housing and people consider, sir, a whole set of criteria. And if you would like to know more, I am quite sure that the team at ESS and GHA will be very happy to explain

3180 how it works. But it is about expanding our stock. Not doing something different. This is about having more affordable housing, not a different type.

I was thinking I was talking to Deputy Vermeulen when ... I was talking to you, of course, sir, about the ... As I tried to explain in my opening, there is a difference between the grants that this Assembly give to, up to now, it has been the GHA. It could be another organisation. In order to
3185 allow them to make affordable housing affordable. That is where we have got £30-odd million to allocate. And we are trying hard to prioritise it in the right way.

This is not about that. This is how they fund the rest of the building cost. And up to now, as Deputy St Pier has said, for many years now, they have been doing it out of the famous bond that they took out. And I have to say in retrospect, I think my reservations were probably overcooked,
3190 and I would not quite go quite as far as Deputy ... I am not going to build a statue to Deputy St Pier in the way the way that Deputy Trott wants to do. But looking back, I think the decision looks a pretty good one. But unfortunately, this is what brought this about. This Assembly, until quite recently, there was still quite a lot of headroom in that bond for GHA to go along and say, can we borrow for this for the cost of building our houses? This Assembly reallocated that and started to
3195 use it in different ways. So that took away. Yes, there is still some, La Vieille Plage is going to be, I think, funded, out of what is left in there. But basically, it is taking away that funding.

And Deputy de Lisle just seeing reds under the bed. This is not any kind of nefarious thing to do anything else. This is the way that ... Okay, this week, a planning application will go in to build 57 new keyworker housing units at what is now called Domaine des Moulins. I do not know if it
3200 has come in yet. It has arrived. Okay, great. We have done the grant funding for that, so we have agreed the grant funding. Or rather, P&R and us have agreed the grant funding and we have bought the land. But they need money to build those 57 units. Now they can go and borrow it, I guess, commercially, but it will cost them more and therefore we will get at the end of the Affordable Housing Development Programme fewer units than if we facilitate that borrowing. It is
3205 as simple as that. And there will be other lots like it ... This is nothing to do with, I do not know what Deputy de Lisle thought. The nefarious, ways of P&R getting money to do other things. This is all to do with funding the ongoing development programme of the GHA or others.

Deputy Queripel asked a number of questions, I think. Why not just the GHA? I think I have answered. We have got enough land for 1,000 properties. Sadly, we do not, actually. We have
3210 bought quite a lot of land. Not enough for –

Yes, I give way to Deputy Trott.

Deputy Trott: I am very grateful to my friend for giving way, sir. And I did not want to interrupt his flow after he gave Deputy Moakes the answer. But there are several things that have
3215 emerged during his summing up and indeed in the previous speaker's contribution.

Deputy Helyar said that the GHA currently values its assets at £200 million, I think that is what he said. Not their net assets, but their assets are £200 million. You told us that there is over 1,000 properties. Now, I think I might be slightly better at arithmetic than Deputy Ferbrache, because that works out at £200,000 a unit. And that seems to me to be extraordinarily low. I know there
3220 are equity shares, shared equity and various other components in there. But it does seem low. And it also seems extremely low, based on the fact that there is £95 million worth of existing borrowing through the bond. And £25 million of underwritten facility which assuming that they are all drawn down and I am not sure if the full £25 million is £120 million.

Bearing in mind, we gave them a dollop, the reason I say dollop of houses, is because I cannot
3225 remember, but I think it was in the hundreds. Some have since been knocked down and redeveloped. The Barratt estate is an example. But those balance sheet figures do not seem to make a great deal of sense.

Thank you for giving way.

Deputy Roffey: I am somebody that likes to think I am usually across my multiple briefs. I do
3230 not, I confess, know as I stand here, the exact value of the assets of the GHA, but I will find them

and give them to Deputy Trott. But what I can say is that the board of the GHA have just done a various financial assessment on their current estate. Not about their development programme, but their current estate, to make sure that they are in a strong position to be able to service the loans that they have been given. By the old ones from the private sector, previously, and those that have come through the bond and to invest in repairs and upgrading. And they are absolutely in a sound financial position. But the greater details, I am sure they are ... Well, Deputy Trott once said, he only asked questions he knew the answer to. So he must know exactly what the ... But I do not think he does in this case.

I am trying to make some progress, but I will give way to Deputy de Lisle.

Deputy de Lisle: I thank Deputy Roffey for giving way.

I did ask, why can't the States themselves add housing to our existing housing estate in terms of the fact that the housing association is already overrun with project development?

We have got the land, why not we build on it and finance it ourselves?

Deputy Roffey: I do not know what land Deputy de Lisle is talking about. The GHA own [?? 16:14:14] The GHA own the Parc Le Lacheur. We do have some land but more to the point, I have been hearing through the last three years, why don't you outsource to specialists in the area rather than trying to do everything yourself? In fact, P&R can try to make sure we passed over our housing to them for exactly that reason. It is only because the sums did not stack up that we ended up not doing that. Of course, if they cannot build quickly enough and there is not another registered housing association, not for profit, that would do it. Then I think I have already said it in this speech. The backstop will be doing exactly that. But why do it when you have got a shrewdly oiled machine that is actually doing that extremely well and has been for the last 10 years. I do not understand Deputy de Lisle's point.

Sir, I think really the only point I have to come back to is the one that was asked by Deputy Taylor. What would happen if we do not start this? Well, what will happen is that the GHA will have no access, initially, no access at all, because Deputy Gollop is right. For some reason, in the Memorandum of Understanding from 2012 says they can only borrow from the States and not from the private sector. But I will, on my side, try to remove that as quickly as possible because that does not seem to make any sense. I guess it is because we borrowed for the bond and some of the utilities were not borrowing it that quickly and therefore, we decided that we would encourage them to do that.

But nevertheless, we get rid of that, but they will be faced with more expensive borrowing for the Affordable Housing Programme and will not be able to afford to provide the level of housing that they could do if this amendment goes through. Now, I –

Deputy St Pier: Sir, point of correction.

The Bailiff: Point of correction, Deputy St Pier.

Deputy St Pier: Sir, I do think that Deputy Roffey is misleading the Assembly when he says that if this amendment fails, that it will mean that the GHA will be paying more. What it means is that there will be a requirement to come back to the Assembly at some point to seek the authority if it is not given today. It is not an inevitable consequence that it will be more expensive. And I think it is misleading to suggest that in response to Deputy Taylor.

Deputy Roffey: No. If we fail today, we can give it another go. And if we fail then, we can give it another go. We can spin this out. But what I have been hearing from Members for the last four days, so quite strong rhetoric banging on the lips. And some of these people want to abandon schools and hospitals altogether just to do housing. Well, this, giving the approval to the appropriate Committee for negotiating terms for this, to provide, as a conduit, borrowing at a

3285 more cost-effective rate than they could get elsewhere to the GHA or other registered housing associations to crack on and actually build affordable housing. Surely, that is what we want. The result of this vote is going to be telling in my view, sir.

3290 **The Bailiff:** Well, Members of the States, we come to the vote on Amendment 2, proposed by Deputy Roffey, seconded by Deputy de Sausmarez. Now the affect of approving this amendment will simply be to put in an additional Proposition relating to further borrowing. It will only be slotted into the final Propositions after the various scenarios that have been voted on which deal with other forms of borrowing. So this will be a later Proposition. It will not be 7(a), it will be 9-something, or whatever we call it by then.

3295 And I invite the Greffier to open the voting, please.

There was a recorded vote.

Carried – Pour 27, Contre 11, Ne vote pas 1, Did not vote 1, Absent 0

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

3300 **The Bailiff:** So, the vote on Amendment 2, proposed by Deputy Roffey and seconded by Deputy de Sausmarez, is that there voted in favour 27 Members, against 11 Members, 1 Member abstained, 1 Member did not participate in the vote.

And therefore, I will declare Amendment 2 duly carried. And as I say, we will work out where it slots in in due course.

3305 Now, the next amendment that I am going to take is the alternative to what had been submitted some time ago as Amendment 8 which is the later Amendment 10. But first, there needs to a motion put by Deputy Matthews who is actually proposing this motion.

Deputy Matthews, what do you want to say, not on the amendment itself, but why this amendment should be the one that is put in play rather than Amendment 8.

3310 **Deputy Matthews:** Thank you, sir.

This is just to explain that the replacement amendment, this is Amendment 10, is one that improves upon Amendment 8. Amendment 8 was simply there to stop building at the Ozouets Campus on the understanding that ESC would then be able to restart it by bringing something to the next States meeting.

In discussion, it emerged that there might be an opportunity to avoid any delays by doing all in this debate, which would be to stop building a combined campus. And then if Members then wanted to build the TGI building without the sixth form centre they could do so. That is why there are three Propositions in Amendment 10. So I would ask Members to support suspending the rules to allow this improved version to be laid.

Thank you.

The Bailiff: Deputy Roffey, do you second the motion to suspend the Rules?

Deputy Roffey: I do, sir.

The Bailiff: Thank you.

Do you really want to debate the motion, Deputy Oliver?

Then I am simply going to put the motion to Members that the rules be suspended to permit Amendment 10 to be debated, rather than Amendment 8. Those in favour; and those against?

