



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Thursday, 7th November 2019

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Present:

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

Law Officers

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

People's Deputies

St Peter Port South

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

St Peter Port North

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

St Sampson

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

The Vale

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

The Castel

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

The West

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

The South-East

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

Representatives of the Island of Alderney

Alderney Representatives S. Roberts and A. Snowdon

The Clerk to the States of Deliberation

C. Foster (H.M. Deputy Greffier)

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H.M. Procureur; Deputy J I Mooney (*indisposé*);
Deputy J P Le Tocq (*relevé à 10h 45*); Deputy R. H. Tooley (*relevé à 10h 45*);

Business transacted

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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 XXI

POLICY & RESOURCES COMMITTEE

I. The States of Guernsey Annual Budget for 2020 – Debate continued

The Deputy Greffier: Billet d'État XXI – The States of Guernsey Annual Budget for 2020 – continuation of debate.

The Bailiff: We start with amendment 7 to be proposed by Deputy Merrett seconded by Deputy Hansmann Rouxel.
5 Deputy Merrett.

Amendment 7

To insert, after Proposition 29, the following Propositions:

'29A. In order to fund the services listed in the second table of Appendix VI to the Budget, to agree to (some or all of) the following measures to raise or reallocate revenue:

a. In addition to Proposition 18, to increase, by a further 5% above their 2019 value, the duties levied on alcohol, and to replace "The Excise Duties (Budget) Ordinance, 2019" set out at pages 79 to 84 of the policy letter with the version appended to this amendment;

and/or

b. To increase the ratio at which personal allowances and withdrawable deductions are removed, from £1 for every £5 above the limit, to £1 in every £4, and, in sub-paragraph (ii) on page one of the First Schedule approved as part of Proposition 17(a), to revise "£5" to "£4";

and/or

c. To reallocate £700,000 from the sum transferred to the Capital Reserve as a result of Proposition 5 (and any amendments thereto);

and/or

d. To further increase the ratio at which personal allowances and withdrawable deductions are removed, to £1 in every £3 above the limit, and, in sub-paragraph (iii) on page one of the First Schedule approved as part of Proposition 17(a), to revise "£5" to "£3";

and/or

e. To reallocate £700,000 of the funding previously approved by the States for the Participatory Budgeting Fund;

and/or

f. To reallocate £700,000 or the remaining unallocated balance (whichever is the smaller) from the Transformation & Transition Fund;

and to agree that any additional funding made available as a result of these measures shall be applied to Committee budgets in the following order:

i. First, to the four items marked with an asterisk (*) in the second table of Appendix VI; and ii. Then, pro rata to all other initiatives listed in the second table to Appendix VI, except that no funding shall be allocated in respect of any initiatives for which an alternative funding source has already been approved, or for which the relevant Committee no longer requires funding in 2020.

AND

29B. To agree that, if the measures approved amount to more than the total amount required to fund the unfunded initiatives in the second table to Appendix VI, they shall be implemented in the order in which they were approved, and no more shall be implemented than are required.'

Deputy Merrett: Thank you, sir.

10 Sir, Members may ask why we have submitted this amendment. Why give yourselves the hard work, the grief, and why ever would you wish to propose additional excise rises on alcohol? In fact as one Member of our community asked me, 'Do you even drink alcohol?' Well, clearly they do not know me or the rationale behind my intentions. If they did they would not feel the need to ask such a question as, after all, I am actually also a human being; and, yes, for the avoidance of doubt I drink alcohol and, sir, I look forward to the end of this Budget debate so I can enjoy a glass of wine or a pint or two of beer. *(Interjections and laughter)*

15 So why would I wish to put a 10% increase on the cost of alcohol? Well, of course I do not, and notwithstanding, sir, but *The Guernsey Press* is determined to try to fill a daily paper and needs to sell something but that is not an excuse to mislead our community. **(A Member:** Hear, hear.)

20 What the media does not realise, sir, is that such reporting is simply irresponsible. **(A Member:** Hear, hear.) Deputy Lester Queripel received death threats when something he proposed was misinterpreted. Now, I have not received such threats on this occasion but of course that does not mean I have not been attacked. Whereas, sir, such bravado is mainly keyboard warriors and they may not have taken the opportunity to actually read the amendment, and they did not wish to contact me to ask why or to wish to discuss the alternatives, they still feel it is absolutely fine to ping something out. Just as *The Guernsey Press* did.

25 Well, last year, sir, by trying to freeze Excise Duty on fuel as I believe strongly it was becoming inequitable a Member of this Assembly called me a populist. No, I am not a populist as I am willing to propose something that may be unpopular if I believe it is in the best interests of our community. I am prepared to make hard decisions that could benefit our community in the longer term. But I am not prepared, sir, for anyone to attack my family be that verbally, physically, emotionally by targeting and threatening them. It is particularly worrying when some of our community consider children to be fair game – because they are not. It is totally unacceptable to target children or any vulnerable dependents.

30 So my last comment to the some of the keyboard warriors is if somebody or someone was rattling a donation box under their nose in a pub asking for some support for dyslexic children maybe or children with mental health needs or to help working families out of in-work poverty I expect they might pop in a coin or two maybe even a pound note.

Well, sir, the Excise Duty increase is equivalent to just 1p or 2p on a pint. So a £1 note is equivalent to the hundred or 50 pints of beer. Not even I, sir, drinking alcohol could drink that much beer in one night, or even in a year. So I say go out and enjoy yourselves in the pub but not

40 everyone can afford such luxuries and that is not just in terms of money, sir, that is also in terms of time.

So the reality of an increase on the duty on alcohol is not 10% on a pint. That may be a consumer tax, that may be GST or VAT, but that is not what Deputy Hansmann Rouxel and I are asking for, sir. It is 10% - in fact it is only an additional 5% on Excise Duty. So 5% is 1p more on a
45 pint from a small independent brewery and it is not rocket science to work out that 10%, if it was 5% from P&R, an additional 5% would be 2p more. That is not about to cause all the pubs in this Island to shut their doors.

But that does not answer why, sir. Why did Deputy Hansmann Rouxel and I submit this amendment? So page 130 of the Budget gives us the why. At first I thought it was a red herring:
50 you have to increase TRP or these essential asterisked services will not be supported. When actually, sir, I think it is a reality check.

Why support the service development needs as identified by the Principal Committee of the States? Well, they are the Committees that we have entrusted with delivering essential services to our community. They have already looked at all the needs across their mandates and prioritised them. They would not have brought these service developments forward unless they were worth
55 fighting for. We can see the evidence of this, right here, because Committees have brought amendments defending their own submissions.

The purpose of our amendment is to say that we recognise that every Committee will have been through its own sensible prioritisation process. We know they will have looked across their
60 own mandates and decided what can be restructured, or delayed, or reprioritised before asking the States for additional funding. We know they will not have brought these services forward unless they really mattered.

These are services that could make a real difference to peoples' lives: support for people with disabilities; for older people who have fallen or had a stroke; for children with dyslexic and mental
65 health needs. These are not trivial requests, they are services that any right thinking or right minded Government should be providing to the community.

Now, P&R do not believe that all of the service developments should be funded. In fact they believe that some should not be progressed or should be funded from existing resource. Advising us of which ones and why would have been helpful but, alas, they have not shared their collective
70 wisdom with us. This is slightly at odds with some of their own actions because in fact P&R *do* consider that the items marked with an asterisk should be funded but only from the TRP hikes and not from any other revenue stream.

This amendment gives Deputies the opportunity to deliberate and determine if they wish to seek the back funding, firstly, for the asterisked items that P&R do consider are worth finding
75 revenue for and then the *pro rata* basis to the other initiatives *if* an alternative funding source has not been approved or if the Committee no longer requires the funding.

So, sir, why P&R support some of the initiatives, or even which ones are on the spectrum, or even which one they might support or do support, is a bit on the spectrum of opaque to the unknown. It would appear that they do not even support their own request for £55,000 that is
80 simply stated as being 'miscellaneous'. They have identified the need for £55,000 but do not even support their own request.

So why should Members support this amendment and the opportunity to deliberate other revenue streams or sources? What if the TRP increases are as unpopular in this Assembly as they are in our community? That is one of the 'whys'. Another 'why' is because P&R have only gone a
85 little bit of the way towards finding funding for the important services set out on page 130.

But why do we need this funding? To support Dyslexia Day Centre, or Disability & Inclusion Strategy and/or supporting families with a level of income support they receive to lift them out of in-work poverty. So that is some more of the 'why'.

Now, how about considering the service development's request for the Law Officers? So I
90 asked the Law Officers there and I asked what the £415,000 was for and how it fits with the £1.3 million pool budget in Proposition 30 'Countering economic crime ...' And they have clearly

advised me, sir, that there is a real concern for more resilience and recruitment in the area of economic crime law.

95 If the Law Officers are not resourced to deal with the cases that may arise as a result of the £1.3 million investment in economic crime those cases may not, or indeed *will* not, be dealt with in a timely manner.

The investment, if Proposition 30 passes, could fail and it will not look good for Guernsey's international reputation. We cannot have one really, in my opinion, without the other, but it is being suggested that we support one – but the other will only be funded if we agree to hike up TRP. It is not exactly joined-up Government or thinking, is it?
100

But that is only part of the story. It is perhaps not widely known but there are 80 outstanding coroner's cases. Two of those date back to 2016. Can you *imagine* waiting three years for the results, or the investigation to come to a conclusion of a coroner's investigation? Can we really call ourselves a compassionate community if we allow this to happen? How does that reflect on Guernsey's international reputation? (**A Member:** hear, hear.)
105

Or, what about legislative drafting, sir, and I have said it before, but I am going to say it again: what is the point in debating things in this Assembly that are just going to sit on a list that is forever being reprioritised and elongated?

We know that there are over 60 items of legislative drafting outstanding and some are matters as important as updating our adoption laws, or finally sorting out the sexual offence legislation; or the vetting and barring scheme for people working with children and vulnerable adults. That has been on the list since 2009; that is 10 years, sir. We should be ashamed of ourselves.
110

None of this drafting can be done if there is not the resource. None of this can fix itself. We need to invest in the capacity and resilience within the Law Officers' Chambers if we actually really want to have a joined-up Government and not just be a talking shop.
115

But the other 'why', sir – and this is the elephant in the room for me – is that P&R have failed to allocate the required funding for some basic services and service developments in their apparent haste to deliver a balanced budget. Probably the thing I struggle with the most is that we are in this position at all; but we are in this position because the projected savings, in my opinion, have not been achieved.
120

Page 23 of the Budget, sir is shocking, shoddy, and it is shameful. For example, P&R forecasted £1.6 million savings from Organisational and Service Design. They delivered £110,000. That is shameful – £1½ million miscalculation.

FDS £900,000 forecasted; none saved. Shoddy.

125 Managing Sickness, Overtime and Allowances: savings budgeted at £295,000; £10,000 achieved.

And the ODPa is not self-funding yet, costing yet another £860,000 which could be loaned to the Committee *for* Home Affairs.

But why are we ... Or why are P&R so bad at projecting savings?

130 Now I understand some of the anger and frustration that our community have, after all they have done their bit. Our income is £12 million higher, which is predominantly in the area of self-employed and employed members of our community. I do not wish to stray into main debate yet but it is important, sir, that we understand some of the whys – and these are but some of the whys.

135 All the Propositions in this amendment are aligned to current States' directions or policies. Some are a reaction to budgeting proposals; some fill in a policy vacuum. Some of the options have a recurring revenue stream, which is my preference as I believe that is more responsible and sustainable. That is because some of the service development areas will need to be funded in future budgets. Like Deputy Ferbrache I know that money does not grow on trees, and I certainly know that I am not made of money – but if I was, sir, having a child, there would not be much left of me.
140

So the Propositions that are not a recurring source of big revenue for Members – that is Propositions c, e and f – are still consistent with States' policies. For example, the T&T Fund,

145 'particitory' budgets – I cannot even say it, sir; (*Interjection*) thank you – are meant to make
146 *meaningful* differences to our community's lives. They are meant to be used in the way this
147 amendment intends, it is exactly what they should do or could do.

148 However, sir, Members should not be disillusioned. This amendment specifies areas must be
149 funded first but does not ask for ring fencing. Like everything else in the Budget money will be
150 allocated to Committees' cash limits in line with what they ask. We are not asking for special
151 treatment for this part of the Budget. If Committees say they no longer need the funding, that
152 they will not be allocated, and money could be raised in the first place.

153 So, a genuine concern that if these funds are not allocated ... then what will Committees do?
154 Will they *not* provide the service areas or will they endeavour to follow mandates and further
155 community, and by doing so go over their budgets? Because they would be financially
156 irresponsible.

157 So this amendment seeks to address some of that risk. This amendment provides a wider
158 range of options, up to six options, so Deputies can consider if they want to support the hike in
159 TRP to provide the services and/or to support other options.

160 So let's have another reality check, sir. There is currently no policy directing the level of
161 increase in alcohol duties year on year. This is expected to come out of the next version of the
162 Substance Misuse Strategy. However, all the signs do point to a much higher level of alcohol duty
163 being needed than is currently in place.

164 We know that higher alcohol taxes lead to lower alcohol consumption and lower rates of
165 alcohol-related harm. For example, a recent UK study showed the loss of the alcohol tax escalator
166 in the UK since 2002 can be linked to thousands of additional deaths, tens of thousands of
167 additional injuries, and hundreds of thousands of additional crimes linked to alcohol
168 consumption. The Institute of Alcohol Studies commissioned a study from the University of
169 Sheffield and Colin Angus from the University stated that, and I quote, sir:

Due to the complex relationship between alcohol and health, the effects of government duty policy since 2012 will
continue to be seen for many years into the future ...

So the effects of government policy – the *effects*.

170 The study highlighted that there could be an additional 9,000 deaths since 2012 due to
171 alcohol, with additional:

... knock on effects [*of*] an increase of over 61,000 hospital admissions ... at an estimated cost of £317 m to the NHS
and ... 111,000 instances of alcohol-related crime and an economic value of £58 million in lost working days for
businesses in England.

They concluded that if the duty escalator had been continued these costs in terms of life,
health and wealth, could all have been avoided.

172 In my opinion, sir, the UK Government was weak and let the community down by uttering such
173 populist tripe as it is a 'sin tax'.

174 The need for higher alcohol duties was discussed locally only last month. In fact the call was
175 led by the President of Home Affairs Deputy Lowe, who pointed out the number of alcohol-
176 fuelled assaults on police officers in our community are on the rise. We note the worst harms of
177 alcohol misuse tend to happen in the home. So it is quite frankly frightening, sir, to imagine what
178 that could mean in terms of domestic violence in our community.

179 So it is not just that raising Excise Duty on alcohol will help to fund some of our essential
180 services, it could actually benefit in its own right, because all the evidence points to the positive
181 effect that has on preventing alcohol abuse.

182 So that is one of the whys and what for, but of course there are other options that Deputies
183 can consider if they vote for this amendment.

184 I would remind Members, sir, that voting for this amendment means that we are inserting a set
185 of choices into the final Propositions – a set of choices that will allow us to fund some or all of the
186 service developments on page 130 of the Budget. When we come to the final vote Members will

190 be able to pick and choose the ones they like, but please do not vote this amendment out now
just because there are only one or two options you are not so keen on. This is meant to be a set of
choices.

That is what I expect from a Budget debate. I expect P&R to offer me real choices about why
we should be funding something and how. Not just, 'TRP or essential services cannot be
delivered'. Because in fact we decided on a TRP increase last year. Of course, what many Members
195 including myself were expecting is that revenue savings were forecasted that the £12 million extra
revenue raised should have meant that we did not have to increase TRP, or be in the position to
debate this amendment today. If we had got that sorted we would not have needed any of this.

Members may recall that last year I tried to maintain the personal allowance withdrawal rates if
you were asking me to choose between the list of options, sir, this would be my preference. We
200 wish to give Deputies various options to consider but I am not averse to putting a penny or two
on a pint of beer if needed. Now, options (b) and (d) are the options for States Members in this
regard.

The States have already agreed to withdraw personal allowances for people who earn an
income of over £100,000. This is done by means of a ratio so that people do not suddenly find
205 themselves a lot worse off.

Now, P&R have argued that changing the ratio from 1:5 to 1:4, or 1:3, will have a big effect on
the marginal rates of tax, but the figures they have given us tell a different story. At 1:5 the
marginal rate for an employed person is 30.6%, and at 1:3 is 33.3% – a difference of 2½p for every
210 pound earned. Now P&R seem to think that 2½p will be enough to scare off high earners but
they do seem to have forgotten about everything else that makes Guernsey attractive. How about
paying no GST on everything you purchase? Lots of disposable income. How about our low
overall rates of Income Tax, for which we have arguably sacrificed equality or equity on the altar of
simplicity?

If I was earning over £100,000, sir – and I am not – 2.5p would literally be very small change in
my pocket. In fact ½p is so small we do not even have the coinage for it any more.

So, for example, under P&R's proposals a person with income of £120,000 would lose £1 of
their personal allowance for every £5 their income exceeds £100,000. If their income is £20,000
over the limit they would lose £4,000 worth of personal allowance – that still leaves them with
£6,000 of personal allowance overall.

220 Under our 1:4 proposal they would lose £1 for every £4 over the limit, working out as £5,000
altogether. But that would still leave them with £5,000 of personal allowance.

Under our 1:3 proposal they would lose £1 in £3 over the limit – £6.7 thousand altogether. That
would still leave them with £3,300 of personal allowance.

Now, I am quite wedded to this because I do believe this follows the basic principle already
225 generally agreed by the States that the burden of taxes should be shared fairly by people who are
most able to afford to pay them. In other words, people with high incomes should pay more
because they can afford to do without it affecting their quality of life in a way it *does* for poorer
Islanders.

Now, P&R have argued that now personal allowances are being withdrawn at £100,000 rather
230 than £145,000, we need to slow down the withdrawal rate. But to me, sir, the fact that it was
£145,000 in the first place is a complete disgrace. Even £100,000 is almost three times more than
the median average earnings of an Islander. Three times more.

Measures such as removing personal allowances from high earners are far more reasonable
and fair than measures such as GST which affect everybody equally regardless of their ability to
235 pay.

The States has removed personal allowances at the rate of 1:3 in the past and P&R, in my
opinion, have made no reasonable case for bringing the rate back to 1:5 forfeiting £1.4 million of
income in the process. Unless of course they are just trying to protect the rich, the high earners.

240 But parts b and d of this amendment simply restores previous practice and offers a more equitable way of funding services that will make a difference to everyone. But sadly, sir, there is no headline in *The Guernsey Press* about that.

245 These recurring sources of funding are our preference but the amendment also offers some non-recurring options for funding these services in 2020. We know this means another source will need to be found in 2021 but P&R are promising us a big debate in January which should allow us to find these longer-term solutions. For now, we need to look at short-term solutions for immediate needs.

250 Now option c is probably the easiest option to understand and so I will be brief. It is regarding the Capital Reserve. The real challenge we have is getting money out of the Capital Reserve to be spent on major capital projects. At the moment we are saving far more than we are spending with our capital – that is the problem, because we need economic stimulus from capital spending. But £700,000 each way will not make a dent in the Reserve, but we need to focus our efforts on increasing levels of capital spending. This will not affect this either way and while levels of capital spending are still lower than they should be, this option will at least make sure some of the money is being put to good use.

255 Or how about option e, the Participatory Budgeting Fund? This was set up last year as a one-off using 2018 surplus money. Now, £1 million was allocated, sir, but none of that money has been spent. No-one has even had the opportunity to bid for it yet; it was meant as a way of engaging our community in the States' budgeting process, but I have come to the sad conclusion, sir, that the States is a long way off from the sophistication needed to make this kind of approach work.

260 I am very supportive of the concept of participatory budgeting but the money is sitting there achieving nothing, whereas if it were being spent on community budgets it would be going directly into public services that could make a difference to the lives of ordinary Islanders. This is money that our community has already paid into; they have already raised this money.

265 Then we have f, the Transition & Transformation Fund. This Fund is meant to support transformation of services and make a difference to Islanders' lives. This fund is meant to support transformation of services and make a difference. Now, as shown by some of the other amendments a lot of funding in the TTF – Transition & Transformation Fund – is not really delivering a meaningful return at the moment.

270 Again, investing the unallocated funding and as paragraph 5.74 shows this is £0.3 million if everything P&R support is allocated. If some of the amendment is unsuccessful the unallocated balance may be larger but we could use that to go directly to services which have been prioritised by Committees to have an immediate positive effect on our community now, next year. But again, sir, there is no headline there.

275 So there are six options for us to consider but some will have an income stream, some will have a one-off boost that is needed, and some have recurring revenue streams. But all six options do give Members the ability to deliberate and determine how we, the current Assembly, could support the identified service development requests.

Deputy Hansmann Rouxel and I are just simply finishing off P&R's job for them.

280 My challenge to P&R is: tell us openly and transparently which of those development requests you do not believe should be funded; and why? Where have the Principal Committees of the States gone wrong? Which ones do P&R *not* believe should be progressed; and why?

285 And where in the Committees' existing resources has P&R identified that the Committees can simply fund these service developments from within their proposed budgets? Or is it only P&R, sir, that have all the answers to transforming and developing services?

In conclusion, sir, it is ironic that if the six initiatives that fall within P&R's oversight had not fallen short of the forecasted savings for 2019 of over £3 million, if that had been achieved it would have been sufficient to fund almost all of the Service Development Requests in Appendix VI and there would be no need for us to consider other revenue-raising measures.

290 So I implore Members to take the opportunity before them today that this amendment gives.

Thank you, sir.

The Bailiff: Deputy Hansmann Rouxel, do you second the amendment?

295 **Deputy Hansmann Rouxel:** I do, sir, thank you.

The Bailiff: Does Deputy St Pier wish to speak at this point?

300 **Deputy St Pier:** No, sir.

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

305 I intend to support this amendment and in doing so I am not going to start launching into a debate about what the *impôt* on alcohol should be, or what the clawback rate for tax allowances should be, because this amendment simply seeks to put into the proposals a set of options which should be debated, if it is successful, as a part of the general debate. If we start having that general debate as part of this amendment, then I think we will never get on to general debate proper.

310 So I could just say I think these options are worthy of consideration and sit down, but I am not going to. I am going to speak briefly because I think if this amendment goes through and if, as seems highly likely we do not get on to voting on the main proposals today but tomorrow, I can see the headlines right across the media, 'States vote to increase Alcohol Duty by 10%' when we will have done no such thing – we will have only voted to put in a set of options.

315 So I am going to vote in favour of this even though I am against the vast majority of the measures that are actually contained in it. I do not want to put up *impôt* on alcohol by 10%.

320 I do not at this stage support Deputy Merrett's preferred option of a steeper clawback rate for high earners. I am not against that in principle; I think moving towards a '20 means 20' regime for people on high incomes has some merit and it is certainly better than actually increasing the top-rate tax to 25% because less mischief can be done about it by our competitors.

325 But we know we are highly likely to vote for a review of our tax and revenue system – I imagine we will – at this stage and I think that should be one of the things that is front and centre of that. I just need more detailed information and a proper report about the impact rather than ... I am sure Deputy Merrett has not done it on the back of a fag packet, but from my point of view it would be doing something without the information before me.

330 However, there is one of her *smorgasbord* of options that I definitely support and another one that I am reluctant to support, but would do *in extremis*. The one that I definitely support relates to participatory budgeting. Now, I confess that I opposed putting the money aside for participatory budgeting when it was put forward by P&R and I lost that debate. The majority of this Assembly thought this was a good gimmick, it is really quite a nice idea and I understand why, I understand the attraction of it. Normally, as a democrat, I would accept I lost that debate so be it.

335 But the financial circumstances have changed somewhat, we are in a far tighter financial situation. We do not even really have a proper balanced Budget for next year. Yes, on the surface it is, but it is only balanced by reducing markedly the amount of money that we, by our own policy, would want to put into the Capital Reserve and putting off some of the decisions on the big pent-up spending requirements that are in the pipeline, to another debate sometime in January of next year.

340 So we are clearly in a very tight financial situation. Not bad economically, all the economic indicators are good, but as far as the States' revenues are concerned we are in a tight situation. In those circumstances I just ask Members through you, sir: is it best to spend every chunk of money by clever sight and the gut feeling of people who just sort of look at it superficially? Or would that

345 same sum of money be better spent on services that have gone through the really rigorous
prioritisation programme – an almost painfully rigorous prioritisation programme that happens
inside our Departments?

I just cannot see that it would not be better – nice though the gimmick is of saying to that
famous Mrs Le Page from Torteval ‘Oi, how would like to spend this money?’ – of actually
spending it on things that have gone through that rigour and that prioritisation. So just for that
purpose alone I will vote for this amendment.

350 The other element of it that I might support *in extremis* is the reduction in the transfer to
Capital Reserve. I do not want to do that because I really regret the fact that we are putting so
little into Capital Reserve anyway. And I hope I will not have to do it, because the new Proposition
29A will come before us after 23, and it is shame in a way that we could not have had a
standalone debate on 23 right at the beginning of this – of course we cannot I understand why we
355 cannot – but it will have such an impact on a number of the amendments that are coming forward
that I think it would be useful to know where we are going on that. That is why I asked P&R what
their stance was on it as some sort of guide. Because certainly if 23 A, B and C are all passed then I
will not vote for reducing the amount going to Capital Reserve because I really do not want to.
But if we have balked at that then I think, because some of the services that will not be funded are
360 so important, then I think I will have to.

So I am voting for this amendment not for alcohol, not to hit the rich, not to do anything but
just to have some choices put before us; and I hope we will concentrate on this amendment and
not debate what we might be validly debating if it is successful when we get on to general debate
which is whether or not alcohol taxes is going to help keep law and order, or whatever else,
365 because that really only comes into play if it is passed.

I know you will only pass it if there is a *prima facie* case for doing so, so it is a difficult thing;
but I can see us being here for the next 24 hours just debating the content of this amendment if
we are not careful.

370 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

I am going to support this amendment and I want to explain why.

375 First of all, I think Deputy Merrett's analysis may be wrong when she says that the reason for
the service developments which are not proposed for funding being on that list might be because of
the slow pace of savings for which Policy & Resources Committee is responsible, because it must
be at least conceivable that if the rate of savings had been quicker the proposed tax rises in the
Budget would just have been lower rather than as they are and then further service developments
proposed for funding.

380 I also think that the criticism about the services in that list which have an asterisk next to them
and those that do not is a bit misplaced, because to me it is perfectly obvious why they have an
asterisk next to them – it is because they are obviously the next most important or those that
were prioritised next on the list but fell just below the cut-off point rather than above the line.

385 I am not necessarily in agreement with all of the measures in this amendment. I think there are
problems, for example, with the quicker withdrawal of personal allowances, not because taken in
isolation they are unfair in any way because they are not, but because once you move lower down
the income scale the withdrawal of personal allowances and the rate at which it is done starts to
interact with other forms of tax and social insurance contributions, and without quite a complex
analysis of all of that it is difficult to work out where the distribution and the burden of taxation is
390 falling.

I am inclined to agree with Deputy Roffey about participatory budgets and I cannot get too
excited about the proposal in relation to duties.

But the main reason for supporting this amendment at this stage is because it is to insert this
as an additional Proposition, and at the moment the proposal for raising additional revenue in

395 order to fund some of the services which are not currently proposed for funding is restricted to
TRP. There is a problem with TRP. I think we have got ourselves into a mess over TRP, because TRP
has been increased substantially in percentage terms but compared with other jurisdictions
property taxes are still very low. They could be increased much more aggressively and much more
revenue could be raised; the problem is, we are concerned about people and they are – not
400 always – typically pensioners who are asset rich and cash poor.

Now, those concerns are reasonable but it would be possible to devise policy responses to
that. We could, for example, allow those people to defer payment of their annual property tax and
then the liability could become due at the point that the house is sold, for example, or inherited.
That would be a way, potentially, of allowing us to increase property rates further in a way that is
405 not unreasonable with putting in place some protection for people who could not afford and who
could not reasonably afford to pay those property rates annually.

But if you look, there are a couple of tables somewhere in the Budget Report – and I now
cannot find them – which look at the burden of the distribution of TRP and actually although it is
true to say that in absolute financial terms, monetary terms, the increased burden does fall on
410 people who are in larger homes, and if you do it by income decile the burden falls on people who
are earning more, but actually if you look at it in proportionate terms the changes in tax policy in
this year's Budget and in the Budget of recent years falls disproportionately not on higher earners
but on people in the second, third and fourth income deciles. **(A Member: Ta da!)**

So it is okay to say, yes, in absolute terms it costs higher earners much more, it does, but in
415 terms of a proportion of their household income it is costing them less than people who earn
much less. I think when we get on to general debate there has to be some debate about that
matter because I think that is a serious problem that has now been built into our tax system, and I
would be interested in the views of the Policy & Resources Committee in relation to that matter.
But that is made worse by aspects of the proposed increases in TRP.

420 The same thing cannot be said of all the options in this amendment. That would not happen in
relation to participatory budgeting, it might happen in relation to alcohol duties as it happens. It
would not happen in relation to withdrawing some of the appropriation into the Capital Reserve,
and it might not happen in the same way in relation to accelerating the rate of withdrawal of
personal allowances. So I think it is right that these options are put on the table.

425 The other reason it is right is because if the States want to raise additional revenue for some of
the services which are currently not proposed for funding, I think it is not unreasonable that the
States should decide how that is done rather than the Policy & Resources Committee. Now, this is
not a criticism of the Policy & Resources Committee, they have put their recommendation before
the States after considering all the options, but in effect if this amendment is successful the
430 decision on how any additional revenue will be raised would have been transferred from the
Policy & Resources Committee to the States, and I do not think that is an unreasonable thing to
do.

The other point I want to make in relation to this amendment is I really hope that the debate
on this amendment is not going to be used as a platform for those people who want to parade
435 their fiscal conservatism, who will vote for all the measures in the Budget or in particular for
Proposition 29 which is:

To approve the cash limits for ordinary revenue expenditure ... totalling £432.125 million ...

– and say, 'Well I am prepared to vote for that, because I am very fiscally conservative, but if you
ask me to vote for £435 million of expenditure I am not going to vote for that because that is
fiscally incontinent'. I do fear that we might have some of those sorts of speeches. This
440 amendment could be labelled as 'tax and spend' and the impression could be created that if we
just stick to the proposals in the Budget then we are terribly fiscally conservative, but if we have
any thoughts of voting for this amendment we could be on the cusp of Marxism. *(Laughter)*

I mean, the difference is less than 1% of what is actually proposed in the Budget. Proposition
29 proposed by P&R envisages revenue expenditure of £432 million and if the measures in the

445 amendment go through it would become possible for the States to approve expenditure of
£435 million – 0.7% difference, or something like that. Well, that cannot possible be the difference
between fiscal conservatism and fiscal incontinence.

So I say that in an attempt to pre-empt potentially some of those speeches which I think could
exaggerate the risk of this or exaggerate the importance of this amendment in fiscal policy terms.
450 Actually no fiscal rules would be broken if this amendment is successful or if parts of the
amendment are converted into States' Resolutions.

The other thing is, if you look at the list of the measures which the additional funds outlined in
this amendment could fund I think it is difficult to see them as desirables. I mean if you look
through particularly the things – I am not going to focus on the things which fall under the
455 budget of my Committee, because I think that would be a bit unseemly and self-serving. But if
you look at the measures which fall under the category of Health & Social Services they include
things like increased provision in the children's dental service, service improvement for tissue
viability and lymphoedema, additional resources for the emergency department.

I mean, I think if this amendment is rejected at this stage, if the States are not even prepared to
460 add this to the menu of options when, if it was ultimately successful it would fund those sorts of
services, I would find that quite disappointing; and fairly dismissive even of the merit of funding
those additional services.

So I think for all of those reasons this is a reasonable amendment in the context of adding
these options to the list of Propositions which can then go forward to general debate and be
465 voted on at the end of general debate.

In closing, I just want to say something about one of the items on the list which is funding for
the Law Officers. Now this concerns me, there is nobody in the States normally who champions
the Law Officers (*Laughter*) and sometimes justifiably so. (**Several Members:** Aah!) No, I am not
one of those Members who sort of obligingly defers to every piece of advice which comes from
470 the Law Officers, whether they are in the Assembly or not, but I am really quite concerned with
that item of expenditure appearing on this list of things which might or might not be funded,
because I think that to subject that particular item of expenditure to what amounts to an auction
is really quite unfortunate.

The reason I say that is because we promote ourselves reasonably as a mature, self-governing
475 jurisdiction and it seems to me that being able to provide a first-class legislative service – whether
it is in the form of prosecutions or whether it is in the form of legislative drafting, or advice to
Government – that is so fundamental to being a mature self-governing jurisdiction that what has
happened in relation to funding of the Law Officers in recent years concerns me.

I do not doubt that there is opportunity for reform at St James' Chambers and I do not doubt
480 that there needs to be change in the way that the services are delivered, but I think if you look at
what has happened in other jurisdictions and if you look at the additional burden on the
prosecuting services and on the legislative demands of Government and parliament actually we
get a very good deal out of St James' Chambers, and the services that are provided are of a high
quality and are relatively inexpensive compared to the other ways in which legislative services
485 could be provided.

I think the additional resourcing of St James' Chambers is very justified and I would be really
disappointed if we emerge from this Budget having not provided the additional funds which they
have identified as necessary.

So I will vote for this amendment and I hope the States add it to the list of Propositions.
490 Thank you, sir.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, sir.

495 I will be as brief as I possibly can, having heeded the warning you gave us yesterday about the
time left to debate.

I also agree with Deputy Roffey in the sense that the real time to debate fiscal policy, in my view, is in the general debate and we should be taking the question of fiscal policy and the question of budget building in the round.

500 I hear what Deputy Fallaize has said and I hear what Deputy Roffey has said about giving us options to go into the debate and those Propositions to be debated. They are quite powerful arguments, but I think there is another side to that argument and this is about business. Deputy Ferbrache rightly says to us and reminds us that our tax take derives from the economy and growing the economy. (**A Member:** Hear, hear.)

505 Now, one example where making fiscal policy on the floor of this Assembly is a risk and a danger, is the hospitality trade. In a former life I was charged with collecting and protecting revenue and budget time was very fraught for that particular trade. Their margins are small whether you are at the wholesale end or the importer end or whether you are at the retail end. When you pay for goods liable to excise, a large proportion of that take is tax. Now, business has to be very careful when considering their margins in what they order and when they order it – you have got Christmas time coming up.

510 Now, when you have got proper fiscal policy, and I note Deputy Merrett's comment about doing P&R's job for them, my view is that the Medium-Term Financial Plan – and I think Deputy McSwiggan has ... and these are my words, not hers – it is dead; long live the Medium-Term Financial Plan. We are in a bit of a vacuum in fiscal policy, but for business it is very important – they need to know, they need to forecast, they need to have some idea.

515 Now P&R have a policy of how they are going to apply Excise Duty, and that is already in the Budget. When you start to then add a similar amount on top of what they might expect, that makes that trade very nervous and that trade needs all the support and help they can get from this Assembly.

520 Now, if we are going to make fiscal policy on the hoof we have got to take into consideration the business end of that, and the effect it has on that – and I am not going to say too much more on this because I believe this is a very important part of general debate which I want to get on to where we should be talking about fiscal policy, and we should be giving some sort of certainty to business as to how this Assembly directs P&R, or what P&R's views are of it, of how as we move forward we are going to tax business and we are going to tax the public.

525 Whilst I have got a lot of sympathy and a lot of respect for Deputy Merrett – and, yes, these would be options – but we should not really be doing it on the floor of this Assembly. We should be doing it in a proper debate with a proper policy letter so we can look at the fiscal take and how we can then budget from it.

530 Thank you, sir.

A Member: Hear, hear.

535 **The Bailiff:** Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

540 Sir, I want to begin my speech by saying I very appreciate that Deputy Merrett and Deputy Hansmann Rouxel have laid this amendment with the best of intentions and I deprecate wholeheartedly the disrespectful approach taken by some Members of our community towards them for laying this amendment. There is no need whatsoever to be so disrespectful.

545 I sincerely hope that they do not get subjected to the physical abuse I was subjected to when Deputy Mooney and I laid an amendment that sought a referendum to establish the views of the public on the contribution we make toward Overseas Aid. That was an extremely stressful four months for Deputy Mooney and I, and that is how long it took to get an apology from *The Guernsey Press*. So I applaud Deputies Merrett and Hansmann Rouxel for laying this amendment even though I am going to speak against Propositions 29Aa

550 Sir, with the utmost respect to Deputy Roffey, who has left the Chamber, I do not agree with his approach. We are debating the amendment now, therefore I am speaking on the amendment now.

555 Sir, I am sure most of my colleagues are aware that publicans as well as Members of the public have come out in force rallying against Proposition 29Aa and I resonate with their concerns. I realise of course we do not have the opportunity to vote on the individual Propositions at this time so what I am going to do now is explain why I resonate with the concerns expressed by publicans and members of the public. I want to do that now as opposed to in general debate because this amendment might not even make general debate; and we are debating the amendment now and I am speaking on the amendment now.

560 Sir, publicans have come out in force against Proposition 29Aa in this amendment saying that if a 10% duty on alcohol is passed then it would be a severe blow to an industry that is already struggling to survive. They are saying that even more pubs will close and landlords will go out of business, which means of course that staff will lose their jobs. As we all know several pubs have been forced out of business already in recent years, and I have that press cutting with me, sir, in case my colleagues missed it.

565 Sir, what will all these landlords and their staff do if they cannot find alternative employment? The answer to that question of course is that they will sign on as unemployed. So what the States take in, in extra additional income on the one hand they will be paying out on the other, which makes absolutely no sense at all.

570 Sir, the *Press* article was headed 'Publicans fear for the future after tax hikes' and in the article the landlord of the Drunken Duck, Mr Vince Rowley says: 'If they are going to raise the duty by that much then they will kill the pub trade. We are struggling as it is and all you have to do is look at how many of us have closed down in recent years.'

The landlord of the Fontaine Inn Mr Dave de Jersey says this in the article:

I have got two and a half years on my lease left and when that's up I'm done, there is no future in this [*business*]

575 So I would like to hear Deputy Merrett's views on that when she responds to debate. In fact I look forward to hearing the views of any of my colleagues on those two issues when they speak, sir.

580 **The Bailiff:** Well, only if they are relevant to the amendment. There is a danger that if we are talking about the length of a publican's lease we are going way beyond this amendment to matters that need not be concerning us.

A Member: Hear, hear. (*Interjection*)

585 **Deputy Lester Queripel:** Well, yes, sir, I appreciate what you are saying but the questions they should be asking is how do they feel about putting pubs out of business, and how do they feel about adding to the amount of money paid out in unemployment benefit?

590 In relation to that there are other issues of course we will need to take into consideration. Bearing in mind that one of the objectives of the States is to improve the quality of life of Islanders, and bearing in mind that another States' objective is to make Guernsey one of the healthiest and happiest jurisdictions in the world by, I believe I am right in saying, 2040. Surely every one of my colleagues needs to take the issue of total demoralisation, deprivation and losing part of our culture and heritage into consideration.

595 Sir, this is nothing new. As we all know, every government does this: they take the easy way out and add to the tax bills of the community, rather than roll up their sleeves and do the work that is needed to identify where major savings can be made. So in that respect we are no different to any other government. I can only hope on this occasion we have enough Members in the Assembly who can see the damage Proposition 29Aa will cause to our community if this amendment passes and it gets to general debate.

600 The Proposition is seeking to double the cost of the tax and add even more to the cost of
living to our community at a time when many of them have not had a pay rise for several years. It
is because they have not had a pay rise for several years that they are already struggling to keep
up with the increases in the cost of living and of course we are talking about an accumulation of
costs here, a little bit there, a little bit somewhere else. To state the obvious, when someone has
not had a pay rise for several years and finds themselves in a continual financial struggle it
obviously has a detrimental effect on their health and their quality of life. It increases their stress
605 levels and also, as we all know, financial worries and financial hardship can make people
depressed.

So then some of them will go to a doctor to ask for antidepressants to help them through yet
another day of financial hardship, some of them also seek the help of a complementary therapist
and as a former complementary therapist, myself, I had several people coming to me in the past
610 asking if I could help them with their stress levels, or help wean them off antidepressants, and I
was not the only therapist who was asked to help people experiencing financial hardship.

Deputy Hansmann Rouxel: Sir, point of order.

615 **The Bailiff:** Yes, Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Is this relevant to the amendment?

620 **The Bailiff:** It is straying beyond the amendment, yes.

Deputy Lester Queripel: Sir, I respect your view but surely what I am saying is relevant
inasmuch as these are the ramifications –

625 **The Bailiff:** But at the moment we are only debating whether to put this amendment into the
general Propositions. You are going way beyond that, Deputy Lester Queripel. I am reluctant to
interrupt you because I know you always think I pick on you, but you are in this instance going
way beyond the amendment that we are actually debating at the moment.

630 **Deputy Lester Queripel:** Sir aren't we debating the propositions in the amendment? The
amendment as a whole?

635 **The Bailiff:** We are debating whether to put this amendment into the Propositions which is
the point Deputy Roffey made earlier. We are just debating whether this goes in and then if it
does form part of the substantive Propositions, and I do not know whether we are going to have
any time for general debate, it is up to Members in their speeches. But it is likely to be a very short
general debate unless we are going to continue sitting right through next week to complete this
debate.

But all we are debating at the moment is whether to insert this into the general Propositions.

640 **Deputy Lester Queripel:** But, sir, if it does not make general debate then we do not get the –
(*Interjections*)

645 **The Bailiff:** No, if it does not make general debate it is because there is no support for it, so
there is no need then to debate it.

Deputy Lester Queripel: But, sir, then we do not have the opportunity to say what we feel and
say what we think? (*Interjections*)

650 **The Bailiff:** Well, that is not the purpose of this debate. The purpose of this debate is to approve or not the Budget that is before the States, not to just have a general debate about any subject that might be of interest to people. (*Laughter*)

Deputy Lester Queripel: Sir, with the utmost respect this is a debating Chamber.

655 **The Bailiff:** Yes, but the purpose of debate is to debate the Propositions before the States and at the moment they do not include these Propositions in this amendment.

If this amendment is carried those Propositions will then become part of the debate and then that is what we can be debating. But if there is no support for them and if there is no support for the amendment, they do not become part of the debate.

660 **Deputy Lester Queripel:** Sir, with the utmost respect I do feel as though you are stifling my opportunity to speak.

665 **The Bailiff:** You may well do, but my duty is to make sure that debate is conducted in accordance with the Rules. I do give people leniency and probably I give far too much leniency but I have been called to order on this occasion (*Laughter*) and I feel that I need to insist that debate be relevant to the Propositions that are currently before us, and in this case to the amendment, which as I say ...

670 It may be that much of what you are saying could be relevant if this amendment carries, although maybe you might like to think about whether it could be said more concisely. (*Laughter*) But, at the moment, because we are going to run out of time.

Deputy Lester Queripel: Sir, before I continue I give way to Deputy Laurie Queripel.

675 **The Bailiff:** Deputy Laurie Queripel.

Deputy Laurie Queripel: Thank you, sir.

I thank Deputy Lester Queripel for giving way. I am just trying to strike the balance between the two points that are being made here. I understand what you are saying but I also understand what Deputy Lester Queripel is saying.

680 Surely, if an amendment is being debated, the merits or otherwise of that amendment need to be explained to some extent in order for the amendment to be found attractive or otherwise to Members? So there surely has to be some debate on the substance of the amendment to make the case.

685 **The Bailiff:** I accept there has to be some debate and, just as Deputy Roffey did in his speech, he made the point that he was not going to go into detail on some of it, but then he did go into a little bit of detail, so there is a certain amount of balance to be struck. But it is not an opportunity to go into the full debate that would be relevant once it becomes part of general debate.

690 **Deputy Laure Queripel:** Okay, I just wanted to give it a balance –

The Bailiff: Deputy Lester Queripel has made the point that putting up the costs of alcohol will threaten the livelihood of some of the publican trade. That point is made (**Deputy Laurie Queripel:** Yes.) he does not need to then go into further detail. If it is relevant when it becomes part of general debate, he can do it.

695 It is just striking that balance

Deputy Laurie Queripel: Yes, okay, which is what I am trying to do, sir. (**The Bailiff:** Yes.) Thank you.