Members voted Pour.

I will declare that carried.

So, we will debate Amendment 10 –

Deputy Haskins: Sir, can I have a recorded vote, please?

The Bailiff: You can certainly request that, Deputy Haskins.

Will you open the voting, please, Greffier.

There was a recorded vote.

Carried – Pour 26, Contre 12, Ne vote pas 2, Did not vote 0, Absent 0

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

The Bailiff: So, in relation to the motion under Article 7.1 of the Reform Guernsey Law 1948 to suspend the laws, proposed by Deputy Matthews, seconded by Deputy Roffey, there voted in favour 26, against 12 Members, no one abstained, and 2 Members did not participate.

And that is why it is carried and that is why I will now invite Deputy Matthews to open debate on Amendment 10.

[Amendment 10.](#)

To insert additional Propositions as follows:

"9. To direct the Committee for Education, Sport & Culture not to enter into any contractual obligations on behalf of the States or continue with any associated procurement processes nor demolition nor construction of the single post 16 campus described as "Sixth Form Centre in a new building at Les Ozouets Campus co-located with The Guernsey Institute" as approved by the States on 10th September 2021;

10. To direct the Committee for Education, Sport & Culture to make such arrangements as necessary to return stability to secondary education with the continuity of provision of Sixth Form education at Les Varendes and to direct the Committee and, if the resources of the Committee are insufficient, the Policy & Resources Committee to provide the resources necessary to provide the secondary and Sixth Form education facilities at Les Varendes as required for the benefit of the community."

11. If sufficient capital funding options are approved, to direct the Committee for Education, Sport & Culture to continue with the development of stand-alone purpose-built facilities organising further and higher education on a single site at Les Ozouets as described in the current RIBA Stage 4 design plans, save for the stand-alone building designed to house the co-located Sixth Form Centre, acknowledging that this would result in the over-specification of the space requirements for certain elements of Les Ozouets Campus, and to direct the Committee and, if the resources of the Committee are insufficient, the Policy & Resources Committee to provide the resources necessary to provide the facilities at Les Ozouets as required for the benefit of the community."

Deputy Matthews: Sir, as a parent, I have watched in horror at the changes being made to our secondary schools at the moment. Things have gone from bad to worse. I know I am not alone in thinking this. As we in this Assembly debate our finances, many parents have looked at their finances and thought, can we somehow afford private school? And if the answer is, no, the thought is simply, well, I suppose we will just have to see if it just works itself out. That feeling of resignation. People are fed up and they do not really know what to do about it. And as a Deputy, I share that frustration. And it is with this in mind, that as the Funding & Investment Plan approached, the thought occurred to me that now was the time to do something about it.

And so, I offer this to explain the development of my thinking when considering this amendment.

This debate largely centres around the Funding & Investment requirements for the construction of our two largest capital programmes; that is Our Hospital Modernisation project Phase 2, OHM, and the Transferring Education Programme TEP.

Now many people have always thought that it was overly ambitious to attempt to run both at the same time. Can the States really cope with running two large projects in parallel? Can our construction sector really have the capacity to build both a school and a hospital? And what about the housing crisis? Well, the States Strategic Housing Indicator suggests that 1,565 new units of accommodation will be needed by 2027. That works out at 313 a year, each and every year, until 2027. And a lot of people might say, we do not need them in 2027, we need them now (**A Member:** Hear, hear.)

Now the other side of the investment is funding. And we have a funding crisis because we have a demographic crisis. Young people cannot afford to live in the Island, mostly because housing is too expensive and there is nowhere for them to live. And what is our response? Well, we think we will impose GST and make the cost of living more expensive. We have to find a way out of this.

And so one possible way that strikes many as obvious is to build one of those large capital projects at a time, and for most people, the preference would be to build a hospital first. And, sir, that was my starting point. Simply stop the capital programme at Les Ozouets, or to copy the phrase that the GWP uses, to pipeline the project.

But this is a debate, and so it is also possible that the Assembly will choose a combination of tax and borrowing specifically to allow a capital programme which includes both large capital projects which are for brevity often referred to as a hospital and a school. And if that does turn out to be the case, it strikes me that now is the right time to stop and think, is this really the right way to transform Education. Because costs have gone up, construction is more expensive, interest rates have gone up. What had seemed affordable a couple years ago might not now seem affordable. Does this project still offer value for money? Is it the right thing to do?

This, incidentally, is exactly the process that we went through on the Committee *for* Health & Social Care. These are more straitened times. Is there a way that we can cut back? Is there a way we can cut back? Can we produce a hospital-lite that is more affordable?

When we were asked the question, for example, and we had asked ourselves, could we do just part of it? Originally, the project had been planned in three phases. Could we go back to that arrangement and just do the original Phase 2 and leave Phase 3 for another time. And our conclusion was, it was not easy to split it up into a three-phase project again. And this was the right project to deliver the results and the benefits that the Island needs. And there was no easy or affordable way to cut down without compromising the end result.

Now I do not know if the Committee *for* Education, Sport & Culture has had that sort of discussion. That reflection. I certainly have. I know many parents have. I know many taxpayers have. Because there are other options.

Members will know in the original Education debate; I backed a three 11 to 18 school model. I still think that is the best model. I have not changed my mind on that. So Members might ask, why am I now proposing an amendment that would seem to bring back something that looks an awful lot like the 'do minimum' model. Well, three reasons.

(1) Political compromise. The three 11 to 18 model does have some support. Deputies Brouard, Le Tocq, Parkinson, and albeit reluctantly, Deputy Roffey, supported that model. But realistically, not enough to convince the majority, or not today. And the 'do minimum' model has broader support and I support it as a second preference. And in politics, sometimes you need to reach a compromise to get something done. That is how it works. (2) Practicality. Where are we now? What is the most straightforward and obvious change that could be made to improve things? And we come into politics to improve things. To try and make the world a better place. Or at least, try and make the Island a better place (**A Member:** Hear, hear.) (3) The most pressing reason. The urgent need to get back some stability and certainty into our secondary education system.

Now, there is a time when you have to stand back and think, is this really what we should be doing? I know that this project has had issues and setbacks. The loss of a main contractor when R.G. Falla went under is bound to cause very serious problems with a project of this type. And for me, the time to think, to reconsider, is there a better way, is when your project involves moving the whole of sixth form to La Mare de Carteret. The very school buildings that successive Committees have railed against and have said over and over are not fit for purpose or are in a state of disrepair, needs to be knocked down, their condition is a disgrace to our education system. That is the point where you should ask yourself, is there another way, a better way or a cheaper way?

When you are moving the sixth form, the bright and hopeful amongst our youth. Our hope for the future. Those that have come through the State education system have worked hard and are ambitious and want to make the best of the best of their future. And hopes of going to university and building their careers.

In January this year, I was with a group of Deputies that was invited to take part in the Year 12 Deputies' Forum at the sixth form centre. And several of the questions revealed not just anxiety about the prospect of moving the sixth form, but genuine fear. One student asked, will the condition of the building even be safe for future students at La Mare de Carteret?

3425 For parents, there is a sense of despair. Whether you are for or against or indifferent to selection, the sixth form centre at the grammar school was always seen as the jewel in the crown of the State Education system. To see it simply abandoned in a temporary move to a shabby and tired school building that should have been knocked down and rebuilt years ago is quite heart-breaking.

For teachers, the idea is an absolute anathema. I have not heard of any support for the idea. It was reported that only 9% supported ESC's plans and that was before the relocation of the sixth form had been announced.

3435 We have heard of low morale and very high staff turnover numbers in our secondary schools. While turnover in primary schools is around 8.5%, similar to the UK, in our secondary schools, it reached a high of 20% in 2021-22. ESC attribute this to uncertainty and claim the solution is to press on with a transformation. That is not the impression I get. I get the impression of a workforce that is browbeaten and simply fed up.

But our primary sector shows that we can do it right. We know we can do education well in Guernsey. There is nothing special about us that means that we have to suffer this negativity. Guernsey knows what to do. We are just not doing it right. And now is the time to chance things.

3440 I close with a few words about costs. And I am afraid this will not be brief. Now, these have been back and forth a few times, and I have to say, getting the costs has been the most extraordinary experiences and this is why it spans two amendments, Amendment 8 and its replacement Amendment 10.

3445 I know I am a new Deputy, and this is a large and complicated project. But I have laid amendments before, I have managed projects before. I did not expect anything quite like this. I think it is probably best if I just walk through what has happened in chronological order.

I started out with Amendment 8 which and I thought it would be extremely simple. Amendment 8 is very straightforward. It simply says, stop all construction at Les Ozouets and make the changes needed to accommodate sixth form at Les Varendes. I assumed these numbers would just be available to hand from various previous studies and estimates.

3450 I asked for and got back a couple of options for Les Varendes which I assumed would be the complicated bit. So Option 1. To accommodate extra students sharing facilities at Les Varendes costs between £5.3 million and £10.1 million. Okay, well, that seems quite high. But this is from the professionals who run the project so okay. And Option 2 is to have a completely separate sixth form unit with no shared facilities. A cost between £19.6 million and £20.5 million. Well, that is extremely high, so clearly, no one would even consider that option, really. So it is perhaps useful to know about.

3460 So for the savings from not going ahead with the combined sixth form centre and TGI, I expected a single number, probably similar to the answer given to Deputy Kazantseva-Miller's recent Rule 14 question, regarding the cost of redevelopment at Les Ozouets Campus which was forecast to cost between £85.1 million to £98.1 million.

3465 But I did not get a single number. And to be honest, this is where it all gets a bit odd. What I got was an enormous amount of detail contained in a four-paged document of closely typed text with an hour-long meeting to explain it, of costings and timescales for the redevelopment of Les Ozouets Campus, without the sixth form centre, including, most significantly, a £7 million cost for inflation and rent for a one-year delay.

Buried in that document was a line that said, 'it should be noted, however, that removing the sixth form centre from this site would generate a need to review revised plans, *unless* it was agreed to build the campus as per the current specification but with the sixth form centre removed'.

3470 So I have an enquiring mind. I asked the question, can we agree to build the campus as per the current specification but with the sixth form centre removed? And the answer was, no. Yes, it was thought technically possible, but to do that would result in some over-specification of car-parking and shared areas. And there was a concern that the timescales were a little bit tight. And so if it were possible at all, it would need to be agreed in the current debate.

3475 So I added an additional Proposition to do that, Proposition 11 in Amendment 10 which we are debating now, and received the estimated costs but with a cautionary warning that they were very

provisional and there was a caveat that we might just not have enough time to do it. Something that I had expected to cover in debate until confirmation was made.

3480 The overall savings, all in, for retaining the sixth form centre and Les Varendes. So completing the TGI at Les Ozouets gave Amendment 10, the potential for capital savings of between £4.56 million and £10.37 million.

3485 But this is where things get stranger still. And I had a subsequent email to explain that, actually, it turns out the delay cannot be avoided after all. The reason being, I kid you not, veterans of previous Education debates and those of us who have followed this from the outside will greet this with a rye smile, is car-parking space. As far as I can see, it all pivots on the £7 million question and reason for a necessary one-year delay is that Les Ozouets Campus would have to many parking spaces by 50. And so, the DPA would apparently not allow this and require a redesign and new planning permission which there is not quite time for (*Laughter*) You could not really make it up. And so the revised costs would be either, between a saving of £8.77 million or a cost of £2.7 million more.

3490 Now I am no planning expert, but I do know that these requirements can often be worked round, so I am not yet convinced that the £7 million delay is required. But either way, whether the savings are between £4.56 million or £10.73 million, or whether it is the lower range of £8.77 million to a net cost £2.7 million, I am convinced that this offers a better Education system, less uncertainty, more stability and greater certainty. So I urge Members to support it.

3495 Thank you.

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

3500 **Deputy Roffey:** I do, sir.

The Bailiff: Deputy Oliver.

Deputy Aldwell: Thank you, sir.
3505 I just wanted to show first of all –

The Bailiff: Oliver, Deputy Oliver!

Deputy Aldwell: Oh, sorry. I apologise. I thought you said Aldwell. I do apologise.

3510 **Deputy Oliver:** Thank you, sir.

I have to say, I am flabbergasted. I am really *really* angry to be honest. Because when Deputies voted to get rid of selection back in I think it was November 2016, my daughter was not even one. She is now, she has got two years left of Reception and now she is joining the thing. This is just, it is just absolutely flabbergasting that we, the majority of Deputies, voted to get rid of a system with no idea of what to put in. (**Several Members:** Hear, hear.)

3520 Everybody who voted for non-selection all had different ideas and none of them have ever come to fruition. We have got close. We have spent, I think it was the last time before this, we have spent £110 million. That would have funded the GHA to build what we have to actually borrow. Just think about that for a second. One hundred and ten million pounds on different consultation things, going ahead with plans, backing around, stopping.

I give way.

3525 **Deputy de Sausmarez:** I thank Deputy Oliver for giving way, and I am sorry to interrupt her speech. But it does frustrate me, this narrative that Deputies voted, got rid of the 11-plus without knowing what was going in its place. That is absolutely not the case at all. The 11-plus stayed in place for three subsequent years until the States, including Deputy Oliver, I think twice, agreed the detailed places that would place its place.

So it an absolutely false narrative and I think it needs to be put to bed.

3530 Thank you. (*Inaudible*) (*Laughter*)

Deputy Oliver: We have now got another amendment to now stop plans yet again for this. We have had the 2 to 11, 2 to 18 model, then we have had the two-school model, now we have now had this. We have got to stop. We have got to make a decision on this, because we are just going around in circles. And all of these things have ... Not once have I heard the children. (**Several Members:** Hear, hear.) (*Applause*) Not once have I heard educational values. All I keep hearing about is the buildings. The buildings are not there, the buildings should be there, the buildings should be there. I do not really care where the buildings are. I want to actually start getting on and properly teaching our children under this coeducation where I have to say I think grammar school teachers are really actually struggling to teach because they have been used to children where they have all been on a certain ability and now they have got all age abilities. So there is having to be additional there.

It is just really with a heavy heart that I actually see another amendment, another change to this education. I have a good mind, actually. If this gets through, just to bring an amendment back and say, you know what, we can just go for selection again because no one can agree (**A Member:** Hear, hear.) what they are doing.

As I say, we are just gambling with our children's education. And it is not just our children's education. It is also the workforce. Because at the end of the day, we are trying to train these children up to get jobs, to be successful and to put in money to this economy. At the moment, we have had COVID which have ... our doctors of the future are where we have trained them up for two years which kind of scares me a bit.

But it might not be the perfect model, but we have to come to some conclusion. We have made a conclusion. Please, this just feels like another pause and review, can we just get on with what we have got and stop dilly dallying around. (*Applause*)

3555

The Bailiff: Deputy Aldwell.

Deputy Aldwell: Thank you, sir. And I apologise to Deputy Oliver. I did not hear with the noise around me. I think it was the sweet packets going. (*Laughter*) Sorry.

3560 What I first wanted to say. I just wanted to show you Amendment 10. This is the document of our project. It is in minute detail, 100 pages. And I just wanted to show you the work in minute detail of what has gone into our project. Thank you.

So, sir, in October 2020, being elected on ESC, I have always known it was going to be an enormous learning curve and it became very evident early on how much learning and understanding we would require. And with coming out of COVID lockdown and going into another where we thought we could make real progress early on, it became very apparent that this was not going to be the case. Our teaching staff were literally exhausted. Having worked through the whole of COVID lockdowns and the bumpy post-COVID period following.

One of the best decisions was put in place with the Director of Education to steer the ship who was to be tasked with putting in place a quality Education across our whole estate. An understanding of each school setting and making sure all learners' needs were met as well as having safeguarding procedures in place for all settings and allowing external inspections to drive internal improvements as this had been lacking. And he quickly took up the challenge.

3575 Within our primary sector, we have seen a huge improvement. Heads have led their staff, implementing a new broad curriculum with teachers taking on lead roles in individual subjects and driving the change forward, engaging and inspiring our young people, building and sequencing across year groups to take them forward, well-informed and prepared into our secondary phase of education. Those teaching staff have pushed themselves above and beyond coming out of COVID. They have done an absolutely amazing job which has shown in the Ofsted Reports over the past 12 months, and they must be applauded.

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In secondary and post-16, it has not been as simple. They have also worked through the lockdowns and have done their very best. But there has been a period of instability for our staff and students. Indecision has gone on too long and I know there will be some Members who will bring up the requête of February 2020 with similarities to a bad marriage when one person keeps raking over the past time and time again. They never see the positives. But that was because the majority of Guernsey did not want two large schools. And we saw a full-page letter from St Sampson's teachers in *the Press* and a march of the green ribbons and an online petition with 5,831 signatures. The public wanted three high schools and a separate sixth form. And in July 2020, the survey by the previous Committee, by a majority, so did the teachers.

In a recent presentation to Deputies, a senior education leader said of secondary, 'We are doing some really good stuff, but it could be brilliant. The staff need a chance, and they need tools and the quality of building, sending them a message they are valued. They feel like they are operating with their hands tied behind their backs. So much uncertainty. Staff and students deserve better.'

When the Committee was elected in 2020, we looked over the mountain. We have aspirations for our young people and saw that it was important that all qualifications were valued, whether academic, vocational or professional. And having all students on one campus. These were young adults and they were old enough to vote. We would build their self-esteem, we would stop segregation and so doing would build our economy to allow our Island to prosper.

On 4th October, Rishi Sunak spoke of an advanced British Standard for 16 to 19 Education. He stated that:

Technical qualifications were not given the respect they rightly deserved. Students study too narrow a range of subjects, but we need knowledge-rich students. We need to bring A-Levels and T-Levels together and bring parity of esteem between academic and technical to change the direction of the country, so no child is left behind.???

After Brexit and COVID, the cry was 'to build back better'. We need to train and upskill our young people. Grow our own workforce as the staff we have relied on were no longer available as the world changed. Ladies College has announced that they are adding to the post-16 offering, building the skills their students will need for the future. And they report in 2022, that some students are going straight into work, not made on the basis of academic achievement, but employers were looking for on the basis of deeper skills, of independence, flexibility and authenticity.