700 **Deputy Ferbrache:** Sir, I do not understand, you allowed 25 minutes of debate yesterday –

Deputy Lester Queripel: Sir, am I giving way to the Deputy? Is he asking me to give way, sir, because he just gets up and speaks?

705 **Deputy Ferbrache:** Yes, I am sorry, Deputy Queripel –

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Will he give way, sir. I apologise –

710

Deputy Lester Queripel: You have allowed him to get up and speak in the past, sir, without him even complying with the Rules. *(Interjections)*

Deputy Ferbrache: Well, I was actually trying to support – *(Laughter)* I was actually trying to support Deputy Lester Queripel because –

715

The Bailiff: I think he is your advocate coming to your defence. *(Laughter)*

Deputy Ferbrache: And free of charge today. *(Laughter)*

720

Deputy Lester Queripel: I cannot afford him, sir.

Deputy Ferbrache: Because we had a 25-minute nonsensical debate yesterday on something that was agreed. **(A Member:** Agreed. Hear, hear.)

725 And yet Deputy Queripel is making the point that we have to debate whether this amendment should proceed and I do not see how he can be prevented, as long as he does not digress too much, on making his point as to the plusses and minuses of this amendment.

I mean, I would like to say something in due course when it comes to my turn to speak on this amendment too, because the point is otherwise if we just nod it through then we could have

730 nodded through all the amendments and just had a general debate.

Sir, for some reason we chose not to do that and we are now on – what? – there are two-and-a-bit days and we have still got five, or six, or seven amendments to deal with. But it does seem to be an inconsistency that some people are allowed to speak ...

735 Deputy Merrett talked about her family being attacked and all that kind of stuff – nothing at all to do with the amendment, but it was allowed to be said. Deputy Lester Queripel wants to say something and he is restricted. I find that very difficult to accept.

The Bailiff: Well, I am not saying that, as I tried to say in my reply to Deputy Laurie Queripel just now there is a balance to be struck. Clearly there is something that needs to be said about the substance of the amendment or it is pointless, but actually going ... It is balance to be struck as to how much should be said at this point – and this is what I think Deputy Roffey said, far more eloquently than I am doing – *(Interjections)* there is a balance to be struck between how much one says about the amendment at this stage and how much is then said about it if it carries and become part of general debate.

745

Deputy Ferbrache: But, sir, on other amendments Deputy Roffey when it suits him has waxed lyrical and he even digressed from his own point in his comments here.

The Bailiff: Well, we cannot –

750

Deputy Ferbrache: He is not being consistent; the States is not being consistent.

The Bailiff: I have made my point.

Deputy Lester Queripel: Sir, I thank Deputy Ferbrache for his support.

755 The irony is, sir, I could have finished my speech by now. (*Laughter*) It is up to Members if they want to keep interrupting or if debate is stifled. I do feel that on this – in my seven years, six months and two weeks and three days as a Deputy, (*Interjections*) I have never known debate to be stifled on an amendment, sir, I have to say that.

760 So, sir, I am going to have to dispense now with three pages of my speech so my views are not going to be out in the community, but I have to accept it.

The Bailiff: Well, I am not stifling debate; I have made my point. Maybe some of your speech can be saved for the general debate if this amendment carries.

765 **Deputy Lester Queripel:** Sir, surely living one's life is about enjoying as much of your life as possible not merely paying taxes and bills to simply exist. This is not a rehearsal.

Sir, I would just like to remind colleagues that we do not have a States' objective that seeks to make life more difficult for our community, but we do have objectives that seek to improve the quality of life for our fellow Islanders. So I ask colleagues to take that into consideration.

770 I am now having to speed-read my speech to see what I can say and cannot say. As I said, sir, it would have been quicker for me to actually just been allowed to finish my speech.

Taking the easy way out and keeping on hammering away at people to get even more taxes out of them does not make any sense at all to me. To me it is immoral because there are other options available; there are big major savings to be made in other areas.

775 But just in anticipation of colleagues saying that why I have I not identified any major savings, I *have*. I would remind them I identified a potential saving of at least £7 million a year just a few weeks ago and I had no support for that; and the next thing I see is an amendment that has been submitted that seeks to double the duty which will have a detrimental effect on many members of our community if it succeeds. In fact I think it will be a real smack in the face for those members of
780 our community.

Sir, I have just dispensed with two more pages of my speech and I just move to the end now which is to ask for a recorded vote please when we come to the vote.

Thank you, sir.

785 **The Bailiff:** Deputy Leadbeater.

Just before you speak two Members have been in the Chamber for some time now, Deputy Le Tocq and Deputy Tooley do you both wish to be relevé(e)?

Deputy Tooley: Yes please, sir.

790

The Bailiff: Thank you.

Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

795

When you first start reading this:

In order to fund the services listed in the second table of Appendix VI to the Budget ...'

– you start getting a bit excited, and then you get to Proposition 29Aa which I think has been the most controversial. It is certainly the thing I was questioned about most vociferously when I popped to the pub for a beer on Saturday evening.

It just basically says, in order to achieve what the amendment seeks to achieve it is tax, tax, tax.

800 (**A Member:** Hear, hear.) Double the increase of tax on booze that P&R recommended. If anyone

thinks that the people of Guernsey, those who elected us, would support this completely unoriginal and regressive means of raising further revenue they are completely out of touch.

805 Sir, I am not going to major on the further burden the increase on the alcohol duty will have on the purse of the average person that likes a drink every now and then, but obviously any further increase will have a consequential further negative effect on them.

810 Sir, if we continue with this theme of placing a disproportionate levy of duty on alcohol at Budget time we will lose the local pub. All that will be left will be expensive wine bars, gastro pubs and restaurants aimed at the affluent middle-class market. Deputy Ferbrache's Christies Group will be quite chuffed about that. But the community hub that is the local pub will be no longer and that will be a sad day.

815 Now, Deputy Merrett in opening touched on some of the social issues that excessive alcohol consumption can bring and, yes, I agree with that; but do not conflate that with the regular having a pint in the local pub. This is not a debate about alcohol abuse, it is about raising revenue and the target market for raising that revenue, which in this case will be a lot of working-class people who will feel it the worst.

820 Let me explain to Members the services that our pubs provide to our community and how they get paid for doing so. Local pubs have a different trade during the day to that of an evening. During the day you would have mainly older, retired folk that are often now living on their own. They come to meet up and socialise over a game of euchre, sometimes a beer but many will drink coffee and soft drinks – and coming in to this debate on Tuesday myself, Deputy Langlois, Deputy Le Tocq, Deputy Trott and Deputy Green were greeted by one of these such people on the steps of the Court in St James' Street. These people rely on the pub. Not to get drunk. I mean, obviously Deputy Merrett touched on the social issues of alcohol but we are not debating this.

825 Basically, there is no money in the daytime trade, no money at all. Pubs run at a loss during the day, but they provide a vital service to our community during that time. If these establishments were to close it would have a massively negative effect on the lives of the people that rely on their local pub for socialising and companionship.

830 The evening trade, and I include the important after-work trade in this, effectively funds the daytime opening of the pub. It is a bit like Condor with their passenger and freight services: they are both necessary services that may be fundamental to our community but one has to support the other to make the entire offering financially viable.

835 Sir, if we continue to drive the evening trade – the only shift that turns a profit – away from the local pubs we will, by our own actions, force local pubs out of business; and by forcing them out of business we will have irreparably damaged our Island community.

840 Sir, if Members were to visit their local pub on an evening they will see that there are far fewer people in there than there were about 10 years ago, because going for a couple of drinks in an evening is now far more expensive than it was back then, and wages have not risen at the same pace. If we continue to tax locals out of the pubs we will lose those community hubs completely; we will lose euchre leagues, pool, darts, shove ha'penny leagues, pub quizzes, meat draws, Christmas draws and the many charity events that our local pubs but on for our community all year. All gone.

Sir, the services that this amendment seeks to fund are services that we should be providing for without the need to increase taxes in the first place. (**A Member:** Hear, hear.)

845 The spirit of what the proposer and seconder are trying to achieve is admirable but this method of what I consider a harmful increase on Alcohol Duty as a way to contribute towards the amendment's aims is a step too far. It does not consider the broader context of the negative effect it could have and it is a step in the direction of losing another part of Guernsey life.

850 Sir, this proposal, if it gets to the end and if it does get passed, will do nothing to restore any faith in this States trying to make things easier for many because in reality it will do the opposite. I urge Members to think of the potentially disastrous knock on effects of this damaging Proposition when they come to vote.

Thank you, sir.

855 **The Bailiff:** Deputy Leadbeater I did not interrupt you because I know you always speak very briefly, but I think Deputy Lester Queripel would be entitled to feel rather aggrieved that I allowed you to go into a speech which basically I was not allowing him to make.

860 As I see it, this amendment – and maybe I have misunderstood this amendment – is proposing to put a new Proposition into the suite of Propositions with a suite of options that Members can then choose from if they wish to fund the additional services. Which of those options they wish to go for – and there may be many options that people do not want to go for – that would be a matter for general debate once we get to general debate.

865 But at the moment all we are debating is whether to put in this additional Proposition which will, as I say, put in a suite of options that Members can then choose from if they wish to go for funding. But to be going now into the details of which one of those options people prefer or do not prefer is the sort of point that I was trying to restrain Deputy Lester Queripel from making.

870 **Deputy Fallaize:** Sir, at the risk of prolonging this, but very briefly, may I suggest that it might be a good idea to set a precedent that where an amendment is to insert a Proposition but does not alter the existing Propositions that the debate is restricted to the insertion, but where there are amendments that try and kick other Propositions out then it is more reasonable, is it not, to debate the different merits of the amendment? If that was established as a precedent then we would probably be able to accelerate at least some debates.

Deputy Leadbeater: Sir.

875 **The Bailiff:** Yes, Deputy Leadbeater.

880 **Deputy Leadbeater:** Sir, Deputy Merrett opened with her argument and Deputy Lester Queripel and myself just put our argument against that. I was not making the same points as others, I was making a different point. That is the point I want to get across now.

The Bailiff: Yes, I appreciate maybe I allowed Deputy Merrett to go into too much detail in her opening, but I am just trying to find a way to see if we can hurry this debate along so that we have some realistic prospect of concluding the business for the 5th November meeting

885 **Deputy Kuttelwascher:** Sir, in the interest of hurrying along this debate, since we are only going to decide whether to insert the Propositions or not, I would like to propose the guillotine motion on this amendment.

890 **The Bailiff:** Right, a guillotine motion under Rule 26(1). So those who have not already spoken on whether to insert this new Proposition into the Propositions ...

So those who have not yet spoken on this amendment and wish to do so, please stand in your places. There are six – people keep bobbing up and down! There are 11 people standing.

Do you wish to proceed with that motion?

895 **Deputy Kuttelwascher:** I do, sir.

The Bailiff: So I put to Members the motion that debate be terminated. Those in favour; those against.

Some Members voted Pour, others voted Contre.

900 **The Bailiff:** I am afraid we are going to have to have a recorded vote on that one. So it is a recorded vote on the guillotine motion.

There was a recorded vote.

Not carried: – Pour 15, Contre 23, Ne vote pas 0, Absent 2

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

The Bailiff: I knew it was close. The voting on the guillotine motion was 15 in favour, with 23 against. I declare it lost, debate will continue.

905 I will call Deputy de Lisle.

Deputy de Lisle: Sir, very briefly I would like to obtain clarification. Deputy Merrett correctly points to the failure to achieve the savings promised, some £3 million or so, and puts forward a series of measures to address finance seeing Service Development Requests by cuts, or means to raise monies elsewhere.

910

Now, I am attracted to one particular aspect and that is the cut in the lofty budget transfer of £40 million to the Capital Reserve, and I can see that we could make cuts there and obviously have money for other areas.

But I would like to ask P&R: should the amendment of Deputy Merrett pass and go through, given the comments made in 6.74 and the comments on page 131, would P&R withdraw Proposition 23 with regard to the surcharge on TRP or the increase in commercial TRP tariffs as a result of obtaining the money really with regard to Deputy Merrett's amendment?

915

Thank you, sir.

920 **The Bailiff:** Deputy Smithies.

Deputy Smithies: Thank you, sir.

I have reduced my brief comments by about a third. I have no particular argument with seeking alternate sources of revenue, especially as the Committee on which I sit is one that might benefit from receiving some extra funding as will be debated later on in an amendment brought by the President and Vice-President, but I do oppose this amendment succeeding and putting in an extra Proposition.

925

The route chosen by this amendment seems to me to be something thought up, however carefully, in a bit of a hurry. My personal preference is for less Government and lower taxes. That will not always find favour amongst some of my colleagues.

930

I will oppose the amendment but would urge P&R to continue in its efforts to curb expenditure and seek ways of increasing revenue without recourse to any increase in individual taxes. I have excised my solution to the problem in the interest of brevity.

935 **The Bailiff:** Deputy Hansmann Rouxel, the seconder.

Deputy Hansmann Rouxel: Thank you, sir.

940 This amendment for me highlights the issue we have with our current fiscal model and I think the debates we have had so far on the Budget debate have reflected this tension. Had this been the first or even the second Budget of the term I could have gone along with P&R's logic that if Committees think these services are so vital that they must look within their existing budgets to find the resources to fund this work.

945 But it is not the beginning of term and there are only so many times you can scrabble around in the back of the couch for that spare change rattling around. Well, that was after the first Budget and this term there was still a couch left after FDS processes; but then the next year we took the covers off and delved into the cracks of the couch and got to the stage now where we are down to finding the IKEA manual for self-assembly of the couch so we can take it apart because there has got to be something more than fluff left in the crevices. That is where we are at.

950 We know, and P&R knows, and the States knows that we are not going to get any further of the small, little magic resources out of our already overstretched budget without getting to the structural changes. That is why we had the policy letter on the future, or smart Guernsey, and all of the digital service reforms.

955 There also is – and I agree with Deputy St Pier – definite evidence to suggest that the current operating models of some areas are 'systemically inefficient', I think I quote that from his speech yesterday. I agree, but those changes are big and structural and in the meantime I do not see ... Sorry, I do not disagree that there are savings and efficiencies to be made but they are the larger, harder changes that do not happen by squeezing services together just because it does not fit within the rules.

960 Had we had this at the beginning of the term, P&R could have said that there was not a policy work to back up the need for these services, but again we have had the policies created through the term and these services have been agreed as necessary.

965 So why is it, when we know that there is no lee room for stretch within our budgets, that the real transformation on structural changes are being set up? They will take time but we know in the meantime there are gaps in provision of services *now*. Why, when we know all this, do we not fund those projects?

That logic, for me, means we know there is a gap in the service, we are going to squeeze and try and find a way to fund it but actually what happens is that service does not get developed because it is not in the Budget process and the savings we are making now create long-term problems by pushing those problems to the next Budget and the next term.

970 We have been down this merry-go-round with Budget debates this term. The gaps do not go away. If you do not get them filled, you are looking at a root canal instead of a minor filling.

975 We are not half way through the process of transformation but we are at the difficult bits, and I am glad that after nearly four years P&R are admitting that the overarching fiscal policy needs reviewing, and that we are going to debate that bigger debate in January. But this is the Budget now and if we are truly going to get the savings out of transformation process we have to start separating the back of the couch savings, which most Principal Committees have managed to do, and identify the areas where transformation is taking place without the structural changes needed to realise savings – in some cases those are held back by Digital Services, we hear that from Health & Social Care often.

980 We need to know where some services are better held in the third sector and acknowledge that just because we would like to utilise the third sector does not mean it is free, or that it is always appropriate or always possible. Now that piece of work getting that structure that we have

decided is a structure the less Government lower taxes, that Deputy Smithies referred to, relies heavily on the third sector. I do not see the acknowledgement of this in the Budget.

985 I see, as much as possible, P&R have looked at that first table and said 'service developments' but in putting the whole table without any acknowledgement of the separation of what and how those services operate within the future model – so, which are structural changes, which are back of the couch savings, which are areas where you need to make structural changes with digital, which are the areas where you need to make structural changes with the third sector? All of those
990 things I do not see the rationale being put in this Budget in order to deny that those service gaps are not plugged.

Austerity is a flawed policy and just sticking to fiscal rules for the comfort of it does not cut the mustard. To simply suggest over and over again that we need to revisit austerity is wrong. What we need to do now is grab the transformation by the horns, acknowledge that this is a once-in-a-
995 generation opportunity for change and start to invest: invest in our people, invest in our infrastructure, invest in our Island and invest in our industries.

The overarching rationale presented that, I think it was Deputy Parkinson that said, that Economic Development were tasked with growing the cake and everybody else was tasked with eating the cake. I think that this is a flawed idea that economic growth is somehow a separate part
1000 of life or separate from the rest of the States, and that the rest of the States are eating the cake that the economy bakes. It is a lazy and inaccurate analogy.

How do you grow the economy without the people and the Island to run the economy if you are removing valuable contributors to the economy, because they are going home or they are going part-time or giving up work to be a carer for an elderly relative who had a fall and did not
1005 recover because we do not have a Falls Practitioner – a Falls Practitioner £400,000, that is in the appendix.

Deputy Ferbrache: Sir, point of order.

What has any of this got to do with the amendment?

1010

The Bailiff: Deputy Ferbrache.

Deputy Hansmann Rouxel you are in danger of straying into the sort of area that you asked me to restrain Deputy Lester Queripel from straying into.

1015 **Deputy Hansmann Rouxel:** I take the point, sir. Okay I will distil what is the argument and not embellish, which is what is taking the time.

So the idea that we cannot fund these services and get the benefits, I am asking the Assembly to vote for this amendment on the principle that we do need to plug these gaps in services and the debate later will be hopefully, as Deputy Roffey said in general debate, deciding how or what.
1020 And if none of those options get chosen, then none of those options get chosen and that is also perfectly possible.

We have to – my cake analogy is now ruined – so, yes, well if that is what we are voting on in the amendment then yes, let's get on and vote on it and not go into other arguments that tend to make out that somehow we are putting a burden on people. We have not decided that and there
1025 is an option to add a little bit on to those who earn over £100,000 a year and that is what should be focussed on.

The Bailiff: Deputy McSwiggan

1030 **Deputy McSwiggan:** Thank you, sir.

I think the Alderney Representatives being in the States makes my speech worthwhile giving and I know that Deputy Lester Queripel is not always able to be with us in the Chamber for reasons of – because we do not do too well on reasonable adjustments, but I know that he listens in when he is not in the Chamber so I hope that this is useful to him as well.

1035 For all that I do not agree with what Deputy Lester Queripel and Deputy Leadbeater and
Deputy Prow say about the effect of Alcohol Duty, I am sure that I thought after Deputy Lowe's
statement last month that part of the amendment would be a walk in the park – more fool me.
But for all that I may not agree, that is their view and it is sincerely held and it is obviously a big
sticking point in enabling them to support the amendment at all.

1040 I thought Deputy Roffey and Deputy Fallaize laid it out quite clearly at the start, it is about
offering a series of choices for funding service developments which we think are very necessary to
fund. I think it offers an alternative certainly to the amendment that the Committee *for*
Employment & Social Security would put forward otherwise and probably a better alternative, if
1045 Members would agree, it would be better as Deputy Roffey said to attack the participatory budget
than the Capital Reserve for a start, and it may offer an alternative to some of the other
amendments that might come forward although that is a matter really for the discretion of Home
Affairs, I think.

So it is something that I think, as a set of choices, it is worthwhile having in the Budget because
the ultimate aim of it the service developments that it is there to fund are very worthwhile and
1050 each of us who have gone through the prioritisation process at Committee level would recognise
why and recognise that there are strong arguments for them. So we need some of those choices,
we need to have them available to us, but the fact that Alcohol Duty is in the list seems to be a
sticking point for some Members in letting the list as a whole go through.

So in my heart of hearts I would, or not even in my heart of hearts, they are very much on the
1055 surface, I would like to support an increase in Alcohol Duty. I think it will do a lot of good. But,
more importantly than that I want to see these service developments funded somehow. Other
options on the list offer us good alternatives. They offer us alternatives that I think the majority of
us can reach a consensus view about. So hand on heart I am very prepared to say I will not vote
for Alcohol Duty and I will encourage others not to vote for Alcohol Duty in order to enable this
1060 amendment to pass and in order to allow us to make other choices from that list.

So if that is what it takes to get the rest of the amendment – or to get the amendment through
and to put those choices before us – then I am more than happy to sacrifice the principle around
Alcohol Duty in order to offer some of those more meaningful choices for funding service
developments.

1065 I hope that Members will take my expression of intention in good faith and will allow that to
be reflected in their own choice when they come to deciding whether or not to support this
amendment.

I really do hope, sir, that Members will support this amendment and allow us to make some of
those other choices.

1070

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, let me make two preliminary comments and I will be a lot briefer than I
was because you are right, we are being self-indulgent in this debate, we are carrying on for two
1075 and a bit days and we have still got a lot of work to do.

Firstly, I have got to declare an interest because obviously I have got hospitality interests and I
declare that, but it has not influenced what I am going to say and how I am going to vote.

Secondly, I was very fortunate to work with Deputy Merrett from May 2016 to December 2017
on the Committee *for* Economic Development. She was an absolutely splendid general Member
1080 but she served the interest very well of the hospitality, tourism and retail sector. (**A Member:**
Hear, hear.)

Now, what I am disappointed about because, speaking about my own hospitality interest, we
employ between 90 and 100 people this time of year and over 100 people in the summer: I am
not aware she has spoken to anybody from our sector; I am not aware that she has spoken to any
1085 from the Red Carnation sector; I am not aware she has spoken to anybody from the Nut Tree

people; I am not aware she has spoken to any of the major players in the hospitality sector. Very disappointed indeed.

1090 It is all right saying it is only a penny here and two pence here, and if you compare the schedule that she puts forward and the schedule that appears in the Billet itself it is a bit more than that on some occasions. But we are not going to get into that, we are not going to get into the evils of drink – which it is evil – we are not going to get into all the facts that it causes social disharmony and it causes people to punch police officers. All of that is true; that is not what we are here to talk about.

1095 Deputy Lester Queripel and Deputy Mark Leadbeater in my opinion, it is just my opinion, are far more in touch with the average Guernsey people who form part of our community – a community I was born into in 1951 and a community I have lived in most of my life – than some of the other Members of this States. This States is not seen as representative of the views of the ordinary people. We are representative of our own views, which is wrong.