The post-16 campus will lead the way by bringing all of the students together across the Bailiwick, moving away from the 1940s model of education and moving forward, giving our young people the skills they need in tomorrow's world. We know that Les Varendes does not have the space to retain a sixth form on the site once La Mare de Carteret High School closes.

And the consultant used by the previous Committee said:

One of the three schools being retained, Les Beaucamps, Les Varendes, St Sampsons, we considered that Les Varendes Campus is perhaps the least suitable for taking an expanded number of learners due to the constraints of the site. For example, the poorer circulation which includes corridors and walkways and the lack of natural supervision and the relatively shortfall of external space. ???

We cannot fit a quart into a pint pot. We need to make clear and reiterate that the sixth form does not operate a loan. Students take over 50% in the lessons in the 11 to 16 secondary school. And with an uplift of students in Year 7 from La Mare de Carteret, the school is lacking space, which has been the feedback from some of the present students attending the sixth form.

Social areas have been lost due to the number of students and it would be impossible, irresponsible to have the school take 1,250 or 1,300 students, squeezed in like sardines. A quick fix would be £7.43 million, up to £18.9 million, to accommodate students permanently would be £22 million to £29 million, including IT. On a site which was not recommended by the previous Committee or indeed to have a postcode 11 to 18 lottery on the site as described by the previous Committee. With the current plans for the sixth form at Les Ozouets costing £17.4 million to £18.8 million, it makes no sense.

3625 We have been told by the leadership team that we cannot continue improvement in quality of Education and they have serious concerns if the project is not allowed to move forward. There will be serious morale issues, poor quality facilities. An analogy being, you cannot rewire a house without a screwdriver. Our teachers and students deserve better.

3630 Students from across the high schools in Year 8 have said in feedback, they are excited by the prospect of all post-16 pathways being on one site. And about the experience of adult learning environment. They will be the students who are the first to attend Les Ozouets. Rightly, respecting both technical and academic qualifications, parity of esteem.

3635 We need to build for the future, not live in the past. Having our sixth form on a post-16 campus where all students have the opportunity to flourish with purpose-built facilities, giving opportunities in an array of skills set in academic, vocational and professional. And in this very different world, post-Brexit and COVID. All around us, different jurisdictions understand that we need to think outside the box. The world is changing and we need to change with it.

3640 The Assembly needs to look to the future and stop clinging to the past (**A Member:** Hear, hear.) We need to give confidence and assurance, stability to our teachers. We need to keep the promises of the vision to our young people, and we need to prepare our children for the world that does not yet exist.

In 2021, I spoke in the Education debate of the feedback that we had had from the Youth Forum and the excitement they felt for the plans, especially giving equal status to the qualifications and the opportunity to be together, whatever the pathway they followed as young adults.

3645 Yesterday, the Youth Forum thought the design was really impressive and were pleased that teachers and lecturers had been fully informed in the design. They really liked the idea of sharing inside and outside space with the TGI and the sixth form and they thought it was great that the students could stay on-Island with a wider range of qualifications available. And they liked that the skills and academic qualifications would be brought together on one campus.

3650 It was important that the vision of the future could be shown to those going through the system now. Our young people want to be treated with respect. As young adults with their peers on the next part of the educational journey in an adult environment.

3655 I hope, finally, the States' Assembly will kick this ill-thought out amendment which will put our Education proposals in freefall. It actually costs more in time and funds when our teachers have been calling for long-awaited stability which Deputies clearly would have heard from the presentation by Education leaders last week. Education has heard from our young people who are excited about the prospect of attending an inspirational post-16 campus together as young adults. And so many options now being available to them.

3660 Key to our Island's future success and preparing our students for a world of careers as yet that do not exist. Let Guernsey be on the front foot in this ever-changing world.

Thank you, sir.

The Bailiff: Deputy Taylor.

3665 **Deputy Taylor:** Thank you, sir.

Now this has a potential to be a very emotive debate. I think that has to be a fair assessment. And I wanted to speak early to hopefully insert a sense of pragmatism. Because we have to be pragmatic.

3670 Now, I am going to read from the briefing note that was issued by ESC in response to both Amendment 8 and Amendment 10. Now it, right at the start tells us:

We find it astounding that, for a programme of this magnitude and complexity, anyone could lay an amendment of such profound consequence with no previous engagement with officers of the Committee at such short notice and with no form of consultation with the Committee.

Fair enough. It goes on to say in the next paragraph:

We express in the strongest terms that it is wholly unacceptable for the professionals most knowledgeable about the Transforming Education Programme to be afforded so little time to assess the impacts of an amendment with such far reaching consequences for something as important as the delivery of Education in our jurisdiction.

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Now, I do not necessarily disagree with that. That is not a slight against Deputy Matthews. But those two paragraphs could very much be flipped on their head. And that is the point I really want to make here today. Because if we look at what is actually suggested in Proposition 9, in particular. That is the one that is going for the jugular. That is the key Proposition in this amendment which is basically directing ESC not to sign on the dotted line and not to progress with the Transforming Education Project. Now, understandably, that has hit a nerve for ESC and that has resulted in those comments being put in the Letter of Comment.

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But I want to refer to the last Question Time with ESC. And I did pose a question to Deputy Dudley-Owen in the event that their preferred option was not adopted, what is the plan? Is there a fullback position? I think it was in the last Question Time. Is there a second plan, a fall back position? And this is really the pragmatic part, because Proposition 9, even if it does not pass, even if this amendment loses, regardless of the outcome of this amendment, we are then going to the position where the only outcomes that see the Transforming Education, in my understanding, the Transforming Education Project actually taking place.

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The first scenario requires the States to commit to borrowing £350 million which is adopting Portfolio 3. The second position where the Transforming Education project would come in is where the States commit to borrowing £200 million and adopting Portfolio 2. But if we are in agreement or if we settle on just Portfolio 1, this Education project is not going. Regardless of all of the great reasons that we might have to adopt it, that is a fact. And I think it is very important that Members look at the voting for Amendment 12 that we have just had. Because I am not an investment man, I am not into all of that. I do not know my financial terminology, but I think when you hedge your investments, you put in a fall back where you bet off each other, and of ESC Members have supported Amendment 12 which is the fall back position to Portfolio one which does not include their project. And it think that is a really *really* important point to raise.

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Now Deputy Murray, I want to thank him for his presentations on the Funding & Investment Plan when they came to Committee Members. He made the most pragmatic solution of all. He said, you cannot just move projects around. If you want to have a project fitted into a certain portfolio, you have to take out the same value. We need to find the money for it. And being perfectly frank, that simply has not happened.

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So I would hope Members have that in mind going through this debate. We are not talking about the merit or failing of the Education model that is being proposed. We are talking about whether Members are willing to borrow £350 million or £200 million in order to progress that project. That is what this is about.

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So with that in mind, I really hope Members will keep this as a fairly short debate. It will not get nasty. It will not be making remarks about how bad Deputy Matthews is for ruining our children's future. Yet, even if his amendment was not laid, sir, we could be very much deciding on that. So I think this is a fairly pragmatic way in bringing forward discussions straight on that. But in a sense, it could be completely unnecessary.

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So I thank, in a way, Deputy Matthews for bringing this. It is an opportunity for me to raise this. And with that, I think I will sit down.

Thank you, sir.

The Bailiff: Deputy Inder.

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Deputy Inder: Sir, Deputy Taylor has helped a little bit, because I think he does make some good points about whether the actual funding for Education will end up in the final Propositions. But I do not really think this is what this is entirely about.

Now, Deputy Matthews claimed reasons because of this amendment. He is claiming he is a bit fed up and he has spoken. He is a parent and he has spoken to someone. Now, there are over 7,000

3725 of our children, *7,000 of our children*. Some are piling in, some are piling out. Are being served by the Education system. That is an awful lot of people to come to this Assembly with amendment that him as a parent is a bit fed up and he has spoken to someone. And I have seen and I do not really hang around Facebook much, but I know he has been promoting his mission to save money. And he even then goes on to say, he complains, and he makes a weird connection between, people are finding it, I think he said, expensive to live in Guernsey, and there is a weird ... But, he said, yes, there is a weird connection between waiting to lay this amendment because people are finding it difficult in Guernsey. And I think he probably was suggesting that money could be used elsewhere. Yet, this is the same Deputy who is trying multiple times to put TRP up by multiples of five, six and seven. And I am happy to give way, but I hope it is a good give way. *(Laughter)*

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Deputy Matthews: I hope it is good for Deputy Inder.

Yes, it is correct to say that I have supported and promoted an amendment to property tax which would be a replacement for TRP. So it would not be the same thing as TRP. It would assess people's housing by value not by area which would enable you to basically charge money to people who have more expensive houses more effectively. That is not to say that I would in fact probably not be in favour at all of ... I certainly would not be in favour at all of putting up current TRP by multiples of five or ten. One of the reasons to do it is to avoid that.

3745 **Deputy Inder:** Well, anyway. Like I said, he has not convinced me at all. Deputy Matthews has, on at least one occasion, and has promoted it on Facebook, this idea of putting TRP up, TRP up, TRP up. And in the same argument, he says, people are finding it difficult to. No, I am not giving way.

3750 **Deputy Matthews:** Point of correction, sir.

Deputy Inder: And I hope it is, sir.

The Bailiff: Point of correction, Deputy Matthews.

3755 **Deputy Matthews:** As I think I explained in my previous give way, I have not promoted putting TRP up. The amendment that I proposed was not TRP.

The Bailiff: Not valid. Deputy Inder.

3760 **Deputy Inder:** Fascinating stuff. He clearly has misled the Assembly. And if he does not go to Facebook and delete it now, I will get a screenshot for everyone. But Deputy Matthews has promoted the idea of putting TRP up because he has said as much. And in the same sentence, he makes the comment and fairly weak argument that to get rid of the sixth form centre and to cease everything will save money while wanting to put TRP up. *(Laughter)*

3765 And some sentence later, straight after wanting to put... He did not actually mention TRP in this part, I am just mentioning [?? 17:04:48] He said, I think he talked about cost inflation. That was another reason not to do it. Yet only a couple of amendments ago, we glibly batted through his own pet project with his HSC which has quite clearly got cost-inflation.

3770 So again, we have got someone who has made an argument which is incorrect or a bit spacious, I would say. That he has spoken to someone who is a bit fed up. He believes people are finding it difficult to live in Guernsey, so he thinks getting rid of some of the capital projects will help. And again, he is wanting to put TRP up a lot. He has also gone on to say, the cost-inflation has affected his decision, yet, has glibly batted through the Hospital project of which he is a Member of. So all I ask people is to be consistent. They can be like me, consistently wrong. But just be consistent.

3775 Now and I think he has got to be a little bit less ... more open. I do not want to use the word honest. [?? 17:06:01] What does Deputy Matthews really want? Probably a bit of profile. He

certainly wants that. He has done very well recently. He has been on the back of a wagon with a loudspeaker. But actually what he really wants, *what he really wants*, and this is where I will refer to the [??] he wants three 11 to 18 schools. So this has got nothing to do with getting rid of a sixth form. And this is the same Deputy who went on to say, children do not deserve this. He pulled out the children word. They do not deserve this. They need stability. Well, if this is not what instability looks like, I do not know what does.

So please, Deputy Matthews and Deputy Roffey when he gets to respond, please be consistent. Because Deputy Roffey wants two schools. So we have got a three 11 to 18 schooler, someone who has actually said that he wants the Beaucamps to be turned into the College of FE, and wants to spend us, in another 10 years of spending millions of pounds going nowhere. Actually, I think it was Deputy Dudley-Owen. I am happy to be corrected. I think in one of her first statements, she said that we have spent something in the order of £10.6 million, £10.7 million on consultancies going absolutely nowhere, of which, I am afraid, I have formed a part of in that miserable year I had on Education. Never again will I go anywhere near it. I do not understand it. I probably should have never gone to school (*Laughter*) And you certainly ... And I am not sure that I did. Alright, thank you, Deputy Parkinson. You clearly cannot educate pork.

But this has got nothing to do with him being a bit fed up. Nothing to do with it at all. It has got nothing to do with, he has spoken to someone. This is entirely politically motivated. He sits on one of the biggest spending Committees in the Island. They hold one of Guernsey's biggest capital projects which almost certainly will overrun because that is what happens in Guernsey. And he wanted an extra £10 million for HSC in the next Budget. But he is telling us about cost-inflation. Well, my message to you, Deputy Matthews, and the rest of HSC, go and look in your own backyard first because that is where you really need to make the savings. Do not come to this Assembly with your own political ideas under the pretence that you want to stop a sixth form centre because it serves you well. Because we know what Deputy Matthews wants. He wants delay. He wants to ruin 7,000 people's chances. It suits his political purpose. He wants three 11 to 18 schools, he wants to close Beaucamps and he wants a College of FE. And his seconder wants two schools.

Thank you.

The Bailiff: Deputy Cameron.

Deputy Cameron: Thank you, sir.

I would like to declare an interest. I do have children in the States' secondary school system who will benefit should the proposal in this amendment be successful. I would like to ensure Deputy Oliver that this is only about our children.

Just over two years ago, 87% of teachers supported an amendment to retain the sixth form on the current Les Varendes 11 to 16 school site. It also retained two 11 to 16 schools; Les Beaucamps High School and St Sampson's. That amendment was unfortunately narrowly defeated, I think, by just two votes. Now we have a very similar amendment. Why should it succeed now?

I have spoken to teachers and union reps recently with regards to this. It is clear that they are completely fatigued by the indecision over the last two decades. This indecision could have been avoided if a comprehensive, independent review had been carried out during any part of that timeline, but it was not.

Teachers want certainty. They are understandably nervous about political decisions taken without engaging with them. We hear a lot about teachers leaving States schools due to a lack of certainty of the future of Education. One of the causes for this uncertainty is the bizarre choice of using La Mare de Carteret as an interim sixth form centre.

Twelve years ago, the former St Sampson's School was repurposed as an interim home for part of the College of Further Education. It was considered the facilities at [?? 17:11:01] would just about last the two year interim period. Yet, here we are, twelve years later, still using the same unfit for purpose facilities because of indecision of the future of the Guernsey Institute.

This amendment will help remove some of that uncertainty. This amendment not only allows TGI to move out of not fit-for-purpose buildings and into a new campus but it also prevents our sixth form from moving into the not fit-for-purpose La Mare de Carteret.

Our entire post-16 provision will be housed in buildings that should have been demolished years ago. For how long for? Two years, decades? Are we prepared to gamble with the future of our young adults' lives in this way?

It has been estimated that converting La Mare de Carteret secondary school into an interim sixth form is just £140,000. Revenue costs alone of this building are estimated at nearly three times this amount. Add to this revenue costs of running the existing sixth form of around £200,000 and this interim proposal really does become very costly.

It is also worth noting that any delay in moving the sixth form from La Mare de Carteret could result in significant capital expenditure on a building only fit for demolish.

The Delancey Campus was only planned to used for a two-year period. We are now in the 13th year. Delays are all too common with States projects. There is no need for delay. If we remove the sixth form from Les Ozouets campus, we are left with a small over-specification of some facilities at that campus. Rather than spending additional funds on changing this now that [?? 17:13:09] design is complete, it would be more efficient to keep it as a future contingency. For example, if we increase the early years provision from 15 to 30 hours, it is likely that we will have additional adults wishing to access vocational training. These numbers increase if we vote for Deputy Kazantseva-Miller's amendment later on, that includes free childcare for zero to two-year-olds. It is standard procedure to reserve some future contingency space on a project of this size. The sports and theatre facilities could be used by the sixth form centre and they are also revenue generating through community use.

The Secondary School Partnership and staffing structure can we maintained under this proposal in this amendment, sharing resources across our Educational estate delivers great efficiencies. Why wouldn't we apply the same efficiencies to a more efficient model? Why would be discontinue any of the planned changes just because we are not moving the sixth form 500 metres down the road?

The briefing notes handed out to Members yesterday mentions the limited additional areas externally at Les Varendes. It fails to mention the huge wind and water type area available internally. It does not mention that the swimming pool has been demolished, leaving this school as the only school without a swimming pool. So much for equity mentioned in the Education Strategy.

Alderney Representative Roberts: Point of correction, sir.

The Bailiff: Point of correction, Alderney Representative Roberts.

Alderney Representative Roberts: Alderney does not have a swimming pool either.

The Bailiff: That is probably a valid point, isn't it, Deputy Cameron. But never mind. Please continue.

Deputy Cameron: It is the only secondary school without a ... St Anne's School is actually a five to 16 school.

Alderney Representative Roberts: We have secondary children there as well, up to the age of 16.

Thank you.

The Bailiff: Alderney Representative Roberts, you cannot just stand up and speak without being invited to do so. Let Deputy Cameron continue, please.

Deputy Cameron: Now the school has been left with a large unused void in the centre of a school, this void can easily be utilised as additional classroom space for the sixth form if actually required.

The space required to make the sixth form a standalone school is estimated at around 450 metres squared. The void with a mezzanine level would be close to double that amount. This space is already a wind and watertight building. An additional 10 small classrooms within the space could be carried out by one of dozens of local building contractors, easing the pressure on capacity of our one and only large contractor.

Limited modelling has been applied to this conversion. If we use the price acceptable as States Quantity Surveyor, of £1,479 per square metre, the price of making the sixth form centre stand alone would equate to under £700,000. That is less than the revenue costs of moving the sixth form to La Mare de Carteret for two years. And that is before we factor in the revenue costs of keeping the existing sixth form empty. If we added a mezzanine level, it could also be used by Share, the Youth Commission and the Music Service.

Do we actually want to make this a standalone sixth form? I believe this is an operational decision and not a political decision and should be decided by the Secondary School Partnership.

There are so many areas that make complete sense to share. The computers dedicated to ITC, Design & Technology and Media Studies, for instance, boast exceptionally high specifications. These workstations serve both A-Level and GCSE students. If we were to restrict A-Level students from accessing these resources, they would remain underutilised. Conversely, duplicating these facilities would lead to a situation where sites are not fully utilised, thus increasing revenue costs. This is particularly concerning since expensive high specification equipment will require frequently updating on not just one but two separate sites.

The current model of Education is capital and revenue hungry. It will be inefficient. Some teaching staff have commented that they could make this model work, but it would require much higher revenue costs than is currently being proposed. But the profession are uncertain that they will receive that increase in revenue, especially within the current financial climate.