1100 Deputy Fallaize said something which was theoretically correct but 'commonsensely' incompetent, incontinent, because what he said was arithmetically £700,000, it is less than 1% – in fact it is about .21 of 1%, because 1% of £432 million is £4.32 million and obviously £700,000 is a sixth of that, or thereabouts. So we are talking about very little in that.

1105 But, as Deputy Leadbeater said, this is a regressive tax. How many more taxes can we impose upon the people of Guernsey before they say we have had enough? They are already saying they have had enough. The fact that it is alcohol is irrelevant; it is just another tax, another tax, another tax – oh, £700,000, it is a mere bagatelle. It is a lot of money to the people out there. It might not be to Deputy Fallaize but it is to Mrs Le Page in Torteval.

1110 **The Bailiff:** Deputy Soulsby.

Deputy Fallaize: Point of correction.

The Bailiff: Deputy Fallaize, point of correction

1115 **Deputy Fallaize:** I did not say any of the things that Deputy Ferbrache has just suggested. What I said was that the difference between his wish to raise taxes to pay for £432 million of public spending, and my wish to consider raising £435 million to pay for public spending, is not the difference between fiscal conservatism and fiscal incontinence.

1120 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: Thank you, sir.

1125 Clearly, I have got a lot of interest in this amendment and HSC has clearly got skin in the game when it comes to raising more money, as you can see from page 130 funding that we have not got, and I will talk about that in a minute.

1130 But of course this debate and a lot of focus just on alcohol but this debate is about whether we believe *any*, not *all* of the measures are worth supporting. Indeed, whether what Deputy Merrett proposes have indeed got merit. (*Laughter*) We do not have to like everything to support this amendment. (**A Member:** Hear, hear.) But the question is: do I like any of the suggestions proposed?

1135 Now, moving on to alcohol and I found Deputy Merrett's comments in her opening speech rather confusing because in the one hand she said it is only a few pence in the pound, people are not going to ... it is not going to affect them very much; and then on the other hand talking about the evils of alcohol. So there is a contradiction there.

Actually I spoke to our Director of Public Health on this because clearly it is an area which she is looking at in some detail, as we are putting together the substance misuse strategy, and I just

ran that aspect through her and she made it clear well, in fact, making it 10% on alcohol is not going to make any difference in terms of behaviours.

1140 What it will do is increase costs across the board, which is very different from what minimum unit pricing will do which will focus on the very cheapest drinks being sold cheaply in supermarkets and elsewhere, and when it is drunk and where we do see the problems of people frontloading before they go out in Town. It is not the pubs and restaurants that are the issue, it is very much what people are doing and buying in bulk the cheapest alcohol. That is something we are looking into, we have seen how things are working in Scotland and it does appear that there
1145 has seen to be some change, but it is very early days at the moment – and that is Scotland, and Scotland has got its own other issues and the context is different.

Also, if we did bring in minimum unit pricing it would likely be at a higher minimum unit just because of the costs that we have here. But that is something we are looking at.

1150 I was actually disappointed in Policy & Resources comments on that matter because they say in terms of alcohol, and on that particular measure, that this is just a matter for the States. Well, of course, everything is a matter for the States but that actual measure is not about behaviours and influencing how people drink, this is purely being done for fiscal money-raising issues. So I was surprised about P&R's comment on that front.

1155 So that is alcohol. I just cannot support that amendment because it does not work from a health point of view and I think it is very much a blunt instrument that is not actually tackling the issues that we need to tackle.

1160 I cannot support b and d which effectively put a greater burden again on the self-employed who already have a disproportionate burden at the moment so b and d, I am striking out. On f, taking money from the Transformation & Transition Fund well, yesterday we had Deputy McSwiggan's successful amendment which meant that over £1 million was not then being put into the Transformation & Transition Fund so I think I cannot support that one now.

So that leaves –

Deputy McSwiggan: Point of correction, sir.

1165

The Bailiff: Deputy McSwiggan.

Deputy McSwiggan: I apologise to Deputy Soulsby for interrupting just before her triumphant conclusion, but it meant that money that is already in the Transformation & Transition Fund was not allocated to a given purpose, so there is more money in the Transformation & Transition Fund unallocated as a result of yesterday's amendment rather than not put in.
1170

Deputy Soulsby: That might be true but it has not added more to the Transformation & Transition fund, and this is taking money out of the Transformation & Transition Fund to do whatever it is might be chosen to be done.
1175

1180 So that leaves c and e which just basically transfers from the Capital and/or Participatory Budget Fund so that, in effect, is finite pots being used for recurring expenditure. Now, clearly that is not sustainable and assumes that when we have what will be the biggest debate of this term next year, the source is found and can be implemented by next year's Budget. I just do not think that will happen, and if we think that we are going to come up with a whole new fiscal policy and implement new taxes by this time next year and have agreed it by this time next year, I think we are living in cloud cuckoo land. *(Interjections)*

I will give way to Deputy Roffey –

1185 **Deputy Roffey:** Thank you, Deputy Soulsby.

Deputy Soulsby is quite right in saying that it is in some way irresponsible to fund ongoing revenue requirements from a one-off, but isn't that exactly what this whole Budget is doing? *(Interjections)* A big chunk of next year's recurring revenue expenditure is being funded by

1190 reducing the amount that we are putting into Capital Reserve this year. So if it is okay for P&R why is it not okay for the rest of us? (*Interjections*)

1195 **Deputy Soulsby:** Deputy Roffey makes a very good point I just think how far do we go in reducing the Capital Reserve, and that is something that I have been pondering because when I first saw the Budget proposals I thought ... well, they just fiddle around with the Capital Reserve to make a balanced Budget, we all know that. I mean, it is not as if there is a lot of great calculation that goes along. And we make a profit, we make a surplus every year but we always say we are balancing it by how much we put to the Capital Reserve.

1200 I totally understand where Deputy Roffey is coming from. But where I am coming from is it not just going to be the £700,000 this year. It is going to be another £700,000 next year and possibly more so because the participatory budget will have reduced beyond the level that we can take £700,000 from that.

1205 It makes me uncomfortable. I know that when we debate the NICE drugs next year we know that we will not be able to have an ongoing income stream to pay for that, so if the States decide they want to support that – and I hope they do – we are going to have to find interim funding. Now, that is likely to be the Guernsey Health Service Fund but we are planning on that being more than one year. We know that we will not be able to get sufficient funding for that ongoing for at least two years, so that is what we are already planning for.

1210 I find it really difficult because it those two areas, and particularly whether we can just take money from the Capital Reserve, that is making me struggle. But am I willing just to support that short-term funding?

1215 Now, I know Deputy Fallaize and others mentioned that means we cannot have all the funding that we want for Health & Social Care here. Well, actually, it is a bit more complicated than what is shown on page 130 and actually the analysis given is incorrect. And this caused a lot of confusion, and I will talk about this in general debate more. But when the concept of service developments came out of the Budget we were led to then understand that it was not what we had put in our submission, in terms of what we thought the costs would be next year, we were told that the service developments represent annualised costs. I get that. It is about making sure that Policy & Resources can plan for future years, and put it in the Budget knowing what the ongoing commitment is.

1220 So service developments of £2 million for Health & Social Care represent annualised costs for Health & Social Care for next year. They do not represent what we might actually spend next year. I do not know if everybody is still with me, but that is basically what it is. So it is a four years' cost in that £2 million.

1225 So on page 129 it sets out what P&R believe our priorities are. We have been told that we can change that if we want to, and in some areas we might well do. But that is what that funding is on page 129.

1230 Now, on page 130 when it says these are areas which have not been prioritised – according to Policy & Resources' little machine, where you put things in and it comes out with what the priorities are – that it comes to just over £1 million so, as it says, £1.075 million for Health & Social Care. But in reality that is not what the annualised cost are; those are the costs that we put in to say this is what we are likely to spend next year.

1235 So our forecast, annualised, which is what I did try to get reconciled from what we submitted to what we have got, represents £1.6 million. So I think we need to think about that when we say: right, if I am willing to say we will take £700,000 out of Participatory Budget, £700,000 from Capital Reserve – because those are the only areas I really could think about supporting – we have got £850,000 which are given the star treatment, and are considered as being the priority of priorities. So that leaves us with £550,000 – and that, then, is assuming that all that should go to Health & Social Care.

1240 But, I am assuming that Education, Sport & Culture very much believe in their active and sporting community plan of £460,000, so we might have a bit of a debate on that one. I am sure

that Employment & Social Security wanting a disability and inclusion strategy initiative – oh, that one will be included, but the Housing Health & Safety Manager might say ‘Well, yes, we really want that’. So there is no assumption that that extra £550,000 will go anywhere into the £1.6 million.

1245 So really we are not dealing with the problem we have got.

We are not in a good place here from a financial point of view, we know the Medium-Term Financial Plan is pretty well dead, which is why we really need to have this debate next year. But I do think on balance this is not the way we should be going about it.

1250 Really, we need to sort this out with a debate next year, and it is going to be the biggest debate this term. It will set the scene for the future and we need to actually make some very difficult decisions, and we cannot put them off any longer. That is when we need to make debate.

I do not think this amendment, with all the best intentions, and I know Deputy Merrett has and I know Deputy Hansmann Rouxel has, and I think a lot of people have sympathy for this when they understand what we cannot spend, but I do not think this is the right amendment and it is not the right time to do it.

1255 So I am afraid I cannot support the amendment.

A Member: hear, hear.

1260 **The Bailiff:** Before I call the next speaker, the Deputy Greffier has just asked me to correct the record and she has offered her sincerest apologies. The voting on the guillotine motion was not 16 in favour with 23 against, it was 15 in favour with 23 against. So it does not alter the result but nevertheless the record needs to be corrected.

Deputy Paint.

1265

Deputy Paint: Sir, I rise to support this amendment but I would like to declare that I am very nearly teetotal. I have seen so much misery over my nearly 73 years with alcohol-related sicknesses and diseases, that I think it is time that we have to do something. If you take Norway and Sweden, their alcohol charges or levies are *much* higher than ours, perhaps eight times more, and they do not appear to have the problems we have.

1270

In *The Guernsey Press* and the Courts you see so many times, virtually every day, people drunken-driving, violence, misbehaviour because of alcohol and that costs the State quite a lot of money.

1275 There was a thing that was used only up to a few years ago with ‘user pays’. So who pays for this? It has got to be the taxpayer. Okay, fines handed out, but that money does not actually pay for the police, the hospitals, and everything.

1280 So this is just my point of view. I think I would agree, though, with Deputy Ferbrache that I might be a little bit out of touch because I just do not go in pubs, I stay out of them. (*Interjection and laughter*) The last time I went to the pub was just before last Election when prospective candidates wanted to speak to me and I actually drank orange squash.

Reference has been made to older people, like myself, perhaps going in pubs for company – they can do the same in cafés. Pubs have adapted over the years. There was I think the Helmsman, which some of you might remember, and they started making sandwiches and dinners on top of the alcohol so they have adapted in the years and I am sure a lot more could adapt.

1285 I am just so worried that we are not accounting for the money that alcohol actually costs us and perhaps there should be a review before anything goes forward.

I am just very pleased, or sorry really, that they say alcohol loosens the tongue, but it certainly has not done that in this Assembly.

Thank you, sir.

1290

The Bailiff: Deputy Green.

Deputy Green: Sir, thank you very much.

The essence of what I am going to say in what will be a very brief speech was basically what Deputy Soulsby just said.

1295 Of course this amendment is attractive, the items that are listed on page 130 of the Billet, sir, in Appendix VI which clearly this amendment is seeking to facilitate the expenditure on, many of those items are thoroughly commendable and would be beneficial to core services, not all of them necessarily, but the mainstay of those are attractive and would certainly help to enhance many of our services.

1300 But the problem is, it is the mechanism that this amendment seeks to use to raise the funds to pay for those items of expenditure, and by its very nature doing this on the back of an amendment is somewhat short term and *ad hoc* and not strategic. In many ways amendment 7 makes the case all the more for a proper strategic review of the tax system to be able to support the expenditure obligations that we are going to have to face and we are already facing.

1305 So I am very sympathetic to the items of expenditure that this is seeking to support but the way in which it is doing it is all over the shop. I am not going to go through each individual item for many of the reasons that others have voiced. I think this is just not the way to do it. The way to do it is off the back of the more generalised review and the debate in January that we are going to have, and it is that mechanism that we should be putting our efforts into.

1310 So although I accept entirely that this is a very well-intentioned amendment I am sympathetic to what it is trying to achieve, I really am. I think it does illustrate the need to have a proper analysis of these things.

1315 We do need to reconfigure the tax system that we have in order to meet the growing demands that we face, and I think that is the proper approach to take rather than on the back of this amendment which is as I say somewhat *ad hoc* and not the most strategic way of doing it.

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

1320 Sir, I rise at this point just to follow Deputy Green because I totally agree with his logic. Whatever the intentions are of the proposers of this amendment and however much any of us in this Assembly would like to see some or all of the extra service developments happen, this is not the way to raise money to do that.

1325 Apart from anything it is very short-sighted, it is only looking at one particular thing and we are proposing – and I think I have not heard any voices against it – that we have a proper and full assessment of our tax-raising, our revenue-raising ability in January. That is the time to be doing it.

1330 But, sir, I just want to also just take issue with something that Deputy Ferbrache said and I agree with everything he said except for this one thing. He said this Assembly does not reflect public opinion. I think it does more than he alluded to.

I say that because I am regularly surprised – perhaps less so as time goes on – with the number of people in our community who feel that more should be done on one particular issue or another particular issue, and also believe that tweaking a few things here and there will be able to solve all our problems.

1335 When I first saw this amendment, sir, it reminded me very much of that and some of the support we have had for these Propositions to be included have that sort of short-sighted motivation I think, sir, and I think that that is again a very dangerous position for us to be in.

1340 If we just look at solving a few issues without realising that if we solve those by raising money here that what happens is we affect other things elsewhere, and the implications therefore of even just including these I think are very seriously omitted from the import and the arguments that are being raised by the amendment.

So, sir, I cannot support it for that reason, but it does at least raise the spectre of the fact that to resolve our issues in Guernsey, the demands that our society is putting upon us, that some in

1345 this Assembly want to see fulfilled and at the same time raising an appropriate amount of revenue for the appropriate fulfilment of those demands is not going to be a simple, uncomplicated system. We cannot just tweak a few things here and there and hey presto we have resolved all our problems. We will create a whole raft of new ones by doing so, which is exactly what this amendment would do.

So, sir, I cannot support it at all.

1350

The Bailiff: Deputy Tooley.

Deputy Tooley: Thank you, sir.

1355 I did not have a huge amount to say and I think most of what I would like to say on the amendment would be better put into general debate when hopefully these Propositions find their way into the main body of the Budget.

But I have been prompted to stand by comments and parts of speeches made by Deputy Ferbrache, Deputy Smithies – and he might regret standing up before me now – and also Deputy Green.

1360 Deputy Ferbrache, I think, was talking to a certain extent about which Members of this Assembly are more in touch with the general feeling on the streets, and I do not think he is necessarily correct about that. I am quite sure that some Members of this Assembly are more in touch with some members of the public, and other Members of this Assembly are more in touch with other members of the public, and I do not think that this is a competition that either side of the argument is going to win.

1365 Deputy Smithies said that he would like to see less Government and lower taxes, (**A Member:** Yes.) and I think he is absolutely right. I do not think there is a single person that you could meet on the street who would not agree with that statement. In fact I think the vast majority of people would like to see rather less Government than we can actually manage with. The fact is that it is not possible to give people everything they want when you have got to do the business of running a country and there is a limit to how far down we can strip Government.

1370 What people do not want to see, as far as I can tell, and maybe I have not been talking to any of the right people on the Island whatsoever, is fewer services. I have not met a single person who has said to me 'Just strip out some of those things that you do for people and we will be fine. Let's stop providing services for young people –

1375

Deputy Gollop: I have met people like that! (*Interjection*)

1380 **Deputy Tooley:** Let's stop supporting dyslexia day centre; let's stop looking after old people who fall over'. In fact what I do hear from people every single day is people saying we should be doing more.

1385 Actually I would wager a penny to a pound that if I said to those people 'Would you rather we did nothing about slips, trips and falls, nothing about dyslexia, nothing about lots of those things on that list, or we put a penny on alcohol,?' Then much as they do not want to see a penny on excise on alcohol, or whatever it is, they would probably say, 'Well, if that is really what you are going to do with it then maybe that would be better than not fulfilling those services'.

'If that's *really* what you are going to do with it, if you are not going to waste it on lots of civil servants pushing paper around counting money, if you are *really* going to deliver the services that are on that list, then I would rather have those and pay this.'

1390 I am not sure which one of these things would be the best thing to choose, but I do not hear people on the street saying 'No, don't give money to the Dyslexia Day Service, it doesn't really matter if the children who really struggle do not learn to read'. I do not hear people on the streets saying it does not really matter if we are not providing a falls service, it does not matter if we are not properly supporting CAR MAJESTY'SS, it does not matter if we are not doing those things.

1395 Actually what I am hearing on social media and on the streets all the time is that Government
is not doing enough, and if there are simple tweaks that would start to get the ball rolling on
those while we are waiting for a proper strategic review of how we look at tax policy then I am all
for that because some of these things cannot wait and I am all out of sympathy, because
sympathy is useless. Sympathy comes up to you and says, 'There, there, it would be lovely, I am
1400 really sorry'.

1405 What I want to see is more empathy and what I want to see is more understanding for those
people who are struggling, because actually we come from a society that does not want to pay
more taxes because it does not want to see those taxes wasted; but if it knows that those taxes
are being used usefully for the betterment of its society and for the betterment of its people it *will*
be willing to do that.

1410 We have got to be able to prove that we can behave responsibly with this money and that we
can deliver the services that the Island needs absolutely 100%. But we should be delivering the
services that the Island needs. These are not service developments that Committees have
suggested on a whim. This is not a list that Deputy Merrett and Deputy de Sausmarez went away
and wrote, 'Oh what shall we put down here, what would be nice to have?'

1415 No, they looked at the things that Committees had prioritised and had gone to P&R and said
'We really, really need extra money to pay for these things because actually the community needs
them'.

1420 This is not a list that has been drawn up on a whim. This is a list of the things that P&R could
not find a way, in their very responsible way of dealing with the Budget, to deal with. They pushed
the envelope as far as they could and they could not find a way of doing it. That is where it falls to
us, as Government, to say 'We know that you had barriers placed around what you could do by
what is acceptable for P&R to impose on the community'.

1425 We, as Government, as the representatives of the people, can actually stop the ball and say 'Do
you know what? We know why those barriers are there, but some of them should not be. Let's
take them down, let's deliver the Island the services it needs for this period until we can sort
things out and look at a better way of raising the money we need'. Because, ultimately, people
need these services delivering and unfortunately the only way of paying for those is through
raising money from the people who live in the Island and the businesses that operate out of the
Island and so on. That is how we pay for services.

1430 We have to find a way to make that work and I would like to see these Propositions put into
the Budget.

The Bailiff: Alderney Representative Roberts.

1435 **Alderney Representative Roberts:** Thank you, sir.

I would just like, before I start this talk – and I will be brief because I am aware of the time that
we are running to – to declare an interest that I like a drink myself. (**Two Members:** Hear, hear.)

1440 Long ago, tourists used to come to the Islands for their cheap booze and their cheap fags.
Now they go to Spain. But they do not only go to Spain for sun they go for their cheap alcohol
and their cheap cigarettes.

1445 Now if this had been separated and the alcohol was separate and the tobacco was separate, I
would support 10% on tobacco because I have suffered through my family through tobacco.
Some people do drink too much but that is how it is, but the money has to come from
somewhere, but 10% rise on all of this I cannot support.

Alderney is struggling and its economy is struggling and it is going to hit businesses, and it
would be catastrophic. It is well known that in Alderney, that northern powerhouse, not a lot of
people drink anyway! (*Laughter and interjections*) So, sir, I cannot support this 10% rise unless it
was separated.

1450 Thank you.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

I will also be short. I will support this amendment.

1450 Ultimately it is about, as Deputy Tooley has just said, a balance between taxes and services and where do we want to be as an Island? Because we are focussing on taxes today the pressure is all on taxes; in another debate we will be focusing on services and the pressure will all be on services from our community.

1455 I fully accept, and the history that we had is that we can improve delivery and efficiency of our services, and if you look back at what we have done over a number of years we have saved money and delivered our services more efficiently with more delivery. So there is always that option to do it. No doubt that will happen, but it is slow progress and you cannot change things overnight. And of course technology will help us with that.

1460 I have been just slightly concerned about some peoples' expectations of this debate in January. My reading of it is that the terms of reference will be reviewed to examine options. It is only that – the actual debate will be many months or years after that. So January is not going to solve anything, it is just going to specify the terms of reference for this review. (**A Member:** Hear, hear.) Going on the previous tax and benefits review, it took a number of years for that to be put together. It was a very good, comprehensive report and perhaps people should reread it, but it took a long time to put together. So I just want to try and manage peoples' expectations.

1465 In relation to this debate I will support the options in 23 – that is the TRP, the A and B. But I have got no assurance that the Assembly will propose that, so we might be left with those asterisked service developments, they are unfunded. I want to have the option to fund them, so I am going to vote for this amendment because it will give me that option if 23A and B are not supported. But if I do not vote for this today I will not have that option because I do not know what is going to happen on 23.

1475 Just on alcohol, I will just make one comment. I drink alcohol, not that often, but I often drink alcohol-free beer. But if you look at the price of that compared to the alcoholic one, it is sometimes only a few pence less, far less than the actual duty on it. So the pub trade can say one thing but they actually still make money on people not drinking alcohol and perhaps even more than people actually drinking alcohol.

1480 So I urge Members to support this amendment so that we have the option, particularly in relation to the prioritised options that have been identified in the Appendix, I think it is VII, which have got the asterisks on them. Because, unless you support this amendment you will not have those options to fund them if 23 is not supported. So please support this amendment and we will make the decision later.

Thank you.

The Bailiff: Deputy Gollop.

1485

Deputy Gollop: Thank you very much, sir.

1490 I take very much the feeling of the States and your wise words that you should not be lenient to Members who go off the point or become irrelevant and that we need to be concise and curtail ourselves a bit. So I will perhaps ration what I would say about the UK General Election to the border debate (*Interjections*) and its relevance to our budgetary choices.