The briefing paper also states that experts assessed Les Varendes to be the least suitable of the three newest high school sites to accommodate the sixth form provision. This assessment was made by Peter Marsh Consultancy during their research of the best schools for the two-school model when considerably more money was on the table.

It is undoubtedly cheaper to keep a sixth form centre where it is currently located than build a new sixth form centre anywhere else.

For those of you who wish to play the postcode lottery card, if you are saying that there is an advantage of having a collocated sixth form, why would you choose to flatten that advantage? Why wouldn't we simply invest more in our non-collated schools to bring them up to the advantaged collated school? To state that ESC officers have had little time to consider the implications of this amendment is laughable. I have not stopped bouncing it off Committee Members and officers for over two years.

I would like to remind Members of the student numbers over the next few years. This is what we published in the original policy letter. Projections show that at peak for 11 to 16 in 2024, there will be approximately 2,200 students in Years 7 to 11, dropping to 1,921 in 2030. The 11 to 18 secondary population is expected to peak at around 2,600 during 2025. But this is expected to drop below 2,300 by 2030. In its assessment of the population data, the Committee recommends that a provision of additional building space for a relatively short-term population bulge is not prudent.

Whilst student numbers peak before this campus is due to be finished, students will be rattling round in our schools just four years after the proposed Les Ozouets Campus is built. That is four years if this project is delivered within a very optimistic timeframe. These predicted student numbers do not improve within the foreseeable future. We are building a permanent expensive solution to a temporary problem.

Rishi Sunak and most recently Ladies' College announced complimentary pathways for their A-Level students. These include Artificial Intelligence, Coding, Innovation and Entrepreneurship. Please

do not confuse these aspirational pathways with what is being proposed at Les Ozouets Campus. There are no plans to mix A-Levels with vocational courses. A-Level Psychology and Plumbing will not be an option.

3935 As the only Member of ESC who has all of his children in the States secondary school system, my eldest of whom has just started to experience the same enjoyable and enriching experience in the sixth form centre that I experienced some 30 years ago.

I will support this amendment. I consider it to be a practical and pragmatic solution. I would strongly recommend that Members do what is right for both our children and our economy and support it too.

3940 Thank you.

The Bailiff: I am going to call Deputy Prow next, then I will call Deputy Le Tocq and then I will call Deputy Haskins, provided they keep standing up.

So, Deputy Prow.

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Deputy Prow: Thank you very much, sir.

I want to really return to a theme that I have mentioned when talking about in previous amendments is, we are discussing here a Funding & Investment Plan. And I would ask all Members of the Assembly to consider the implications of this amendment in the round. And the affect they have on that plan.

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Sir, this Assembly, from time to time, has a selective memory. Decisions made and those that are not made in this Assembly. They forget about our political system and the decisions that are made in this Assembly are owned by us all. And the consequences of them and delivering them become our responsibility. When we look at the Funding & Investment Plan, we are not talking about an ESC model. It is *our* model.

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Sir, speaking to this amendment, on that theme, I will refer to two decisions which this Assembly has made; one on Education and those made in the Population & Immigration Review.

Again, sir, I stress, we own them both. They are no longer Committee Propositions, they are our resolutions this Assembly made.

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Now, sir, detailing with the Population & Immigration and Management Review and those resolutions, some 18 of them. They created a balance. This was about servicing businesses and industry on this Island in an environment of acute labour shortages. And has been emphasised rightly, over and over again, an acute housing shortage. This Assembly made assumptions about what the predicted population amounts were needed to service those needs. But there was another very important balance and aspect of that review and the resolutions that we made. These were about balancing the fact that what we have decided in this Assembly, that there are no less than 250 professions that we have decided that there is a labour shortage, and we need, whether it is on long-term or short-term permits, to allow people to come into this Island and fill that gap.

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But that was a balanced against a need to demonstrate that we needed to upskill our local population. And this is where the synergies between in the Funding & Investment Plan how we service the economy, how we make our economy sustainable and that is underpinned by the decisions that we made regarding Education and transforming it.

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And so, what we need to be doing, absolutely, to protect and develop the economy of this Island is to nurture our students and our homegrown talents. Whether that be in trades or whether it needs to be in other academic professions. We need to grow our own nurses, health staff, accounts staff, people in the trades. I am not going to list them all. We all know that we desperately need those people living here now today, going through the school system. We need to encourage them as best we can, through our Education system, to feed into our economy and into those businesses.

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It is okay on the one hand saying we will permit for 250 job titles, people to come in from outside the Island. But that is not sustainable in the long-term. And I think the housing situation completely demonstrates that. I support that. Where industry needs staff and they are only available from outside the Island, we need to cater for that. But we must, *we must* underpin our local economy

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with local talent. And in my view, the plan that we all own in this Assembly around Education is the way to do it.

3985 I am not going to go into the nuts and bolts of this. I do not sit on Education. I support that Committee and I will leave others to do that.

So, sir, that is where I would encourage this Assembly to think about things in the round. And consequences. Consequences of these amendments and other amendments. How do they unbalance the Funding & Investment Plan? Sir, economic growth starts with Education and the development of skills, academic and professions.

3990 Sir, I will conclude, sir, by congratulating Deputy Oliver on her speech. I thought it was a passionate speech and it runs to the heart of where I think we are. I attended a presentation on Transforming Education very recently and ahead of this debate. It was poorly attended by Deputies for whatever reason. I do not criticise them. But I thought it was a really good presentation. And I will tell you why I thought it was a good presentation, because it was a panel presentation and it was given by senior educationalists. Also it was attended by members of the unions and other people who support them. And I thought it was a really good a refreshing presentation. And I am very pleased that I managed to attend it.

4000 One of the slides that struck me and it is also replicated in the helpful document circulated by Education, talking to this amendment. And before any Deputies leap to their feet and cry, Fowl! I am going to quote from this presentation and my understanding of what was being said.

It is entitled, 'Missed opportunities'. And, wow! It tells a stark picture. It starts in 1986-87 and it highlights or lowlights 14 political decisions made by the States. And it ends in September 2021.

4005 It starts, as I said, in 1986/87, and there are three landmarks. I will not go through them all. We need to make progress in this debate. But this was around plans and proposals to expand the site at Coutanchez and talks about decisions of making plans in 1995. And in 2001, progressing those plans.

Now, the presenter on the TGI, basically pointed out how woeful the conditions that she and her staff have to work under. But it was more than that. It is about, it cannot, the facilities that I understand that we have, and going back to decisions that were being looked at in 1986-87. But today, they are not, not only are the conditions no fit for purpose, but they are not sufficient. And again, I am not going to go through the various professions and trades that were mentioned, but there is suggestion that we will need to spend money in sending our students off-Island. And so we move through a catalogue of policy decisions that we never delivered.

4015 One decision and Deputy Oliver caused some angst by mentioning it. And I will try and reduce that angst because I will simply read out what is, December 2016:

Decision made to remove selection by the 11-plus from September 2019.

4020 It then maps out further decisions, and we have not, as an Assembly, grasped that nettle. We have not delivered on it. Let's not bother apportioning blame. That is a fact.

Then we come, there is a matter of a general election in 2020 which appears on the chart. And then we move to September 2021, where this Assembly, *this Assembly* approved three 11 to 16 schools on a separate post-16 campus decision that a sixth form will move and a new post-16 campus will emerge. That was the decision we all made.

4025 Now sir, it is my submission that this is a dangerous amendment that will completely derail this. We can sink into a debate about what is a more viable option. Sir, that train has left the station. We have in the plan that is before us, in the Funding & Investment Plan, we have a clear decision that we made that we should be backing. And this amendment just tinkers with it, derails it so it will not happen.

4030 So what will this States' legacy be, then? From 1986 to 2021, moving into the election period, we will not have delivered over that time, a proper developed transformed Education system. And I go back to the Population & Immigration Management Review and some of the resolutions that we all made that says, we need to invest in skills. We need to invest in human capital. We need to

do it now. And that is what we need to be thinking about delivering, not messing around with amendments around the detail of a fundamental decision we would make.

Thank you, sir.

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

I will try and be short because Deputy Prow has touched on many things that I was going to touch on and done it very well.

But I rise, sir, because I think after a debate has gone on as long as this, one danger for all of us, and I speak from experience, is that we are more and more likely to make bad decisions and I think we need to reflect on that, irrespective of where we stand on some of the things facing us now. We are tired and we are getting into some detail that actually is unrelated. I know that we are effectively the executive, but an awful amount of time and effort has been put to get us to this particular.

Sir, Deputy Burford used to pick me up years ago on a (*Laughter*) Not in that way! Well, at least I brought an element of humour into the [?? 17:37:26] woken some people up. On a phrase that I used quite regularly, I used to say, the good is the enemy of the best. Sorry, I used to turn that around and say, the best is the enemy of the good. And she picked me up on that. But I intentionally turned it around because I think sometimes we strive when danger [?? 17:37:51] striving for the perfect in things, what we perceive to be the perfect and as a result we miss out on the good which actually we could have now or sooner. And sometimes we never reach the perfect.

And I thought I had invented that phrase by turning it around, but I now have discovered that actually '*Le mieux est l'ennemi du bien*' is actually Voltaire which I am sure Deputy Roffey would be very pleased to discover. So it is not original, but I think in this particular aspect, whatever I have felt in the past and I have to say I have supported a three-school model, which I felt we could live with. I know that there were some arguments saying that it would run better as a two-school model. I accepted that, but I felt that that would be my sense of ideal.

But at the end of that debate which we had some years ago, some may remember, sir, and I really hope they do not, but I said at the end, right, I will get behind the decision that the States has made and let's make it as good as it possibly can be. And that has been my philosophy in many areas, because I believe otherwise we are in danger of going what perhaps many of us who look across at our sister island and laugh with regard to their hospital project of flip-flopping indecision, spending huge amounts of time and money. And meanwhile, the people who *really* we need to keep our eye on and to help in the case of the hospital obviously are patients and those that need attention and the best facilities. But here, in terms of Education, it is the children. And even more seriously, because every year counts far more when you are younger than when you are older

(A Member: Hear, hear.)

And I think, too, with Deputy Oliver expressed some opinions that I have had. You know, I am old enough now to have grandchildren, so I have got those opinions from my own children saying, when are we going to get on and just do something rather than just chopping and changing all of the time. And I have some sympathy with that.

You see, there has been mention, sir, I think it was Deputy Cameron. I admire his persistence in this matter, but he mentioned the recent changes that have been announced in the UK how many times? Even when I was on Education 20 years ago, have I heard the latest thing? The latest change that A-Levels were going to be this. We are going to bring in something in between A-Level and GCSEs. All of that. It has been chopping and changing all of the time. What our children need is some stability **(Several Members:** Hear, hear.)

And I think also, we need to invest very carefully the limited resources we have got because all of us I think are agreed to that in something that at least can deliver better solutions for this generation now. Otherwise, we are going to see another 20 years, and that is what I have seen. We are on the move with this. Education are well on the way to doing it. It may not be my preferred option, but I think now, the rest of the world is moving on in some areas, and certainly, France does

not. it exists quite well and produces some very good people without having 11 to 18 schools. So it is not like there are not examples elsewhere where it can happen. Hampshire has some very good schools that are not 11 to 18 that are done in this sort of way.

4090 And so when we talk about messing around again with the system which is going to affect our young people, I do have to resist that. I am not in favour of doing that. I believe we need to move forward with the plan as it is, invest our money carefully in that, as far as we are able to do so. And then, in the future, if there is a need to make some further alterations, we will do that in the light of what we have in that time. But we need to start acting. We need to start delivering. And I am afraid that this particular amendment would send us back again. I really do not feel it would help. And
4095 that I think is a grave danger. It will cost more in the long run.

The Bailiff: Deputy Haskins.

Deputy Haskins: Thank you, sir. And I am very grateful to Deputy Le Tocq for a very eloquent
4100 speech.

Sir, I am just trying to collect my thoughts. I am afraid I might be more than 15 minutes. But I shall try and keep it as to the point as I can. But you see, there is a lot to go through. So when Deputy Matthews tells us how extraordinary this process has been, I say, yes, it has been extraordinary. This is extraordinary. I do not understand this and I will get into it in a little bit. I am
4105 frustrated, sir. I hope that comes across.

We have heard from Deputy Cameron who told us, the Assembly, that he has not stopped banging on about this which is, in a way, quite true, sir. But we have not stopped banging on about why you cannot and you should not and it is not the best option to do and given all the figures. And it is, in my view, sir, sometimes fallen on deaf ears. And I will go into the figures later.

4110 Now, I am glad Deputy Matthews is back in the room so that he can hear these comments. He was not in the room for a good while. He told the Assembly, and sir, remember my last speech, I mentioned the abuse or at least the intention of the Rule 4 of the Rules of Procedures. Well, sir, Deputy Matthews came and informed us, he told the Assembly, when I laid Amendment 8 a few days before in good time, I was give the initial figures and it was somewhere between £4.5 million and £10 million saving. I believe those are the figures as ... Deputy Matthews is nodding his head.
4115 So what I would ask, sir, is why on earth was there no information in Amendment 8 that said, here is the financial information when he confirmed that it was given to him. Mind boggling, sir.

Unfortunately for Members, now I am going to start my speech. I have amended various bits for what we have heard already.

4120 But I was going to start with, I was under the impression that this was a debate on the Funding & Investment Plan (**Several Members:** Hear, hear.) where we are trying to address our urgent financial position and therefore agree on a tax system that can close the very real structural deficit, not to debate the Educational model, as I fear this debate will lead.

4125 So sir, you can obviously tell I wrote that thinking that I might be standing up sooner because that is, of course, where this has gone.

Sir, I have three quotes from members of the public. They are not my words, sir:

The merger of Les Varendes with Le Mare de Carteret has already begun. It is already in motion. Do people even realise this? Deputies will not be voting for the status quo. They will be quoting for total chaos.

Sir, those are not my words

4130 Deputies in favour of the two-school model seem to care more about their personal grudge than they do about the Education of the Island's children. It is disgusting.

Sir, these are not my words.

Guernsey cannot continue to kick decisions down the road, irrespective of whatever model has been agreed. Teachers and staff need stability. If these Deputies cannot move forward with plans, they all need to go.

4135 (A Member: Hear, hear.) Sir, again, those are not my words.

Sir, this amendment is along the same misguided lines as Amendment 8 which was not laid. I believe it is clutching at straws. Deputy Matthews and Deputy Roffey need to be called out. In my view, this is a last-ditch effort to change the model and not about any potential saving in order to reduce the amount of tax needed. That is not, sir, what I think this amendment is about nor others.

4140 Sir, cannot really understand, I cannot believe that this amendment is in front of us. I cannot believe that this Assembly feels that this right now is the right place for amendments of this type that go further. Much much further.

Sir, this should have been a requête or at the very least, an amendment to the GWP. As it stands, sir, Deputy Helyar will be replying to the debate on Education (A Member: Hear, hear.)
4145 Mindboggling.

Sir, in my view, this is utterly wrong. It is irresponsible. It is careless. It is care less. It seems Deputy Matthews could not *care less* about the children. There is, after all, sir, not a single mention of the children in their amendment. And no mention of the impact to their education, as Deputy Oliver quite rightly highlighted. Sir, I think that is mindboggling.

4150 Deputy Matthews and Deputy Roffey mention in their amendment prudence, finances and stabilities, in their amendment. Sir, this surely fits the definition of hypocrisy, does it not? Deputy Matthews and Deputy Roffey say they seek stability by putting forward an amendment that causes severe instability. Sir, that is why I think it is careless. We are talking about the futures of our children. Our future, if you like, sir, because our children are our future. They are our future workforce; they
4155 are our future leaders.

That was not a pause for effect like Deputy Queripel who is not in the room.

Sir, Deputy Matthews and Deputy Roffey state that they had not had any consultation with the Policy & Resources Committee. Well, they actually had no consultation with us as a Committee. And I will not go into again my comments because I have raised them before. The Rule 4 really are
4160 starting to annoy Members, I think. Sir, we were directed to get on and deliver a model and we have spent years doing exactly that. This amendment is careless and misguided as I have said. The explanatory note states that, Deputy Matthews and Deputy Roffey want to 'reappraise the options'. But without having appraised, say, oh, well the intention is to put the sixth form there at Les Varendes as they have voted last time. But how do they know that is the best option without
4165 appraising? They do not, sir.

Anyway, I will turn back to more of the amendment and the content. So this amendment, based on our officer estimates, seeks at best a 6% saving on the programme. So £8.7 million is the very best and I will go into why and what that actually, what the real cost of that is because the cost is not just financial. But it is more likely in those estimates going to cost 1.9% of the total project, 1.9%
4170 more is the best estimate for the upper end of the worst way to put Les Varendes having a sixth form on, i.e. with shared spaces and there are 1,200 kids. And I will go into that, sir.

Sir, that is a £2.7 million extra cost. So that is only achievable if you want to torpedo the model and squeeze in over 1,200 children and take swathes of non-teaching space. If you were to have a separate sixth form at Les Varendes and keep the two entities separate and follow the model, sir, it
4175 would at best cost an extra £6 million to the programme, and at worst, an extra £13.1 million. So it is going to cost you more and you are going to lose all of the benefits.

Sir, Proposition 11 says, and now I am going to paraphrase, 'Stick the TGI, keep it going and keep it as it is and then hopefully, we will not have a delay'. Well, sir, this amendment has been brought about because I think the Deputies Matthews and Roffey realise, oh actually, maybe that is
4180 not deliverable because really maybe that are in pretty bad conditions over there. Maybe we need to carry on with that bit.

Oh sir, may I remind Members that the campus has been designed for this. It has been designed to have the two, the three, the four, the five entities together. To take one out, it fundamentally changes, what do they call it? The feng shui. Anyway.

4185 But Deputy Cameron I think touched on it. Yes, it is going to be bigger. Yes, there is going to be bigger shared spaces, shared facilities, bigger corridors and all that. But then maybe if there is no delay, then that would cost £7 million, I think, that Deputy Matthews said. So at least we would save the £7 million if we do not delay, hoping of course that there is no delay which I think there is going to be a delay. So in essence, sir, that to me seems like it is going to cost more than you think.