1495 To me, I am going to support Deputy Merrett's amendment because it is not a simplistic 'Let's raise alcohol duties'. I do take on board the point that it has not gone down well with Mr Average Guernsey-person drinker. I take the point that the licensing trade have advised us that the mark-up costs are there, but this is not an alcohol-raising amendment. It is a range of options that we then decide. I am wary of b and d as well, but that is not what we are talking about.

But the point that I would add is that I think perhaps the elephant in the room that we have not been talking about is our relationship collectively with the people on the upper bench, the

1500 wise Members of Policy & Resources, because I do not think they have been listening to the mood of the States for the past year, that we are wanting more service developments, we are wanting to get on with the legacy of the last few years. They have been very rationalistic with budgetary priorities, they have been acting as a kind of second Government, second Executive, and this amendment is an opportunity for us, collectively, to take more control of the resourcing and the budgetary process.

1505 **The Bailiff:** Deputy Le Clerc.

Deputy Le Clerc: Sir, I just wanted to endorse what Deputy Gollop and Deputy Dorey have said for purely selfish reasons, we have got some of the policy developments that are asterisked and this would go towards that. We would prefer to see option 23A go through but I think this gives us some options as well.

1510 Like Deputy Gollop I am not sure about b and d, but I would ask the Assembly to vote through this Proposition and then pick and choose their favourite ones when it comes to final debate.

Thank you.

1515 **The Bailiff:** Does anybody else wish to speak before we go through the closing motions? No? Deputy St Pier, then.

Deputy St Pier: Thank you, sir.

1520 I would ask Members just to turn up page 130 of the Budget Report because I am going to refer to that as I speak. I just want to start by addressing a couple of the points which have arisen before I turn to the substance of the amendment.

1525 In relation to the participatory budget process I would just note for Deputy Roffey's benefit that actually the Social Investment Commission is meeting today to talk about to how to progress that and it is entirely right, in my view, that it should be rolled out with caution and not in the way that he has suggested that it would just be available for Mrs Le Page in Torteval to determine how it is spent.

1530 Deputy Fallaize referred to the Law Officers and referred to what has happened in recent years as if there were some calamity that had befallen the Law Officers in recent years. I want to set that in context because the Law Officers had an increase of 10% in their budget in 2019 and a further 5% is recommended this year – or 13% if the additional funding is found through Proposition 23. No other budgetholders have had such an increase, including of course Health which has had a substantial increase and Employment & Social Security not least because of income support last year. So I do want to set that in context, the pressures on the Law Officers have been recognised through the budgetary process but I think Deputy Fallaize's comments needed to be addressed.

1535 Deputy de Lisle asked whether we would withdraw Proposition 23 if this amendment succeeds. No, we will not, Proposition 23 will be voted on before this one will.

1540 Deputy Hansmann Rouxel talked about or used the term 'austerity'. It is a phrase that I have never used I do not believe – I have talked about the end of austerity, but I am not sure that we have ever had austerity in Guernsey in the context which has applied elsewhere. A 5.2% increase in cash limits in this Budget is not austerity.

1545 Then with regard to Deputy Tooley's comments, as always delivered with great passion and conviction, but I think some of the services which are set out on page 130 of the Budget she spoke as if there were huge gaps at the moment in services. Of course, many of these services already exist so, for example, if we are talking about the Falls service we are talking here about incremental increases in some of these services rather than there being no services at all. So I am not denying the pressure is there, and the request from the Committees which are reflected, but again it is just to put it in a little bit of a context, sir.

1550 Deputy Gollop said of the States that P&R have not been listening – how often is P&R accused of not listening, sir? And the States want more. Well, I am not sure that necessarily the community always wants more, and when I spoke opening this debate I was speaking very much with this amendment in mind when I said:

But on the other hand too, we cannot use the real, systemic upward pressure on public services as an excuse or cover to fund all manner of new expenditure – and in the process soak Islanders with an increased tax burden.

1555 In other words there is a balance to be struck. Where we choose to strike it is a matter of subjective judgement and will be criticised by those who think it should have been struck either higher or lower. These are difficult and unpopular messages to deliver.

1560 Sir, much of the debate has revolved around alcohol. This is not an amendment, as Deputy Merrett will agree, that is about Alcohol Duty and I would agree with her on that. This is about additional spending and that is why page 130 in Appendix VI of the Budget Report is so important. P&R have been more transparent through the whole Budget-building process and this year for the first time we have published all the service development bids.

1565 Now, service development bids have never been funded in full in previous Budgets, that is the nature of Budgets, because there is always, every year a finite limit. So this is not some magic process this year, but there is just greater transparency as to what it has been necessary to exclude.

1570 If we take a look at the list on page 130 many of these relate to the appointment of additional staff and I am going to come back to that in a moment. So just scanning down the list: a financial coach, housing health and safety manager, civil aviation office, children's dental service receptionist, falls practitioner. These are additional appointments that will need to be made and I want to address that.

1575 But there is also, about a third of the way down, £460,000 for an Active and Sporting Community Plan, in other words the Sports Strategy. That is merely an indicative funding, we do not know how accurate that number is, but this is for a strategy that has not yet come to the States, we have not yet considered it, we have not yet approved it, and I am not sure that we as a States should be approving that kind of service development at this stage. That is 13.7% of the entire balance, or nearly 20% if the things that are starred with an asterisk are funded elsewhere. So, again, I just want to set in context really what we are seeking to do here with this amendment.

Sir, I want to then turn to the amendment itself and why the funding streams are in Policy & Resources' view inappropriate, and Deputy Soulsby spoke to much of this when she spoke.

1580 The changes to Income Tax, our objections are really spelled out in our summary, but I think it is worth going through it again. We did spell out last year the rationale for changing the withdrawal ratio to 1:5 which was in recognition of the marginal rates of taxation – in other words, the rate of tax that people pay on the additional pound of income that they earn.

1585 Now, our marginal rates of tax, at the moment if you are employed and every pound you earn above your annual allowance will be taxed at 26.6% including tax and social security if you are employed or 31% if you are self-employed. As soon as we start withdrawing those allowances that marginal rate of taxation starts to go up. So at 1:5 it moves to 30.6% for an employed individual, 35% for a self-employed individual; 1:4, 31.6% for an employed, 36% for self-employed; 1:3 takes us to 33.3% for employed and 37.7% for self-employed.

These are significant burdens to place on those people at that time.

1590 Now, it is easy to say well, they are high earners they can afford it. But we do have a tax competitiveness issue, and this is one of the difficult things that we do have to balance in all of this. And 69% of all income tax already comes from the top 25% of earners in our community We should acknowledge and thank them for that contribution, (**A Member:** Hear, hear.) that enables us to maintain the level of services that we already have.

1595 Deputy Soulsby very rightly said that the use of the Capital Reserve, the Participatory Budgeting Fund or the TTF was a one-off source that would not be sustainable. Deputy Roffey

suggested it was irresponsible. So I would go further and say it would be highly irresponsible for this States to fund recurring expenditure knowing it is doing so from a one-off source.

1600 The reduction of the Capital Reserve, if we had to keep repeating that £700,000 reduction year in, year out that will have an impact. The Digital Court, for example, one of the projects in the Programme is round about a £2 million capital cost and we need that in order to improve the efficiency of our court processes. Castle Cornet, the repairs and work there is £2.6 million. So these are projects that would start to be impacted if we take a relaxed attitude to the amount that goes into the Capital Reserve, which is really Deputy Roffey's point.

1605 Now, we have taken a hard look at the Capital Reserve and we do believe that £40 million really is the minimum that should be going in each and every year from now on, given the known pressures and projects in the system.

1610 Deputy Roffey favoured taking it from the Participatory Budgeting Fund. Sir, this would simply be a very small plaster to try and stick over a quite enlarged wound, particularly in the knowledge that it is such a one-off provision.

Sir, I really want to conclude by saying, I guess echoing what Deputy Green said, and I know Deputy Merrett will not agree with me, but in my opinion I am afraid I do think that this amendment is badly constructed and I think it is actually unworkable.

1615 If you look at the amendment at the bottom of 29A before you get to the 'and' it says in essence that we will not take funding –

... except that no funding shall be allocated in respect of any initiatives for which an alternative funding source has already been approved, or for which the relevant Committee no longer requires funding in 2020.

I cannot tell you what that means in the context of these bids as I stand here today. So how does that apply? How do we apply that to this? How much – do we know – do we think we are trying to raise when we get to the final Propositions if this amendment is approved?

Then we go on to 29B:

To agree that, if the measures approved amount to more than the total amount required to fund the unfunded initiatives ... no more shall be implemented than are required.

1620 Again, I say, I do not know how much is required. As Deputy Soulsby said the bids on page 130 are the full year costs, there is not a cat in hell's chance that all of these appointments that I referred to will be made by 1st January so we therefore do not need all of that, all of that will not be required. But I do not know how much will be required and how much will not. Therefore, how you try and apply these different options to build for a number that you do not know what you are trying to get to ... Sir, this is nonsense; this is unworkable.

1625 So I am afraid I have got to encourage Members to throw this amendment out.

A Member: Hear, hear.

1630 **The Bailiff:** Deputy Merrett will reply.

Deputy Merrett: Thank you, sir.

1635 From your wise words I think this does give options and that we should really get into general debate as soon as possible because if the TRP falls, as Deputy Dorey has said, then obviously these other Propositions will not pass. And I am disappointed with Deputy St Pier, because what he has not yet advised the Assembly is regarding the risk of losing Proposition 23, so when P&R responded yesterday they responded on a and b but actually there is no comment on c. No comment on c of how P&R would vote on c so I do not even know what P&R are going to do.

1640 That is my biggest concern because if TRP falls – and part of me really wishes it does because to me that really does affect the asset-rich and the cash-poor, rather the cash-rich and the asset-poor members of our community. That is my concern. And the reason that we have numbered this

as 29 is to ensure that 23 is indeed debated first. That is the reason. If then we get to 29 and 23 has passed or not, then Members will have the option in general debate to discuss things further.

1645 I do absolutely agree with the fiscal policy in the round and I concur with a lot of what Deputy Le Tocq said, but what a shame that they found the water in the desert this late in the political term, that suddenly we realise there is a big structural deficit and we really do need to have that bigger debate.

1650 You know what, guys? We are not going to have it in January 2020. I think there will be some very hard decisions to make in January 2020 and I am just not sure how willing some Members will be. I may be disingenuous, which I do not mean to be, but it is going to be difficult decisions right before a General Election which, I have to be honest, I struggle with quite how some Members may vote in there.

1655 But this is not making, or changing fiscal policy it is filling a policy vacuum or it uses existing revenue streams, or using funds already raised. I would not attempt the job of P&R regarding fiscal policy, as in fiscal rules, as we know they withdrew that paper before debate. But I am trying to do it with regard to giving opportunities and options to Deputies. I am really unsure how they will do anything in January 2020 – presumably from reserves, and obviously that is one of the options today.

1660 I am meant to respond to debate so far so, sir, I will do so, because I was very concerned about some of the comments that Deputy Lester Queripel made because *if, if* – massive ifs – there are any displacement of jobs particularly in the publican industry, we know, I know, that hospitality are absolutely *desperate* for staff. *Desperate*. So it is a complete assumption that members of our community who work in a pub, which is hospitality, cannot transfer those essential skills into the other business sectors hospitality serves. So I think that is disingenuous, but then I do not think that is a given, which seems to be implied today.

1665 Then Deputy Lester Queripel talked about mental health. Well, actually, it is the mental health needs of our children which the £40,000 is potentially raised for that my concern is about. In my experience, sir, I have never found any answers to any of my mental health concerns in the bottom of a bottle – but still, that is said.

1670 This amendment does not only suggest revenue-raising streams, it also does suggest other revenue that has already been raised. So there are lots of options here if Members wish to take the opportunity.

1675 I have listened to the debate intently and I particular concurred with Deputy McSwiggan's comment because I am content ... I am very frustrated sir, but I am content to wait for the Substance Misuse Strategy; I am content to wait for that. But we should have that rather than this lazy 5% on alcohol duty every year. We should actually have that, and we have not got that and I am starting to learn as a States' Member that sometimes we do not do things, we wait for a strategy – and the strategy well, okay, where is it? Where is our tourism strategy which we agreed to have? And if we wait for strategies and we do not do anything, things carry on and then we say 'We cannot do that because we have not got a strategy'.

1680 But I have listened to debate and I do appreciate that alcohol is off limits in this debate; that is the message I am getting loud and clear. I do not think that Proposition would pass even if it comes to a substantive debate. So I am willing to concur with Deputy McSwiggan and say 'Look if that is what it takes, guys, if you are that concerned about that one option I will not vote for it. Because that is only one option out of six, so do not throw the baby out with the bath water'.

1685 So whereas alcohol is off limits today, it is certainly will not be off limits for me after this debate.

Thank you, sir.

1690 **The Bailiff:** We vote then on amendment 7 with a recorded vote.

There was a recorded vote.

Not carried: – Pour 16, Contre 23, Ne vote pas 0, Absent 1

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

The Bailiff: Well, the voting on the amendment 7 was 16 in favour with 23 against. I declare it lost.

1695 That would bring us to amendment number 10 but I think Deputy Le Clerc has just told me that that is not going to be laid.

Deputy Le Clerc: Yes, sir, reluctantly we will be withdrawing that.

The Bailiff: Withdrawn. Thank you.

1700 So next on the list then will be amendment 14 to be proposed by Deputy Lowe, seconded by Deputy Leadbeater.
Deputy Lowe.

Amendment 14

Insert a new proposition 8A

To direct the Policy and Resources Committee to transfer £100,000 from the Budget Reserve to support training and development costs within the Committee for Home Affairs and for any continuation of this funding in future years to be subject to a bid as part of the 2021 Budget.

Deputy Lowe: Thank you, sir.

1705 This is an uncomplicated amendment to ensure the necessary funding for training within Law Enforcement.

For many years, the Committee for Home Affairs has pared back its budget in all areas to meet the States' spending constraint. One of the unfortunate results has been a reduction in the level of investment in training and development within Bailiwick Law Enforcement.

1710 This has reached the stage where this has become limited to critical operations and accreditation training only with minimum or no availability for continuing professional development and training in non-mandatory areas.

The lack of availability for development training has been identified as a contributory factor in staff attrition, resulting in costly staff turnover. It also means officers are less well equipped to deal with changing and evolving challenges they and the organisation face.

1715 This need for more investment was highlighted to the Committee through the HMIC inspection report in the areas for improvement with comments such as and I quote:

Sending officers on regular formal training, to ensure their continuous professional development (CPD), requires a significant financial commitment. Given BLE's limited training budget and other high-priority training requirements, there are not enough resources to provide consistent CPD to all specialist investigators.

End of quote.

They then went on to say, quote:

The quality of continuous professional development for investigators in specialist units is an area for improvement. The Committee for Home Affairs and BLE should ensure that all such officers are provided with sufficient access to development opportunities.

End of quote.

1720 In recent years the training budget for Law enforcement has been constrained to just under £400,000 against a backdrop of training and development bids of £740,000. While alert to the advice from HMIC, the Committee is also fully aware of the need across the States to tighten our belts financially, it was in this context that the Home Affairs limited this bid to £100,000.

1725 P&R had assured Home Affairs that it would support the Committee in delivering the HMIC recommendations. It seems, however, that with other budget pressures P&R have felt unable to do so. The Committee for Home Affairs believes that is the wrong call.

1730 We do nonetheless accept that any case for funding needs regular review. It is for that reason we are just seeking the uplift for 2020 from the Budget Reserve and we will use next year's Budget round as a further opportunity to work with P&R to demonstrate the need for this investment and fulfil the HMIC recommendation.

Sir, this Assembly and the whole community relies on the Bailiwick being safe and secure and the Committee considers it imperative that funding is made available to ensure there is an adequately trained and developed Law Enforcement service.

I therefore ask Members to support this amendment.

1735

The Bailiff: Deputy Leadbeater do you second the amendment?

Deputy Leadbeater: I do, sir.

1740

The Bailiff: Deputy St Pier, do you wish to speak now?

Deputy St Pier: No, thank you, sir.

The Bailiff: Any debate?

1745

Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

1750 Sir, it is quite easy for P&R to say to us that we have to reprioritise and find the funds for this continued professional development training from within the budget we are given, but the lack of financial support historically is why we are where we are now. Law Enforcement has probably been underfunded for years. The job has evolved considerably but the budget has not kept up the pace.

1755 It is not having the funds, P&R not providing the funds for the training in next year's budget has put us in a bit of a catch-22 position really because historically Law Enforcement has already had to reprioritise as P&R recommend now meaning that training, not being a front line service, was often deprioritised.

HMIC inspectors criticised us for this and I am sure will be enquiring as to what we have done about it when they undertake their follow-up inspection next month. Sir, without the funds to

1760 provide the training that we need to provide to satisfy HMIC we will have to cut services somewhere in order to be able to find the £100,000 it will cost.

This is not good business, sir, we are being asked to rob Peter to pay Paul in 2020 even before the year is begun.

1765 Sir, unfortunately this area of Law Enforcement has had to slip as budget pressures increased and we have been told by HMIC that we have to provide it, so P&R not providing us with the budget to comply with HMIC's request feel like a bit of a kick in the teeth. Beginning the year with budget pressures such as this does not bode well for the finances of any Committee.

Thank you, sir.

The Bailiff: Deputy Green.

1770

Deputy Green: Sir, I am going to support this amendment. The HMIC review that they did in relation to Bailiwick Law Enforcement was something that my Committee took a great interest in and we did note the recommendation that is set out in the explanatory note.

1775 I think, to echo what Deputy Leadbeater says, in light of the fact that it was an independent review that made the point that the training budget had been in effect underfunded for many years, and in light of the wording that is set out there in the explanatory note, I really do not think that the Assembly has got much of a choice. I think we have to support this in the light of the independent recommendation that was made.

The report inspectors said the following, quote:

Sending officers on regular formal training, to ensure their continuous professional development (CPD), requires a significant financial commitment. Given BLE's limited training budget and other high-priority training requirements, there are not enough resources to provide consistent CPD to all specialist investigators.

The quality of continuous professional development for investigators in specialist units is an area for improvement. The Committee for Home Affairs and BLE should ensure that all such officers are provided with sufficient access to development opportunities.

1780 In these circumstances, sir, the Committee needs this money so that training can be provided. It has been underpinned and supported by an independent review and I believe the Assembly should support Home Affairs and this amendment.

Two Members: Hear, hear.

1785

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

1790 This service, or additional expenditure, is certainly very worthwhile. Whether it is more worthwhile than improving services for tissue viability and lymphoedema, or additional staffing at the Emergency Department, or a children's dental service I do not know. I do not have the evidence in front of me.

1795 What is amazing is that this item, Law Enforcement additional training, appeared on a list of service development requests submitted by the Committee for Home Affairs which the Policy & Resources Committee felt unable to fund, but which conveniently Deputy Merrett just laid an amendment to provide funding for but the proposer and seconder of this particular amendment voted against it.

1800 Now, I am wondering whether the Policy & Resources Committee need not bother with all the work they are going to put into their fiscal policy letter in January and just go straight to the only option which will allow the States not to raise any additional revenue but to spend more money on services which would be to borrow it. If that is the prevailing view of the States then there is no point in having any debate about which taxes to raise or which services to cut, because we cannot raise any additional revenue but we can just go on spending more and more money.

1805 There is a party putting that forward at a General Election across the water in December and if that is the approach the States favour then it is probably ... It can be put forward, at least for a little while, as a very painless option.

But those of us who wanted to provide the additional funding for all of these services are now put in a rather difficult position, because I do not want to go around being fiscally irresponsible and voting for more money for services if we are not prepared to fund them by raising the necessary revenue.

1810 The Budget Reserve is not really an appropriate way of funding these things. (**Two Members:** Hear, hear.) I do take the point that there are some problems with one-off reductions in the appropriation to the Capital Reserve and other similar measures, but actually they are more repeatable than trying to get the money out of the Budget Reserve. Whether it is a good idea or not is a different debate, but they are eminently more repeatable than trying to fund these sorts of things out of the Budget Reserve.

1815 I mean, any Committee which has submitted proposals for important service developments which the Policy & Resources Committee feel unable to provide funding for – and that is most of the Committees – could have come to the States and said ‘Why don’t you just take the money out of the Budget Reserve for this year?’

Economic Development, Education, Sport & Culture, Employment & Social Security, Environment & Infrastructure, Health & Social Care, all could have said ‘Why don’t you just take the money out of the Budget Reserve for 2020?’

1820 I will give way to Deputy Hansmann Rouxel.

1825 **Deputy Hansmann Rouxel:** Thank you, Deputy Fallaize.

In fact we had a debate on one of those items from E&I regarding biodiversity, and the wording of the amendment which was passed is very different and seeks to avoid that particular problem, so I find it ...

1830 **Deputy Fallaize:** That is true, the States have already in effect rejected the principle of pre-allocating the Budget Reserve which is now proposed in this amendment.

1835 So I want to provide the additional funding for Law Enforcement training. If the Committee *for* Home Affairs considers that it is necessary I fully accept their advice, but given that the States has just rejected the only game in town which is credible to provide the additional funding, I am going to have to reject this amendment.

The Bailiff: Deputy Inder.

1840 **Deputy Inder:** Sir, thank you.

I think through you, sir, Deputy Fallaize has mentioned the rejection of the previous amendment and makes some fun of the page 130 where it states that Home Affairs Law Enforcement training was effectively rejected, and Deputy Lowe actually voted to reject that.

1845 Well, if he honestly thinks that in an election year had that amendment been successful that that would have won through any budget pitch in the next few months over community speech and language specialist, children’s dental services, day centres and lymphoedema, I think he is going on a different planet.

I do not think that had that amendment got through Deputy Lowe and her Committee would have got the budget anyway.

1850 **Deputy McSwiggan:** Point of correction, sir; (**Deputy Inder:** Oh, sorry, sir.) and it is a point of correction.

The Bailiff: Deputy McSwiggan.

1855 **Deputy McSwiggan:** The way the previous amendment was structured the funds would have been allocated *pro rata* so Deputy Lowe would not have been going head-to-head with all Committees, everyone would have got a fair share on the premise that everyone put their –

1860 **Deputy Inder:** Yes I accept that and withdraw the last five minutes of my speech. (*Laughter and interjections*)

But in any event I am going to support this because I suspect, as alluded to by Deputy Leadbeater, that HMIC are going to be crawling all over Home Department again. There was a recommendation mentioned in the Scrutiny Report that Home Affairs Department will hold their hands up and say, 'We have not got the money to adopt any of the recommendations'. The headlines will not remember that, (**A Member:** Yes.) it will be 'Home Affairs fails again' – because that is exactly what headlines will be written.