4190 But as officers have told Deputy Matthews, this is a very complicated project and just to say and expect. This amendment, this one came, what was it, yesterday, Tuesday? This week during debate and say, ah, this is extraordinary I cannot find these figures right now? Well, what does he expect, sir? This is a very complex project that has lasted for years. It has lasted, as Deputy Prow and Inder said, since 1985, I think it was.

4195 Anyway, sir. I am not sure this will be useful. So I am going to carry on with this part if I may, Deputy Taylor. You have already put me off *(Laughter)*
Fine. I give way to Deputy Taylor.

Deputy Taylor: Sir, I am very grateful to Deputy Haskins giving way. And I was very reluctant to stand up a second time and distract him but it does feel quite relevant to the point so I am sure he would appreciate I am I working within rules.

Given that there is a very real possibility even without this amendment having been tabled that this Education project could have been brought to a halt might some of these numbers have been worked on behind the scenes just as a practical exercise to understand a worst case scenario for the Committee.

Deputy Haskins: Absolutely. Deputy Taylor makes a very valid point. So what we would do is go and look at how much we would cost and then go actually it would cost more so why would you do it? **(A Member:** Hear, hear.)

4210 Sir, as I was saying, the building having the design is important I think. When you go through design, you look at your numbers. So for example, if I was going to choose a vehicle for 10 students, I think I would probably choose a minibus. But if I was going to have five students, I would get a car. Fundamental. Horses for courses springs to mind for me, sir.

4215 But Deputies Matthews and Roffey think do not worry. We want to carry it on. We want to carry on with the [?? 17:57:57] campus designed in a completely different way. Yes, you will not see what you think you are going to see what we have designed and paid for. But do not worry. And the running costs, because do not forget, Members. This building is set to last for 60 years. So if there is an increased revenue cost of heating, cleaners, maintenance, all of that. So for what? Let's say it is £100,000 a year. Well this is over 60 years. That is part of that consideration that you would have to look in and say let's weigh up what is the cheapest one to do. So from our point of view, sir, we are past the point of no return. Sir, I have mentioned the delay, so I will not go into that. But what I will do, sir. I will carry on.

4225 Deputy Cameron mentioned this. In fact, that using Les Varendes for the 11 to 18 school was the worst option for consultants. And Deputies Matthews and Roffey want to flip-flop on the agreed direction as Deputy Prow quite rightly said. This is our model. We all, as an Assembly. What did the partnership of independence call it? We agreed a majority. We accept the democratic majority.

4230 So, sir, the only way to make the 11 to 18 work at this stage and from a purely financial way is to integrate it into the 11 to 16. Because between 50% and 60% of all the lessons that take place in the [?? 17:59:38] sixth form take place in the 11 to 16. So now there are more students coming in. yes, we have to increase capacity. Now, we would have to put on another building off-site. Well, on-site, you can join it on. But as Members have seen, it is pretty it is a struggle where to put that. That would be in a carpark with a netball thrown. Don't worry, we will lose them whilst we are putting extra children on-site and all that goes with. And goodness, we may even have to adapt a

4235 feeder model. And what does that mean, sir? What that means is that you would have to adapt bus routes and that is going to cost even more. Again, I am afraid that is then, it is not considered, because we did not consider that that was the best option to do. We would direct it do something and we are going and doing it.

Sir, so I mentioned that I would go and, unfortunately, I am going to ask you for your indulgence. I know I have just hit the 6 o'clock but I wanted to give some weight or proof perhaps of the figures that Deputy Cameron was saying around the swimming pool and etc.

4240 So the minimum standard with 469 this is what is needed of teaching space. Four hundred and sixty-nine to 1,263. So obviously you would say, if you are wanting to do this amendment and pick the cheapest, you are going to say, right, well, I only need 450 I think Deputy Cameron said. So the very lowest, that is all I need. And the swimming pool has got, if you build a mezzanine, 800-odd, I think that is what he said. There is 833. So, 833 divided by 2. It does not get you to your –

Deputy Cameron: Point of correction, sir.

4250 **The Bailiff:** Point of correction, Deputy Cameron.

Deputy Cameron: It was actually worked out to be 890 square metres.

The Bailiff: Deputy Haskins.

4255 **Deputy Haskins:** Thank you. Not according to my report here. Now, sir, either way, double 469 and it does not meet 890.

So, sir, what I would highlight there is that is space. So there are two things.

4260 One. If you are going to do that, you have to put in a mezzanine level. And if you are going to do that, sir, you need to the steel structure. If you are going to do that, sir, you are going into at £3.5 million. Can Member see, this is going to cost. Actually the cheaper version of this. The cheapest thing you could do. The one that Deputies Matthews and Roffey want to do, the very cheapest is not touching the swimming pool. That might be surprising, but that is the cheapest one. It is not touching the swimming pool. It is touching all of the non-teaching space that is available. Because if you take one floor of the swimming pool, what you have to do because the void is so big, you actually have to start going up. Well, I will just make this soundproof and add lots of ... So, it is not then cheaper. It would be cheaper because this obviously this exercise here, sir, is just about finance. We do not think it is. We think it is about the children.

4270 But anyway, sir. So you are going to remove hundreds of non-teaching space, breakout space, different corridors, canteen space, just to squeeze in these, because you think, oh, I can save 6% on this programme. Sir, that to me is mindboggling.

Sir, I shall try and wrap up because I do know a lot of these will be said, have been said, have been sent round. We have gone into, I hope, a lot of detail. I hope Members will be able to understand, we are quite well across our brief.

4275 But anyway, I think that to stop to reappraise to pause and review, to rollback the entire project and come back and present to the Assembly again is just nonsensical, sir. And I cannot remember, was it Deputy Trott that was saying, it is about risk. So it is risk and reward. And I would say that this is very risky for a very very small reward with the high risk of that reward not being a reward but being an extra cost.

4280 Sir, Deputy Roffey's final and most important point when he spoke to *The Guernsey Press*, said that the most important point is that the sixth form students should not be moving to Le Mare de Carteret. He states this as if it was the original intention ESC to move the students. He of course knows that this was not in the original plan. Nobody wanted the sixth formers to go there. The reality is, and he well knows, sir, that this is a short-term consequence of one of our biggest construction partners going into liquidation which of course meant delay. We have already moved 4285 Year 7 into Les Varendes. We would not be able to fit everyone in to Les Varendes site if we left the

sixth form there. That is not strictly true, sir. Because you could, it would be for a two-year period, potentially three. But you would have to spend at least £1.5 million and remove non-teaching space. We are talking about the stage in the hall, in the main hall. Sorry, we will take that. No, you cannot have that. So our consultants quite easily said, hang on, it is 141 to get it into a state at Le Mare de Carteret, or £1.5 million over in Les Varendes. Yes, well, okay. Well, it is neither are good. That is neither are good. But that one obviously is better from a financial position, at least.

Sir, I will summarise now because I think I have been ranting enough. It is maybe not a passion but it is earnest frustration. And as I said, my mind boggled. What on earth is to gain? There might be a 6% saving on the project of the programme overall for utter chaos. That to me, it does not make sense. And I stand here wondering how on earth has this even got to the Assembly?

Sir, I cannot stress enough. I cannot urge Members enough not to vote for this. If the programme stops because of the Funding & Investment Plan, that that is something else. And it will cost a lot of money if that were to happen. And overall, that is a false economy, because you would have to spend, let's say, £15 million, £20 million just to get your estate waterproof. I think Deputy Queripel was wondering, well, why wouldn't you fit it? Well, you cannot fix it because we do not have the money. And why would you go and spend £15 million, £20 million when you are going to spend another, when your whole programme of over £100 million is just about to go ahead.

But now, sir, *if* it was to not go ahead because of this, because we do not have the gut to actually address our financial deficit. Then, yes, sir, it is going to cost around £20 million and then you will not escape it. This will then be a project that you have to do in the future anyway.

Sir, I urge Members. Well, I thank Members for listening to me for so long. But I do urge Members to not vote for this amendment.

Thank you. *(Applause)*

The Bailiff: Well, Members of the States. It is gone six o'clock, and therefore, we will be adjourning. But just to give me a sense, please, of how things might go tomorrow, can I have an indication of who wants to speak in debate on Amendment 10? Alright.

Procedural – Order of business

The Bailiff: Can I thank you all, Members, and resume your seats. Can I ask Members to reflect overnight as to what happens later tomorrow, because the default position at the end of four days of sitting will be to defer all business that has not been completed to the next ordinary meeting which starts on the 22nd November which is after the Budget. I have indicated that if Members wish to continue debate into a fifth day, Saturday is available. So that is an option, but it will only be an option if that is what Members want. The alternative will be to adjourn from close of play tomorrow but to interpose this at the start of the Budget meeting on the 7th November because they are the days available. So there are a number of options that you can reflect upon overnight.

I am not inviting any comment now that that is a possibility of simply adjourning and pushing back the special meeting on the 7th November. It is not hugely desirable because it is not the way we normally do things. But if people are less keen, shall I put it that way, to come in on Saturday to try and get to the end of the debate on the Funding & Investment Plan, then there are some alternatives to that. But Saturday is available for you if you want to come in on the Saturday.

We will now adjourn until tomorrow.

The Assembly reconvened at 6.02 p.m.