1865 So in that regard, what was the point of ever having an HMIC Report, which is fairly expensive, what would have been the point of having the Scrutiny Management review which was more expense, if we are not then going to back the recommendations of both those reviews? (**A Member:** Hear, hear.)

1870 So in that regard even though I do not like spending money on – well, there are lots of things I do not like spending money on, actually – but the reality is I do not think we are in a position to allow Home Affairs to hang out to dry. Because without the adoption of this amendment that is exactly what this Assembly will be doing.

1875 **The Bailiff:** Deputy Gollop.

Deputy Gollop: Thank you, sir.

1880 I think I actually agree with a lot of what Deputy Inder and earlier speakers have said. I would point out here that the Home Affairs Committee have made things clear, they recognised the clear advice from Her Majesty's Inspectorate that there were serious shortcomings in the investment in this area.

1885 Now, the conversation amongst Scrutiny for a while, in the media, amongst certain politicians, was 'Oh, Home Affairs clearly do not have a clue about strategy, about management, about priority'. But actually the reverse is true. They are putting forward ways of remedying the situation that they know are long overdue and they are getting pushback from Policy & Resources and perhaps other States' Members – and that is very frustrating.

1890 I will definitely support this because I think we are seeing police forces being put under pressure in Torbay and in Jersey as well, and we do not want Guernsey to get into a situation where we are running behind with both our financial crime responsibilities and our more home-policing philosophies. And training and development clearly, as Deputy Green has reminded us, are essential.

1895 I will have a bit more fun, even more than Deputy Fallaize, inasmuch as Deputy Merrett put across her case. It was a long debate and perhaps the margin of defeat was greater than I thought it would be, and I have to point out that the five current Members of Home Affairs and their two eminent predecessors, Deputy Graham and Deputy Prow, all voted against the bigger amendment. Maybe for some of the reasons Deputy Inder has raised, that it is easy for the Social and Health and Education to overshadow Home. But I think we do need ... Well, we will have a more robust conversation on where the balance, as Deputy St Pier and Deputy Trott have reminded us, between raising money and spending it lies, because I think the balance is not quite right at the moment. But that perhaps is for the bigger Budget debate.

The Bailiff: Deputy Smithies.

1900 **Deputy Smithies:** Thank you, sir.

We have heard from Deputy Green and Deputy Fallaize who I think have stated the arguments on both sides quite strongly.

Yes, I did vote against the last amendment and I do not repine from that, but I think that Deputy Green's argument and the argument of the HMIC do trump any other considerations. And I will urge the Assembly to vote in favour of this amendment.

The Bailiff: Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir.

I remember I was on the Home Committee for several years in the last term and actually part of the FTP was actually to cut the training budget. So my concern is that we are finding ourselves today with many of those Propositions, that actually we are reaping the – well, not *reaping* the benefits, but we are seeing the consequences of those decisions, and we must remind ourselves that on top of that we have paid Capita a handsome fee for guiding us this way. (**A Member:** Hear, hear.) So I just wanted to point that out.

But I really do need to understand why, if this is so important and it was part of the HMIC Report, why this did not reach the cut and why this did not get in; and I would look to P&R to provide those answers before I make a decision on how I will vote.

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

I, like I think everybody in this Assembly, want to make sure that the money is available for this training but I just do make one point.

Deputy Fallaize pointed out that the Members of Home Affairs by and large voted against the Deputy Merrett amendment, but I have no problem with that if they felt that was the wrong way to raise money – if they felt that the elements of it were all wrong. But traditionally in this Assembly for decades, and Deputy Lowe knows this as well as I, if you had come forward asking for extra money – from what was A&F, and then T&R, and now P&R – you accompany that with a Proposition raising the money and saying where that money is going to come from. (**A Member:** Hear, hear.)

Now, if Deputy Merrett's were all wrong, Home Affairs could easily have proposed their own measure to say where their £100,000 is going to come from. Instead, they have taken the easy route of saying take it from the Budget Reserve. Now, the Budget Reserve is there for *unforeseen* arisings during the year. (**A Member:** Hear, hear.)

I am on ESC and I would quite like to raid the Budget Reserve for some of the things we got turned down for. I am on ESS and I would quite like to raid the Budget Reserve for some of the things that we got turned down. No Budget Reserve left, the elephant comes along in the middle of the year, nothing in order to respond to that.

So I do think this is irresponsible. Not asking for the money for the training, but *not* suggesting a funding mechanism to actually deliver it.

A Member: Hear, hear.

The Bailiff: Deputy Graham.

Deputy Graham: Thank you, sir.

We have heard that one of the main reasons for doing what the amendment invites us to do is the HMIC Report; that is a valid reason. I add another reason; it is simply the right thing to do.

We have heard earlier on an acknowledgement that the volume of drunken assaults against police officers and so on has increased, and unless those are to be crocodile tears – and Deputy Tooley has mentioned that sympathy is not really a valid currency – we need to do something

1960 about it. We need to be able to look police officers in the eye and say 'Actually, we do sympathise with the fact that you are having a rough time out there, but we cannot actually bring ourselves to allow you to have £100,000 to help you the better to cope with that'. That is really what we are talking about.

1965 We are not talking about simple sort of esoteric stuff that enables police officers to achieve promotion and things like that, we are talking about making them better prepared to discharge their duties. Some of those duties are pretty messy and we really ought to go beyond sympathy and crocodile tears, and if there is a chance of actually enhancing their ability to do their jobs we should get behind it. The worst reason for not getting behind it might be the fact that a pet amendment of ours has just been lost. I think that would be really voting on spite to do that.

1970 As Vice-President of ESC, and Deputy Roffey acknowledges this, we had a lot at stake in the last amendment along with Home Affairs. There were certain, as yet unfunded, initiatives that we in our view needed to be accomplished on ESC which we have not yet been able to convince P&R to fund fully in a committed way, and we stood I suppose to benefit in a way from the passing of that last amendment. I happen to feel that amendment was the wrong route to get there.

1975 But I would just summarise by saying: yes, the HMIC identified a need, they were dead right to identify that, but it is really a reminder that it is the right thing to do anyway.

The Bailiff: Well, it is now 12.30 p.m. and I am going to put to you in a moment a Proposition that we delay lunch in order to complete this amendment. Can I just have an indication of how many people have not yet spoken on this amendment and would wish to do so? Please stand in your place if you still wish to speak. Three people.

1980 I put to you therefore the Proposition that we continue to sit in order to complete the debate on this amendment. Those in favour; those against.

Members voted Pour.

The Bailiff: I believe that is carried.
So, Deputy Merrett.

1985 **Deputy Merrett:** I will be lovely and brief then, sir.

A couple of questions for the President of Home Affairs ... Actually, I will start somewhere else, I will start with the fact that I completely concur with Deputy Fallaize. I completely agree with what Deputy Fallaize says and yet I also completely agree with what Deputy Green said. So there I am between a rock and a hard place again.

1990 What I do not understand, and I did have a conversation yesterday evening with Deputy Lowe, is why there has not been the communication with P&R and there is nothing else on the table from P&R. That bit, I do not understand because that may have given us something else as Members of the Assembly to actually consider and vote on as we did with E&I. So I do not quite understand that, because that I think is disappointing and I think sometimes we have to try to work together to try find solutions whenever possible. So that is one thing that I just do not understand.

1995 Secondly, sir, is if we agree to give £100,000 to support training and development with no recurring revenue stream, is the expectation from Home Affairs – and this question is directed towards Deputy Lowe – that next year they will have the same amount of increase in that budget? (A Member: No.) Or is the expectation that the Law Enforcement officers, etc. who they train in 2020 from the £100,000, will stay for life? Because they have got to stay, because we cannot afford to retrain anybody else. It is quite a simple question.

2000 But if we give £100,000 for 2020 and they train x amount of officers, well what if those officers leave in 2021? This is when we do not have a recurring revenue stream that gives me the concern.

2005 Then, I *have* to respond to Deputy Graham because he mentioned alcohol – and I hope this does not come back to keep biting me forever, maybe it will but that is the risk we take as

politicians when we believe in something strongly. If we are funding the end result of the assaults on officers through alcohol abuse, we are never going to deal with the cause in the first place.

2010 So we kind of need to invest ... And I have said on public record that I am quite happy now to wait for the misuse of substance policy to come forward and I am quite content to do that, I will wait for that going forward. But what we cannot do, sir, is say we need this money because officers are having this abuse, when we are not prepared at the same time to put the money in to actually try to resolve the issue in the first place and actually address it at the root.

2015 I am quite happy to give way to Deputy – I cannot see – Deputy Prow.

Deputy Prow: I thank Deputy Merrett for giving way.

2020 Would Deputy Merrett agree with me in the *much*-scrutinised HMIC Review where we are talking about training and development for Law Enforcement we are talking across the *piste*? We are talking about forensic investigations; we are talking about financial crime investigations; we are talking about criminal investigations into all sorts of crime. Also, that will include across that whole *piste* of training, the concerns that people late at night fuelled with alcohol cause damage to and assault our police officers. This amount of money is about training across the *piste*, which Deputy Graham has very well outlined.

2025 Thank you, sir.

Deputy Merrett: I thank Deputy Prow and I will just go back to something I said earlier today, and I am sure Members listened to me, but I will say it again, that if we do not fund the Law Officers Chamber correctly to ensure they have got the staff to actually prosecute or defend the cases coming before them, no matter how many police officers we have on the street and no matter what they are trying to deal with if we cannot then find justice for our community by not having the resource available to them, we are going around in circles.

2030 So I will listen intently, as I always do to Deputy Lowe and Deputy St Pier, but at the moment I find the attitude of the Assembly should I say, sir – ‘We will not try and do it from here but actually this £100,000 is more important, more special, more required, more necessary than the £100,000 for biodiversity or for the Law Officers' Chambers?’ That is the bit that I am struggling with.

2035 I will give way to Deputy Green.

Deputy Green: Sir, I do not want to prolong this but there is one material difference which is that was an independent review recommending it.

A Member: Hear, hear.

2045 **Deputy Merrett:** We have independent reviews recommending many things – many things. (*Interjections*) That is my difficulty. I agree, I did start with that point, sir, that I concur with Deputy Fallaize in his entirety and that is why I have a problem because I also agree with Deputy Green with HMIC.

2050 So I am between a rock and a hard place. As I said I will look forward to the summing up which I hope we can get to quite shortly.

Thank you, sir.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Sir, yes I will be very brief.

2055 It is interesting that looking at service developments that training for operating department practitioners and the Law Enforcement training did not make the cut, but States' Members training did! (*Laughter and interjections*) Obviously it is far more urgent and critical that we are trained.

2060 But I do think, going back to I think Deputy Le Clerc asked a very good question: how Policy & Resources came to the decision it did bearing in mind the HMIC Report? I mean, from an HSC point of view the report said, they had an independent review saying, 'You *definitely* need to do this'. This is something that we know that we want to do, and it is always good for continuing professional development. That training is essential and we all see what we can do from our point of view. But the difference here is Law Enforcement needing that extra money.

2065 So just looking at what is called the 'raising approach' 2020, requests from Policy & Resources and how they came up with their list, you can understand when they talk about the raising categories were unavoidable, statutory/legal requirement, driven by Future Guernsey Plan; cost rate/benefit return, breadth of impact, depth of impact. You can kind of see why training slips to the bottom because they say, 'Well, training is not very important is it? It's not going to solve the problem immediately'. But I actually think the problem might lie under the fact that it is called 'statutory/legal requirement'. I think it may have been needed to say, 'Look, it might not be statutory or legal but there have been independent reports ...' and a lot of people did a lot of analysis at the time of the HMIC Report and how terrible various aspects of the findings were, that that is then not treated with as much urgency and importance as statutory and legal in that context. I think it might have just slipped through in terms of urgency because of that.

2075 Now, I have got a problem with the amendment because it is not right, I do not know why Deputy Lowe did not just seek an amendment to Proposition 29 and just increase the budget limits. But I have a lot of sympathy of the importance of the training and bearing in mind the HMIC Report, but I will listen to Policy & Resources why they think that is all very well and they believe that Home Affairs can find the funding within their existing budget.

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you. Very briefly, sir.

2085 Well, firstly, I think E&I presented or drafted an imperfect amendment because we argued in our amendment that if we wanted £100,000 we needed to go to the Budget Reserve to get there. We, in conversations with P&R, realised that actually that was not the best thing to do and I think yesterday that sort of principle was established. Bearing in mind, I have less than half the budget of Home Affairs.

2090 Deputy Hansmann Rouxel was saying that, to use her metaphor of going down the sofa we will have to go down the back of the sofa and take up the floorboards – (*Laughter*) and take up the floorboards to deliver biodiversity. But that is something we are prepared to do. That is our commitment.

2095 What I am struggling with is with £31 million of expenditure, proportionately £100,000 – and it is recurring, with no explanation of where the next sum is coming from – is acceptable today when it was not yesterday. I do not think it is right that Home Affairs effectively do their own smash and grab on the Budget Reserve. That does not sit well with me.

I will not give way, if you do not mind, because my speech is really short.

2100 At the Budget presentation it was Deputy Lowe who argued very strongly, I thought, for duty on alcohol and spoke about the causes and effects of alcohol consumption and the cost therefore to the Police Force and agencies. The opportunity to remedy that was presented today and it was rejected and we need to bear that in mind.

Deputy Leadbeater: Sir, point of order.

2105

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: I do not think Deputy Brehaut is speaking about this amendment at all.

2110 **Deputy Brehaut:** I am.

The Bailiff: I think he is.

Deputy Brehaut: Thank you, sir.

2115 **The Bailiff:** Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

I will be very brief, mindful of the fact it is lunchtime.

2120 I think the answer to Deputy Le Clerc's question is in fact outlined at least in P&R's notes to the amendments and it says:

'This was not prioritised for funding because Home Affairs has been allocated an additional £1.56 million or 4.9% through this Budget. Home Affairs could reprioritise £100,000 from within the £80 million Law Enforcement budget or the wider £31 million Home Affairs budget.'

2125 So my question really is for Deputy Lowe. I have been really heartened actually that there seems to be widespread support for training. I think nobody in this room would disagree that that is a very worthwhile cause. So my question really for Deputy Lowe is that given that people understand the importance of spending £E100,000 on training of this kind will Deputy Lowe actually prioritise that over and above anything else in her budget if this amendment falls?

Thank you.

The Bailiff: Deputy St Pier.

2130 **Deputy St Pier:** Thank you, sir.

2135 Deputy Le Clerc asked why this had not made the cut and why there are other, higher priorities and I think Deputy Soulsby spoke to the criteria that were applied and actually this probably would have scored reasonably highly on that statutory legal test. I do not have the details in front of me of where this would have fallen, suffice to say it did not make the cut in what is inevitably a difficult process and I think probably others would have come ahead of it.

I think the point is, as Deputy de Sausmarez said, £1.56 million has been added to the Home Affairs budget, an additional nearly 5%. This is the only item that did not make the cut from that Committee and in that sense that Committee has been very lucky, if you like (**A Member:** Hear, hear.) compared with every other Committee.

2140 As Deputy Roffey said, it would be irresponsible to be depleting the Budget Reserve before the year has even begun, and I think Deputy Brehaut has spoken to that as well.

But I really want to conclude just with this, to talk about this reprioritisation because everybody argues 'Oh, reprioritisation doesn't happen; it is hard to do'. 'That is not a reasonable thing for P&R to ask.'

2145 In 2019 Home Affairs have a training budget of £282,000, that was increased by nearly £100,000. Up to the end of September, they have only spent half of it. So in the nine months from the year to date only half their budget has been spent. So that tells you what is possible for 2020.

2150 In addition to that, there is an additional £1.3 million which is recommended for the pooled budget which is the subject of a separate amendment which contains a considerable amount of funding for training. The opportunity to consider how that is reallocated and used and prioritised next year is available.

What P&R is saying is, in a position where we cannot fund everything it is entirely reasonable to push back on this particular item. It is totally unreasonable and would be highly irresponsible to be using the Budget Reserve as the source.

2155 I urge Members to reject it, sir.

The Bailiff: Deputy Lowe will reply.

Deputy Lowe: Thank you, sir.

2160 First of all, I dispute that this is the only thing that has been rejected. I have got the list in front of me of the items that were rejected and did not make the cut for Home Affairs that we submitted – I am happy to show that to Deputy St Pier if he has forgotten – including one of the items here where we only got part budgeting for out of the Budget, which we were assured for Brexit we would receive any funds that we needed for staff resources for Brexit to assist us.

2165 We put in our latest bid for £75,000, again for Brexit, and we have only got part of that. So, again, that is a little bit of lip service where they will give us the money to support for all the work that is carrying on for Brexit, but we did not actually get it and that again is showing in the list that is actually in front of Members if they want to have a look at it. So there are areas that we were refused.

2170 But for me and for the Home Affairs Committee it is vital, as far as we are concerned, to support our Law Enforcement. How do you think the message is going to go out to our staff? Deputy St Pier spent time at the Police Station last week and he listened to the challenges (*Laughter*) that were there. He had a very clear message from the staff at all levels of the difficulties and the challenges they face. He went on to put on Twitter what good staff, and the challenges they face and how difficult it is the job that they have got to do. And yet today we hear
2175 we are not prepared to train them to give them the development that HMIC recognise and accept that is needed for our staff for the challenging positions that our staff have to face; and for us in Guernsey to send out a very clear message that this Island wants to be safe and secure.

2180 And yet for me – and I think that would probably be reflected by those in our community – we are happy to give £100,000 for biodiversity strategy but we are not happy to give £100,000 added on to make sure that our staff get development and improvement.

Deputy Hansmann Rouxel: Point of correction.

The Bailiff: Deputy Hansmann Rouxel, point of correction.

2185 **Deputy Hansmann Rouxel:** The amendment that was laid yesterday by Deputy St Pier which was passed in the Assembly did not give £100,000 to the Biodiversity Strategy, and it is fundamentally misleading the public and this Assembly to equate that amendment that was passed yesterday with this amendment.

2190 **Two Members:** Hear, hear.

Deputy Lowe: I beg to differ. You have got the opportunity to take £100,000 that is what the actual amendment said.

2195 It has also been said by some Members here, why did we go for the Budget Reserve? Well actually that was the advice from consultation with P&R staff. The Assistant Treasurer said to put the Budget Reserve on the amendment. There was consultation with the staff at staff level for that.

2200 Deputy Merrett said what consultation was there with the staff and as I have just explained, to staff level; unlike what you heard yesterday in here when Deputy Brehaut said they were approached by P&R. No, there was no approach from P&R for us, it is us that has done the chasing for this. There has been no consultation at political level at all, from 'Pick up the phone; can we help you?' Or an email for this, 'We support you' – even though it has been said in this Assembly and publicly that P&R will support and do what they can to give the resources for the HMIC Report.

2205 So I am afraid that the 'talk the talk' is fine, and 'weasel words' is fine; but actually we have officers out there on the street doing what they can to protect this community, protect the visitors that come over and anybody else that is on this Island – and indeed in the Bailiwick, because it includes Alderney and our Police are in Alderney and do a fine job in Alderney.

2210 As Deputy Prow rightly said it is not just policemen on the street we have it is right across the
piste and it includes the financial crime unit. So, therefore, it is important otherwise we would not
 have done it.

2215 It was also sort of said by Deputy Roffey and a couple of other:, 'Well, Education could have
 done with that money.' Nothing is stopping you bringing an amendment exactly the same as we
 have done. We are fighting for our Committee and for the police on the street and for the
 financial crime and everything else that is to do with Home Affairs.

2220 The other question that I have got to answer was why didn't I support Deputy Merrett's
 amendment? I have no problem with the amendment that was brought, I commend and think that
 is right and proper; but for exactly the same reasons as Deputy Soulsby I did not think that was
 the route to go down to raise the funds. The idea was fine to try and find ways to do it, but I did
 not think it was appropriate to raise the funds with increasing alcohol.

Deputy Merrett: I have got a point of correction, sir.

2225 **The Bailiff:** Deputy Merrett.

Deputy Merrett: The amendment that Deputy Lowe is referring to was not only about raising
 additional funds or raising funds, it was also sourcing existing funding which is exactly what this
 amendment intends to do – using existing funds that have already been raised.

2230 **Deputy Lowe:** So, sir, I do not think I have got anything else to say, except for asking
 Members to please support this amendment so that when HMIC come back next month, which I
 gave you the update on in my update report at the last States' Meeting. They are back here to
 review how the recommendations have been implemented and new areas for improvement have
 been implemented. I hope that we can turn around and say that this Government has actually
 2235 supported and taken notice of the HMIC Report and have given us the resources to make sure
 that our staff have the adequate training and development.

The Bailiff: So we vote on amendment 14

2240 **Deputy Lowe:** Could I have a recorded vote please?

Deputy Leadbeater: A recorded vote please, sir.

2245 **The Bailiff:** A recorded vote on amendment 14 proposed by Deputy Lowe, seconded by
 Deputy Leadbeater.

There was a recorded vote.

Carried: – Pour 19, Contre 17, Ne vote pas 1, Absent 3

POUR	CONTRE	NE VOTE PAS	ABSENT
Alderney Rep. Roberts	Deputy Tindall	Deputy Merrett	Deputy Kuttelwascher
Alderney Rep. Snowdon	Deputy Brehaut		Deputy Lester Queripel
Deputy Ferbrache	Deputy Tooley		Deputy Mooney
Deputy Gollop	Deputy Parkinson		
Deputy Leadbeater	Deputy Le Clerc		
Deputy Le Pelley	Deputy Trott		
Deputy Meerveld	Deputy St Pier		
Deputy Inder	Deputy Stephens		
Deputy Lowe	Deputy Fallaize		
Deputy Laurie Queripel	Deputy Hansmann Rouxel		
Deputy Smithies	Deputy Dorey		
Deputy Graham	Deputy Le Tocq		
Deputy Green	Deputy Brouard		
Deputy Paint	Deputy Langlois		

Deputy Dudley-Owen
Deputy McSwiggan
Deputy De Lisle
Deputy Prow
Deputy Oliver

Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey

The Bailiff: The voting on amendment 14 was 19 in favour, with 17 against, and 1 abstention. I declare it carried.

2250 Just before we rise and we will be rising and as normal resuming at 2.30 p.m. It would be helpful for those who have to make childcare arrangements and other arrangements to have an indication as to whether there is a willingness to sit beyond 5.30 p.m. this evening. I would be proposing at this stage that we consider sitting until six o'clock.

Can I just have an indication as to whether Members would be in favour of that? So I am putting to you the Proposition that we sit this evening and we plan now to sit this evening until six o'clock. Those in favour; those against.

Members voted Pour.

2255 **The Bailiff:** I believe that is carried. So we will sit late this evening.

*The Assembly adjourned at 12.54 p.m.
and resumed its sitting at 2.30 p.m.*

The States of Guernsey Annual Budget for 2020 – Debate continued

2260 **The Bailiff:** Before we go to amendment 15, I have just been asked to say that Members are very welcome to leave papers on their desks overnight, as usual, but there is going to be a meeting here this evening. It is part of the WEA course, which I think is entitled *Do You Want to be a Deputy in 2020?* So there will be people from that course in here this evening. As I say, you are very welcome to leave papers but I just think you should be aware that people will be coming into the Chamber who are not currently States' Members but may be in the future.

A Member: I think that is on this afternoon, sir.

2265 **The Bailiff:** So, Amendment 15 is next, to be proposed by Deputy Lowe, seconded by Deputy Leadbeater.

Amendment 15

To delete proposition 30 and substitute with:

'To allocate to the Committee for Home Affairs a ring-fenced budget for "Countering economic crime, money laundering and terrorist financing" initially of £1.0 million and for the Policy and Resources Committee to allocate initially £0.3 million to the Law Officers of the Crown or others as appropriate comprising service development funding of a maximum of £1.3 million.

Deputy Lowe: Thank you, sir.

2270 The original Proposition directs that a pooled budget be formed for countering economic crime, money laundering and terrorist financing, initially comprising the service development funding of a maximum of £1.3 million. I must begin by confirming that both I and the Committee for Home Affairs are fully supportive of this funding to tackle such criminality. Furthermore, there is full support for the resources being 'ring-fenced' to ensure they cannot be redeployed for other purposes.

2275 The core challenge is the matter of political accountability, which is why I am laying this amendment. The Committee, which has prime accountability to this Assembly for the services and legislation relating to the investigation and the tackling of crime in nearly all its various forms is Home Affairs, it is not P&R. Of course the successful investigation and prosecution of criminals requires teamwork from various Government and non-Government bodies, the Law Officers and the Courts.

2280 Home Affairs and its services rely on this co-operation and support and we also recognise that part of the £1.3 million initial funding the States are being asked to set aside will be needed to support the Law Officers. We therefore accept that not all the money is for Home Affairs to spend. What we do, however, know is that money has to be invested in this area of investigating criminality and that there is a clear need for good governance with somebody or a Committee
2285 accepting accountability for achieving the right outcomes.

This brings me into the terminology of 'pooled budget'. I recall well how this was aired at last year's Budget Meeting. In governance terms it lacked clarity then and lacks clarity today. Where is the true political ownership of a pooled budget? Which Committee President will stand up and give account of what has been spent and why? This vagueness makes it all too easy for
2290 responsibility to fall between stools and for criticism to be deflected rather than owned.

Sir, I lodged this amendment asking for P&R to be directed to transfer £1 million of the £1.3 million to be ring fenced to Home Affairs. It is a compromise for what I believe would be the appropriate outcome, but it will nonetheless go some way toward ensuring that there is proper and transparent political accountability.

2295 I therefore ask Members to support the amendment.

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

2300 **Deputy Leadbeater:** I do, sir.

The Bailiff: Deputy St Pier do you wish to speak now? No. Deputy Prow.

Deputy Prow: Thank you, sir.

2305 I shall be brief and I shall stick to the amendment which is around the subject of pooled budgets and, in particular, whether it is appropriate in this case, or indeed perhaps in other cases, that we start and embark upon the concept of pooled budgets. If I could refer Members to the Budget Report and it is on page 158. At the moment we only have one pooled budget recorded and that concerns £500,000 or so in just the one pooled budget and that relates to the Children and Young People's Plan and the multi-agency support part.

2310 As Deputy Lowe has outlined, and I will not go over what she said in detail, there was some challenge and some controversy about that, but that particular pooled budget involved many States' Committees. But this pooled budget relates to an amount of £1.3 million, of which £1 million is under the responsibility of the Home Affairs Committee.

2315 The interesting words used in this are about 'strong governance'. The buzz word around the Assembly has been about 'good governance'. To me, sir, good governance is about Committees, if there is more than one, getting together and sorting things out with their officers. A key player in this particular venture is the Head of Law Enforcement.

2320 Now, sir, £1 million actually represents, off the top of my head, about 7% of the Law Enforcement budget. This is an addition to cope with the consequences of us having to face a Moneyval review in 2023 and a realisation, somehow, somewhere, by both P&R and Home Affairs that we have to do extra work and extra activity in order to face that Moneyval review. To me, it is *much* more important that, we have an international responsibility and we need to be at the very top of our game in anti-money laundering and countering the funding of terrorism. So never mind that we are having a Moneyval review, if there is a need perceived.

2325 One of the things that really troubles me about this, and I want to try and unscrew the lid on this a bit, is we read in the Budget Report on page 68, particularly paragraphs 7.52 and 7.53 – 7.52 we have already touched on it and it mentions the Moneyval Report. It says:

A formal governance mechanism will be adopted, including both the Committee *for* Home Affairs and the Policy & Resources Committee, which will consider the optimum allocation of the funding available. It is also envisaged that the overall framework for these activities will require reshaping so that it can be as effective as possible with *[the arrangement]* ... Therefore, it is recommended that a pooled budget is established for countering economic crime, money laundering and terrorist financing

Well, sir, I have some experience and background in this. Economic crime does not operate in isolation of the rest of the functions of Law Enforcement. Just to be brief, I will take one example:
2330 computer forensics – although perhaps I should also mention activity that goes under the regulation of investigatory powers – will not be exclusively conducted by the Economic Crime Unit. The Economic Crime Unit also receives suspicious transactions from the finance industry and that intelligence is put back into the whole of the Law Enforcement capability.

So, sir, economic crime is absolutely fundamental to Law Enforcement. We are talking about a
2335 reinvestment of £1 million into Law Enforcement, which I completely and utterly support – but I would do, wouldn't I, because I have a background in that and I understand the best of intentions. But this is not something that this Assembly is given a lot of information on.

At every accounts meeting in this term, and I think to some amusement to Deputy Green, I ask the same question – which is very related and very relevant to this amendment in my view, sir –
2340 which relates to the Seized Assets Fund. (*Laughter*) I actually have the *Hansard* record of the last request I made of it, I can read it very quickly. Under charity and other deposit balances, every year I have to tease out what actually the amount in the Seized Asset Fund is, and this is the June debate, 2019, and it was at that time £13.8 million. The only reason this Assembly knows that is because I asked the question. Not only do I ask the question, in the question I told this Assembly
2345 what the amount was.

So that means that the efforts of the Economic Crime Unit and the Law Officers of the Crown, and that activity put £13.8 million into a Seized Asset Fund. Now we are told that we need to increase our capability. I know why, but I am not sure every single Member of this Assembly knows why. What I find a little bit disturbing is that P&R seem to want to lead on something
2350 which is the responsibility of another Committee and, not only that, the new money that they want to make sure they are in control of it.

Then that goes back to the central point that has already been made by Deputy Lowe, which is accountability. Now, whatever Members of this Assembly think around the HMIC Review and governance ... I tell you one thing, when things appear to be not quite as they should be, who do
2355 they call to account, and rightly? It is the Committee *for* Home Affairs. In such an important area I think, and if it was another Committee, it was Health & Social Care, if it was Education, I would be arguing the same argument – and I am no longer on the Committee *for* Home Affairs – so I am not really understanding why this amendment has been brought and what the purpose of it is.

It seems to me that the Committee *for* Home Affairs and P&R should be in a position where
2360 this should be sorted out, not on the floor of this Assembly; and I do not see a compelling reason as to why that £1 million of the £1.3 million has to be under a pooled budget. I just do not understand. Perhaps there is something I do not know about.

One other point I should make, it is something that Deputy Merrett raised, and it was around the role of the Law Officers of the Crown. I understand how vital that is. I support that funding
2365 going into it. I support any efforts to bring those two functions together, but you cannot prosecute in the Royal Court and the prosecution services cannot be brought into bear unless you have investigators putting together cases for them to prosecute. This is a team game and the big players in this are the Committee *for* Home Affairs, the Head of Law Enforcement, Her Majesty's Procureur and Her Majesty's Comptroller and I do not see how a pooled budget is right and
2370 proper, or fair.

What is needed is a cohesive effort to put into place whatever that £1.3 million is going to be used for. Now, that is not clear from the Budget and perhaps it does not necessarily need to be. All this is flagging up that there is a need for money, quite rightly, and a process to be put in place to upskill and develop our financial crime capability.

2375 Thank you, sir.

The Bailiff: Deputy McSwiggan.

2380 **Deputy McSwiggan:** Sir, Deputy Prow says that this is a team game and so I am surprised at an argument that takes this away from what is clearly intended to be a team structure. I am no great fan of pooled budgets, I have been critical about the approach to and the level of clarity that has been provided around pooled budgets in the past. I think we are all on a learning curve with them and on the road to improvements around the one we already have.

2385 But it seemed to me that this was an area where a pooled budget, if one would ever make sense, makes sense. Deputy Prow emphasised the fact that lead responsibility sits with the Committee for Home Affairs, and that Home Affairs will be held responsible if we fall short here. But he also mentioned the next Moneyval review that the Island will have. I think that is where the key for the argument for pooled budgets sits, because actually I think he is wrong.

2390 I think if we fall flat in this area, it is far more likely to be Policy & Resources than it is Home Affairs that are held accountable. I think our performance on economic crime is every much a matter for Guernsey's international reputation as it is for the running of our justice system. So I think P&R *need* to have a foot in the door and *deserve* to have a foot in the door, because we know they will be carrying the can if this does not work; and the pooled budget approach is the approach that allows them to have such a foot in the door. So, sir, unless I hear something very much to the contrary in debate I am not minded to support the amendment.

2395 Oh, I give way to Deputy Prow.

Deputy Prow: I thank Deputy McSwiggan for giving way.

2400 The IMF review, as I am sure Deputy Tindall will be able to confirm, is very specific. It is around the FATF recommendations. There is a specific and very large section which is specific to Law Enforcement. If we are found not compliant to the Law Enforcement part of it, I am absolutely convinced that the Committee *for* Home Affairs will be held accountable and the lion's share of this money, £1 million of £1.3 million, is already focused towards Law Enforcement.

2405 Thank you, sir.

Deputy McSwiggan: I was giving way, wasn't I? So I can only restate that I do think this is as much at least a matter for Guernsey's international reputation as it is for its justice system, and therefore it merits a joint approach between the Committee responsible for external affairs and the Committee responsible for Home Affairs.

2410 Thank you, sir.

The Bailiff: Deputy Tindall.

Deputy Tindall: Thank you, sir.

2415 I would like to add also, and this is something that I just had to be reminded of by Her Majesty's Comptroller, something I often ask at the Legislation Review Panel is why do we get legislation from Home Affairs on anti-money laundering and we also get legislation from P&R on anti-money laundering? Which of course is, I am kindly reminded again this afternoon, under the operational functions, as it is now anyway, that one of the responsibilities is not just international
2420 reputation but also the policy framework for the regulation of financial services.

Now, that is just one aspect as well because, clearly, we are referred to at paragraph 7.51 of the Budget that this is in relation to not only the Home Affairs' responsibilities for Financial

Intelligence Service, Economic Crime Division of Guernsey Law Enforcement, but also the Revenue Service and the Law Officers' Chambers, all of which require strengthening from the Moneyval report. And, as Deputy Prow correctly says, is one of the IMF, in fact the bible which we all, us anti-money laundering – I would not say 'experts' – but people who get involved in it and try and help, live by, and that is FATF, the Financial Action Task Force.

2425

So this, to me, as Deputy McSwiggan said, is a combination of responsibilities of both P&R and Home Affairs; and therefore, for me, cries out for an equal budget, for as Deputy McSwiggan pointed out, an unusual occurrence.

2430

I give way to Deputy Prow.

Deputy Prow: Thank you, Deputy Tindall, for giving way.

I completely concur with everything you have said. The problem is that this initiative is limited to the role of Law Enforcement and the Law Officers of the Crown. The regulator is not involved in this particular initiative. Where, perhaps, Deputy Tindall might have a point and she might be saying is perhaps they should be. But the fact is that they are not. The £1 million is specific to Law Enforcement – a responsibility of the Committee *for* Home Affairs.

2435

Thank you, sir.

2440

Deputy Tindall: I thank Deputy Prow for that point but I would also add that of course this is the *regulation* of financial services, not the *regulator* of financial services. It is a very big difference because, for example, sanctions are the responsibility of P&R, as they used to be called Policy Council, not the Guernsey Financial Services Commission, i.e. the regulator.

2445

So for me, not only that, but we are also talking about the Revenue Service and, as a practitioner, it is becoming more and more apparent that TIEAs, which are mutual requests for legal assistance, I think that is the right phrase – my apologies for all these acronyms, I will try to remember what they are called – but basically when other countries suspect financial crime there are a variety of ways in which information can be sought from financial services on Island.

2450

That is not just through the Financial Intelligence Service, through SARS, this is opening up now and there are ways in which the Revenue Service are a conduit for asking for countries across the world who come to the Revenue Service and say, 'We need some information because we have a suspicion of economic crime.' Therefore, the Revenue Service is part and parcel of what we need to make sure is robust, in order to be able to comply with international standards.

2455

I named just that because of course, for me, yes, we may argue and some of us may agree that the Law Enforcement section is the more prominent but it does not mean to say that there should not be this pooled budget in order to ensure quite a substantial sum of money complies with the Moneyval and IMF, FATF requirements. Again, even if we disagree with Moneyval's version of those requirements, which I have done on more than one occasion, the point is it is not set in stone what is needed yet. There has to be co-operation. This is all again within the mandate of P&R and I feel very strongly that this is the best way in which we will be prepared for the visit.

2460

I hope we have a better track record than the national risk assessment timeline, but that is another matter.

I would finish on a point that Deputy Prow, as you know, raises. We had a good chat about it when we were both in the Isle of Man, talking about these sorts of things with politicians there and some from Jersey, that the Seized Assets Funds could have been a means to pay for it. That is what some countries can use it for, to reinvest in and making robust our defences towards this economic crime and it is a shame it is not available because we all know, many of the Committees and the conversations we have had, we have been looking behind the back of the sofa. This was not a sofa, this was actually a *room*. It is a shame it is not yet available to us.

2470

Thank you, sir.

The Bailiff: Deputy Fallaize

Deputy Fallaize: Thank you, sir.

2475 I am afraid I have some bad news for Deputy Lowe, because I am going to put the kiss of death on her amendment by supporting it. (*Laughter*) I think almost all the proposals I have voted for so far in this debate have lost, so we will see what happens with this one. This debate has become a little bit about joint working but I do not really think it is a debate about joint working. It is really, for me, about accountability. (**Two Members:** Hear, hear.)

2480 We have a Committee system, I am not trying to make a great philosophical point about this, we just divide up the activities of Government by Committees – they could be called departments or ministries or whatever, but we call them Committees, and to me the correct principle is that budgets should be allocated to Committees.

2485 I must be honest, I do not particularly care and I do not say that wanting to sound cavalier about it, but I am not best placed to reach a conclusion on this. I am indifferent to which Committee has responsibility for this particular budget, but I think one Committee needs to.

2490 Now, I am a bit of a sceptic about pooled budgets. I understand the purpose of them and I could understand how you could perhaps build some governance arrangements that would legitimise pooled budgets, but you would have to go a long way beyond where we are at the moment. For example, the States probably would have to require, if it was two Committees, to work together in a fairly formal governance structure, which then would be allocated its own budget and they would be jointly and severally responsible to the States.

2495 But that is not what is being proposed here. It is this very kind of woolly concept of a pooled budget and I think that the way it is proposed here, the accountability is not just defused, but is non-existent. So I reach I hope an informed view, it seems a reasonable view, that if a single Committee is going to have responsibility for this budget, it probably should be the Committee *for Home Affairs*. If you read the purpose and the mandate of that Committee it is more consistent with the purpose of this ring-fenced budget than the purpose and mandate of any other Committee.

2500 The other problem, I think, with pooled budgets, is that if they can work at all, I think they can only work well if the Committees who are being pooled, as it were, do it willingly. That is not the case here. The Committee *for Home Affairs* feels so strongly about this that it is laying an amendment, effectively to try and get itself out of the pooled budget arrangement that is being proposed.

2505 I cannot see, particularly given that pooled budgets are in their infancy and the governance around them is very undeveloped, how this can work effectively if one of the Committees involved and, as Deputy Prow says, the major Committee involved, actually is telling us they do not think the governance and the financial arrangements around it can work.

2510 In terms of whether the Committee is responsible enough to hold this budget, first of all I do not really take a view about that. One's views about the Committee are an irrelevance. The Committee *for Home Affairs* is the Committee *for Home Affairs* and that is a matter for the States. But while they are, then it seems to me that they ought to be entrusted with the kinds of budgets that the Committee *for Home Affairs* should be entrusted with and the accountability is between the Committee *for Home Affairs* and the States.

2515 If there is any failure in terms of how this budget is managed, then the States hold the Committee *for Home Affairs* to account in exactly the same way as the States would hold any other Committee to account. So I do not think that allocating this budget to the Committee *for Home Affairs*, which is consistent with the way our Government operates, would preclude joint working.

2520 There must be lots of joint working that goes on between the operational services for which the Committee *for Home Affairs* is responsible and other operational services for which other Committees are responsible. That happens with all Committees but I should think it happens, particularly, with the services for which the Committee *for Home Affairs* is responsible.

2525 This amendment, if it is carried into a States' Resolution, is not going to preclude joint working between Committees. But I just would, rather than this very woolly concept of a pooled budget,

which I do not think will provide proper accountability, I would rather allocate the budget to a single Committee. It seems to me, unless I can be persuaded otherwise, that the right Committee to allocate it to is the Committee *for* Home Affairs, and therefore I will support the amendment.

2530 **The Bailiff:** Deputy Graham.

Deputy Graham: Thank you, sir.

2535 There are three elements here that we are at risk of conflating. The first of that of legitimate interest in an area, because of its perhaps reputational risks and so on and whoever pointed it out was quite right to point it out – I think it was Deputy Tindall, who did so. Clearly, with Moneyval looming ... But it is not just Moneyval, the international reputation of Guernsey as a financial centre is clearly a matter of concern to everybody, not just P&R, but they may well have political and constitutional responsibility for it.

2540 But by the same token, virtually everything that Law Enforcement does has reputational risk attached to it if it is not done well. For example, if the Guernsey Border Agency were so leaking that we had wholesale smuggling going on, or wholesale illegal immigration going on, that would be of distinct reputational risk for Guernsey as a whole. But that does not entitle P&R to have control of that element of the Budget that is devoted to the Border Agency.

2545 Accountability is related, but it is not actually the main thing, in my view, although it is important. I think there is the question, and this is the third element, how best to make sure that the £1 million is best used, professionally used. Now my view is that the Head of Law Enforcement is that very person. Okay, it goes a little bit beyond, strictly, what Law Enforcement may do, there are overlaps elsewhere; but, for goodness' sake, the current Head of Law Enforcement was head of the Economic Crime Unit for a year prior to taking office. So if anybody knows how to make best use of £1 million, directly, to ensure that we get the anti-money laundering measures and the anti-financing of terrorism measures straight, it is he.

2550 Who is he accountable to? Is he going to be clicking his heels outside Deputy St Pier's office if things go wrong, or for routine advice? No. He will be bouncing off what he is doing, month by month, with the Committee *for* Home Affairs. So, yes, it is about accountability. It is also about where should the money actually lie? And it should lie where the expertise is and the expertise is clearly in the form of the Head of Law Enforcement.

The reputational thing, as I say, applies to all sorts of things. Not only the Law Enforcement part of the Committee *for* Home Affairs, but just imagine that things were going terribly wrong in our prison service, for example. That would be of reputational damage, as well.

2560 So let's not conflate the issues. In my view it is a cast iron case for not having a pooled budget in this case and having trust that £1 million will be in good hands, not only in the Committee *for* Home Affairs but in the Head of Law Enforcement, where the expertise resides.

2565 **The Bailiff:** Deputy Leadbeater and then Deputy Oliver.

Deputy Leadbeater: Thank you, sir.

I must thank Deputy Prow, Deputy Fallaize and Deputy Graham for three great speeches with important points.

2570 This amendment simply seeks to provide clarity around the accountability for and the governance of the budget for countering economic crime. It is straightforward and simply seeks to replace the proposed Proposition 30, with clearer, transparent direction, and I see no reason for Members not to support it.

Thank you, sir.

2575 **The Bailiff:** Deputy Oliver.

Deputy Oliver: Thank you, sir.

2580 P&R's reasoning for having the pooled budget is that 'This will require close working between all parties' and a formal governance mechanism is needed. But the whole thing that I think is, there is a saying that 'A worker with two masters is a free man', or person, I should say. So this pooled budget, I just do not think will work. You need accountability.

Home Affairs is the lead the on this and it should remain this and this amendment should just be passed.

Thank you.

2585

The Bailiff: Deputy Merrett.

Deputy Merrett: I will be quite brief, sir.

2590 The bit I am a bit confused about is that P&R say in their comments, obviously we have got the words on governance which obviously stick out, but they say that no decisions have yet been made as to what the allocations will be to each area. And yet Deputy Lowe and Deputy Leadbeater clearly know that £1 million should be for Home Affairs and the £300,000 should be for Law Officers of the Crown and/or others as appropriate.

2595 Because we have no data in front of us, I simply do not know and I am hoping Deputy Lowe can advise me – or, if not, Deputy St Pier or anybody, please – how that split, the £1 million and £300,000 came about. Because we do not have any business case or any data in front of us, my understanding, sir, and it is relevant to this amendment, is the Law Officers required £415,000, but that was for several different areas of concern, which I took duty and care to communicate with them and discuss with them. I am not convinced that £300,000 of that £415,000 is for this. I am
2600 not convinced of that. There is nothing that they have provided to me to convince me – but of course it does say £300,000 to Law Officers of the Crown or others, as appropriate.

I am at a loss, really, I suppose to split the difference between what P&R were saying and what Home Affairs are saying because they both cannot both be right. Either they do not know the split or, if Home Affairs do know the split, why are P&R saying they do not know the split? It is quite a
2605 basic question but, without that being answered, I cannot really vote for this amendment because I do not know why it is £1 million, not £900,000, not £800,000, or £400,000. So I would really appreciate if somebody, I am assuming Deputy St Pier, or I am assuming Deputy Lowe, can actually answer that quite basic question for me.

Thank you.

2610

The Bailiff: Deputy Gollop.

Deputy Gollop: Deputy Merrett made a strong case earlier for enhanced spending on some public services and I recall she mentioned, amongst other things, the excellent work the Law
2615 Officers of St James' Chamber do for us. Now, of course, Deputy Tindall, as you might expect, has been a strong voice on legislation and it is quite true that the compliance and regulatory requirements of our work are real and that we cannot exist with a core international identity and punch our weight, or above our weight, if we do not give ourselves the legislative and investigatory resources we need.

2620 Indeed, having been a veteran of the different permutations of the Legislation Committee over the years – having been President and Vice-President back in the day – I was more important then, before, as Deputy ... Well, we will not go there! The point is that when I first got on the committee there was initial confusion when we went to Ministers as to whether the Policy Council or the Minister's department was responsible for things. Of course, without having ministers, it
2625 somehow makes it a little bit harder to have accountability for departments.

All that said, we are dealing here with a kind of cross-Committee split and I pick up very much with the points Deputy Merrett has just made, as well. Deputy Fallaize earlier joked, in a political, satirical mood, of how much do we get from the Law Officers at St James' and the answer is quite a lot and you are aware of that on legislation, particularly.

2630 It is obvious that they do need additional funding and the amendment, if I have understood it right, and Deputy Lowe and others can comment on this, kind of is not trying to do a grab of the whole area of the joint pooled resources, it is dividing them. So, out of the £1.3 million, which all parties have on, the suggestion here is to allocate to Home Affairs a ring-fenced budget for £1 million and for P&R, Policy & Resources, and the other balance of £300,000 to the Law Officers of the Crown.

2635 I interpret this, without having further behind-the-scenes knowledge that I could be informed about, that Home Affairs acknowledge and accept that there is a significant role for the Law Officers of the Crown in this work, but they do not want to lose more than, say, £300,000 at this stage. They want to ensure that £1 million is set aside for other functions that are more directly under the mandate of Home Affairs.

2640 As it says in the text, it is: '

... to bring clarity that principal political accountability for the services and legislation relating to the investigation and the tackling of crime ...

... to bring clarity that principal political accountability for the services and legislation relating to the investigation and the tackling of crime ...

– which will be more at the forensic, policing and Border Agency and auditing levels that Deputy Prow and others know a lot about –

... is vested in the Committee *for* Home Affairs.

2645 Now, we went through this political deal last year and the year before, when there were arguably critical reports that were done by external agencies and it was Home Affairs that sat before Scrutiny. It was Deputy Lowe and her team who were given a grilling in the media. There were resignations, not in Policy & Resources. This is possibly the first Treasury or Policy Council that has not seen resignations from the top table, which I suppose is a tribute to them in a way.

2650 The point I am making is Home Affairs have a right, whilst we retain a non-ministerial system of Government, no cabinet, to want to protect their area so that they can deliver the accountability and resources on that. And that, I think, is a crucial point here.

2655 The only other argument I would wish to make, which Deputy Merrett touched on and it is actually a good Scrutiny issue, is the commentary we have had on the amendments from the P&R perspective, shall we say. It says 'that Policy & Resources believes that strong governance is required over the development of these functions, to ensure they meet international requirements'. We would all agree with that, we agree with the close working between all parties, as Deputy McSwiggan reminded us.

Then it concludes by saying:

Due to the evolving nature of this important area –

2660 It has been evolving for 20 years; I think we would all agree that we have been strengthening ever since the Edwards Report and even before that.

– a pooled budget is deemed appropriate to give maximum ongoing flexibility.

Well, flexibility implies a rather open-house approach. Because in the preceding paragraph:

The functions undertaken by the Financial Intelligence Service, the Economic Crime Division of Guernsey Law Enforcement, the Revenue Service ...

Of course I am a Member of one of the Committees that has had, historically, an interest in it, but it is now under Policy & Resources, day to day basis –

– and the Law Officers' Chambers, all require strengthening, which is why this funding being provided.

2665 But the really interesting sentence is the last one:

No decisions have yet been made as to what the allocations will be to each area.

Deputy Merrett reminded us.

2670 But what perhaps I would say even stronger than she has is how can we come – especially at the level P&R work, which is not back-of-envelope stuff – to a figure like that; and lawyers and intelligence agencies and forensics are identifiable costs, they have rationale behind them. How can you come to a figure of £1.3 million if you have not already decided what the needs are? You might as well have put £2.6 million or £1.1 million. So I do not understand why we are not hearing the figures today from either party, but especially Policy & Resources, as to what the proportions are within a pooled budget between the different professional specialisms.

2675 For those reasons, as things stand at the moment, I am probably going to support Home Affairs, because I think they clearly are more understanding of the financial needs that they have within their sector and I am just disappointed, perhaps, that both sides did not clarify, the pre-allocations before we got to this stage.

The Bailiff: No one else is rising. Deputy St Pier.

2680

Deputy St Pier: Thank you, sir.

Deputy Fallaize raised a question of accountability and I want to explain why the position is a bit more nuanced than perhaps he initially thought and perhaps that will also help address the question of why flexibility is needed in the way that Deputy Gollop has challenged.

2685 A good starting point, I think, is Deputy Merrett's challenge, which is the allocation of £1 million and £0.3 million between Home Affairs, in this amendment, and the Law Officers or others as appropriate. That allocation is entirely unsupported. It is, in essence, plucked from thin air at this stage and no decisions have yet been met as to the allocations between each area. I want to explain why that is the case and address Deputy Gollop's point and therefore why, in this case, as Deputy McSwiggan has said, a pooled budget is the most appropriate solution given where we are at this point.

2690 The starting point, I think, is the amendment did indeed recognise that outside the area of Law Enforcement, P&R does have direct responsibility for the Law Officers' Chambers and other aspects of the framework for combating economic crime, money laundering and terrorist financing. What the amendment does not recognise, but I think it should be recognised, is really the following: that of course, quite rightly, Home Affairs, as Deputy Fallaize and others have said, has direct budgetary responsibility in respect of Law Enforcement but this is so much more than Law Enforcement.

2700 Law Enforcement is only a part of the overall framework for fighting economic crime, money laundering and terrorist financing and in the areas of those things it is incorrect for Home Affairs to say that tackling crime in nearly all its various forms is vested in that Committee and that Committee alone. In fact the reference to 'nearly all forms of crime' suggests a misunderstanding of the use of these additional fundings and how that should be best used, and I want to expand on that a little bit more.

2705 The funding is proposed to be allocated to deal with these specialist areas of fighting crime, which we need to do in order to meet our international commitments and the international standards, which will be tested in 2023 at the very latest by external visits. Putting aside P&R's wider budgetary responsibilities, we do have direct responsibilities, as I have said, for the Law Officers' Chambers in budgetary terms, as indicated by the proposal from Home Affairs; and Chambers is also responsible, of course, for the prosecution and mutual legal assistance, as Deputy Tindall referred to earlier; and they are therefore a fundamental part of Guernsey's framework for combating economic crime.

2710 But it does not just stop at the Law Officers. The others, of course, are the Revenue Service, which has been mentioned. They are another fundamental part of the framework to combat

2715 economic crime and of course that does sit with and is a part of the Policy & Resources' Budget line, because its investigatory responsibilities in the tax area are of course entirely consistent with those of Law Enforcement.

Then, outside, those parts of Government, we also have the Guernsey Registry, as the registrar of legal persons, companies, beneficial owners of legal persons, NPOs – non-profit organisations, 2720 and we also have the Guernsey Financial Services Commissioners too, as a supervisory authority. This is, as Deputy Prow said, a team game. As Deputy McSwiggan said, it does involve many different people needing to work together.

So Law Enforcement is just a part of the greater whole and I think the original proposal in the Billet, for a pooled budget of £1.3 million for all of these public bodies working together with 2725 Home Affairs to make joint decisions on the use of that budget is a serious attempt to foster joint working relationships at a political level, so as to jointly direct, for the good of Guernsey, that the money should better be used.

I am not going to give way as I am now summing up, sorry, Deputy Prow.

The way in which these international expectations have changed and the challenge we have for 2730 that envisaged in 2023 I think means we do have to work differently and we cannot just work strictly within our committee structure. I think that is one of the things we are seeking to recognise across Government with the transformation of Government. In doing that we must also work to a common strategy and on the basis on the risk. P&R recognises this and also that this is something that we are going to have to be measured against.

We are strongly of the view that the original proposal is the best approach to securing this 2735 joint working and other joint approaches. This would need to be at both a political level and at officer level within the Committees and at officer level with the other relevant authorities and the commission, and so on, that I have mentioned.

We have not specified at this stage the individual funding for each part of this, which was 2740 Deputy Merrett's challenge, because it is simply too early to say what each will require. Because actually what it may well require are new resources working across them all. So it is not just a question of thinking, if we give £150,000 to the Law Officers and another £150,000 to the Guernsey Registry, and £750,000 to Home and a little bit more to the Revenue Service over here, they could all go off and do their own thing.

You will be working with a team that is working across them all. That is the point of the pooled 2745 budget. So it is simply too early to say that Law Enforcement should receive this £1 million, as proposed by Home Affairs, bearing in mind that this will reduce the funding available for the other parts of this matrix, this jigsaw that we have.

One final factor is important. We need to ensure we get best value out of this and we need to 2750 ensure that it is extracted. The areas we are talking about are multi-disciplinary and multi-authority and based on the funding proposals put to P&R, no decisions, as I say, have yet been made as to how that is best and those appointments are best made and best discharged. Some of the funding may well come out of the seized assets and that is another part of the jigsaw that needs to be slotted in here.

So I think a pooled budget for which Home Affairs and the Policy & Resources Committee can 2755 be accountable to this Assembly, is the right approach, sir, and on that basis I encourage Members to support the original Proposition and not this amendment, sir.

The Bailiff: Deputy Lowe.

2760 **Deputy Lowe:** Thank you, sir, and I thank those who have spoken in support of Home Affairs amendment being, hopefully, successful. For us – and listening to Deputy St Pier, he sort of said, Law Enforcement were just part. Yes, I accept that but they are the biggest part of it – this is all about the accountability, which has been mentioned by Deputy Fallaize, Deputy Prow, Deputy Graham and many others and, as Deputy Graham actually said, the expertise lies within Home 2765 Affairs. As Deputy Prow says, it all starts with Law Enforcement, because until you have got

notification at Law Enforcement, the Financial Crime Unit, nothing actually happens. It starts there and the buck stops with us too, at Home Affairs, which was said, again, by Deputy Prow right at the very beginning.

2770 If things go wrong, absolutely right the buck stops with Home Affairs. The difficulty you have got, when you have got a pooled budget is that the buck stops with us but we have no say, as such, because it is a pooled budget. Very much about the governance of it all, as well, and there have been questions about the governance and that accountability.

2775 I have concerns when I hear about the governance because, yes, I absolutely support governance, but sometimes it is quite offensive to the staff. The staff are very capable and able of good governance and to question the governance of Home Affairs, whether that be at political level or at staff level, I think is a slur on the staff. The staff are the financial staff, the Law Enforcement staff who are 'employed' by P&R, because they are the ones that are actually accountable for staff.

2780 So I think Members ought to be a little bit more careful. By all means have a go at me and have a go at Members of Home Affairs and political Members. We are big enough; that is part of politics. If you want to do that, bring it on. But, please, just have a little bit of respect for the staff at Home Affairs who do an excellent job and who are accountable. We work as a team, the governance areas are covered by that and again Deputy Brehaut made absolutely clear (**Deputy Tindall**: Point of order.) that the Head of Law of Enforcement –

The Bailiff: Sorry, I did not hear what you said Deputy Tindall.

Deputy Tindall: I said point of order, sir.

2790

The Bailiff: Point of order or point of correction?

Deputy Tindall: Either. Point of correction, then. I did not hear anyone in this Chamber who attacked any employee or member of staff.

2795

The Bailiff: Deputy Lowe.

Deputy Lowe: Thank you.

2800 All I am doing is putting it on record that I hear it outside and I also have, on occasions, heard in here about the governance. I think it needs to be put on record that it is all very well going out and saying these things, but I think Members ought to be a little bit more careful about what they say about the staff employed by the States. (*Interjections*)

2805 Getting back to what Deputy Graham actually said, as well, about the expertise is actually in Home Affairs. The Head of Law Enforcement, which is the top job, he was at Financial Crime Unit and knows exactly how it happens. So the question that Deputy Merrett asked and was followed up by Deputy Gollop was about the distribution. Why £1 million and why £300,000, and how do we actually get to that. That is the initial amount that is being put forward for us to put on the amendment. There is certainly more work to be done on that. I am not disputing that whatsoever.

2810 Of course, it is ring fenced, so you cannot do anything else with it. And should – I am not sure it would be – £1 million be too much for Home Affairs, we will do exactly the same as we have just done for the prison, where we were given money by P&R. We actually refunded it because the prison numbers are down. We cannot do anything with it. We would not want to do anything with that. That is the accountability; that is the transparency. It is all part of making sure that the money is ring fenced and that is the accountability of it all.

2815 For me, and indeed for Home Affairs, I just think getting back to our mandate, and part of our mandate is countering economic crime, money laundering and terrorist financing. This is key. This is part of our mandate and I think Home Affairs – and I think that Deputy Fallaize used the word 'entrusted'. I think this States should be entrusted in the Head of Law Enforcement and indeed

2820 with Home Affairs, who have had discussions with the Law Officers, so it is not a case that this has sprung out of the air and they did not know anything about it. We had informal discussions with them. So there is no kickback from there either, we work very well with Law Enforcement. Their money would still be ring fenced at P&R.

I therefore ask Members to support this amendment and could I have a recorded vote, please, sir?

2825 **The Bailiff:** A recorded vote on Amendment 15, proposed by Deputy Lowe and seconded by Deputy Leadbeater.

There was a recorded vote.

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

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

The Bailiff: The voting on Amendment 15, is 21 in favour with 15 against. I declare it carried. That brings us to Amendment 13. Lucky for some?
Deputy Lowe.

2830

Amendment 13

To add a new proposition:

29A. To direct the Policy & Resources Committee to make available a maximum of £909,000 from the 2020 Budget Reserve to provide a grant to the Office of the Data Protection Authority in the event that a funding mechanism which raises sufficient income to cover the costs of operation is not put in place during 2020.

Deputy Lowe: Thank you, sir.

As we all know, data is currency. Its value is recognised by social media platforms, Google, Facebook, political parties and business, as a means by which to influence us. All developed countries recognise this and, like us, have data protection laws. What is more, to maintain our standing internationally, the Data Protection Regulator has to be seen as independent from Government, to be impartial and not beholden to anyone.

2835

Of course the regulator still needs to uphold the Bailiwick's reputation, support good data management, be prudent and keep a tight rein on expenditure. This brings me around to the

2840 heart of this amendment, which is that the regulator cannot be forced, if it does not agree, to accept a loan obligation to the States.

The Budget Report at paragraph 7.27 refers to funding for 2020 being available to the Data Protection Authority by way of a loan. While the word 'loan' is not used, it talks about the money being repaid in future years, where it says, and I quote:

... since the States of Guernsey is currently legally obliged to provide funding for the operation of the ODP, short-term funding will be made available in 2020 with the expectation that it will be recovered from fee income in future years.

End of quote.

2845 Money given out on the basis with the expectation that it will be repaid, is by any reasonable interpretation, as a loan. I and the Committee *for* Home Affairs support the move towards the Data Protection Authority becoming self-funded from fees. The Authority itself is also of a similar mind. At present the Authority continues to collect some licence fees under the arrangement from the previous Data Protection Law. However, this needs to be extended and paid by many more
2850 businesses and individuals if the Authority is to become self-funding.

To achieve this, we will require legislative changes and regulations to come before this Assembly. It will also require the support of other Committees to make it work. These are matters entirely outside the control of the Authority. How, therefore, can we approve a Budget which apparently forces the Authority to accept a loan in 2020?

2855 The first step must surely be for us to agree an acceptable fee-raising system and to make whatever legislative decisions are needed and then – and only then – the Authority might have the ability to generate enough money to be self-funding. Considerable work is carrying on to develop a suitable fee system but it is taking time.

2860 This last year P&R, Home Affairs and the Authority, were confident of implementing a simple fee system for business, which they could pay as they made their annual company declarations for the Guernsey Registry. It was possible that that could have introduced from the start of 2020. However, the Committee *for* Economic Development had concerns and was not prepared to allow the Registry to be used. This sent us back to the drawing board and since then much research has been done, including assessing the feasibility of mirroring Jersey's proposed approach. However,
2865 even that is throwing up complications.

While I hope this is helpful background, I do want to return to explain my fundamental differences of view with the P&R. The Data Protection (Bailiwick of Guernsey) Law 2017 is explicit that the States has to meet the costs associated with the Data Protection Authority from General Revenue, net of the income it generates from licence fees.

2870 Providing funds by way of a loan is not what the Law currently provides for. Of course, if all parties, namely P&R, Home Affairs and, importantly, the Data Protection Authority agree to a loan, that might be a possibility. The Committee *for* Home Affairs, as evidenced by this amendment, has already voiced its reservations about the principle of a loan and I should point out that it is the responsibility of the Home Affairs Committee, not P&R, to enact regulations providing for any
2875 further levies to be paid to the Authority.

As it stands, Proposition 29, which sets out the total amount of General Revenue, which we as a States are being asked to allocate to delivering services, does not include the £909,000 required for the Data Protection Authority. This amendment therefore avoids the States passing a Budget which contains an element which may not be legally enforceable and it could be seen as a belt-
2880 and-braces measure, which safeguards us all should things not work out as wished; and at the same time moves us away from the smoke and mirrors of a loan by any other name.

I think at this stage it may be helpful if Her Majesty's Comptroller could advise the States on whether they consider my interpretation of the States' inability to require the Authority to accept a loan, to be correct or not. If you do not mind, sir, would you mind if the Comptroller is happy to
2885 say if it is right or not, because there is no point in me making a speech if my interpretation is wrong?

The Bailiff: Have you given the Comptroller advance notice?

Deputy Lowe: I have given him advance notice.

2890

The Bailiff: He is ready to speak! (*Laughter*)

The Comptroller: Sir, I am obliged, and I am obliged to the President of the Committee for giving me some advance notice. I think all I can do is really confirm the summary that she has given during the course of her speech on this matter. I can quote directly from the Data Protection Law, which Members will recall approving earlier in this session, which provides that:

2895

All expenditures of the Authority ... must be paid from –
(a) any levies, fees, charges or other monies ... paid to or received by the Authority under this Law, and
(b) where those monies are insufficient or unlikely to be sufficient to enable the Authority to properly and effectually discharge its functions under this Law, an amount allocated by the States of Guernsey from its general revenue account ...

So that is the provision that is in the Law – the States must provide funding for the Authority.

But, as Deputy Lowe has indicated, where there is agreement by all parties there are various ways that that arrangement can be entered into to provide for establishment costs and past operational costs.

2900

Deputy Trott: Sir, may I ask the Comptroller a supplementary question?

The Bailiff: No, because Deputy Lowe is in the middle of her speech.

2905

Deputy Trott: Right, even if it is a point of order? Because it must be, surely? (*Interjections*)

The Bailiff: It cannot be a point of order.

2910

Deputy Trott: It is a point of order based on what the Comptroller has just said.

The Bailiff: A point of order is whether something is in accordance with the Rules of Procedure or note. It may be that Deputy Lowe would allow you to give way to enable you to ask a question but that is a matter for her. She is in the middle of her speech.

2915

Deputy Lowe: I have nearly finished my speech, so I am sure that Deputy Trott could ask afterwards if he wishes to. I do not mind. If he is desperate, I am happy to sit down.

The Bailiff: Deputy Lowe is happy to give way to you to enable you to ask a question, I think is what she is saying.

2920

Deputy Trott: I am certainly not desperate, sir, but I am grateful to her for giving way! (*Laughter*) The question is: is there anything in the Law that says that the levies in one year need to be sufficient and no more than what is necessary to cover the cost of running that organisation in any one year? In other words, is there anything to stop the levies next year being at a premium in order to ensure that any amounts that are needed to cover those losses can be recovered in a subsequent year? I did not hear anything in what the Comptroller said to suggest that could not happen and if that is the case would that not trump any other consideration?

2925

The Comptroller: Off the top of my head, and it is not part of a matter I have had prior notice of, I think the powers exercisable by the Committee for Home Affairs to raise fees and raise levies, probably are wide enough to address that issue. It would be a matter for the Committee.

2930

Does that answer the question?

2935 **Deputy Trott:** Extremely helpful.

The Bailiff: Deputy Lowe.

Deputy Lowe: Thank you.

2940 Indeed, it is in the hands of Home Affairs, which I just mentioned before in my speech. Equally, that is to make it viable and acceptable to businesses that will be part of the data protection operation. It would not be seen to raise money for the hidden pretence that it is a loan to pay back.

2945 We had a letter at Home Affairs from P&R, dated 2nd October, when we were being informed about how much we would have in our budget and the extra things that we would receive money for – and anyone can have copy if they want to – and it makes a very clear Data Protection £909,000 and it is written alongside ‘This will be a short-term loan’.

2950 So the word ‘loan’ was used in the paperwork from P&R to us, although the word ‘loan’ actually is not used in this States’ Report – hence why the amendment is there, to make sure that it is put in as one of the Resolutions at the back and to make it very clear and acceptable that we do everything legally here in this Assembly.

I ask Members to support the amendment.

The Bailiff: Deputy Leadbeater, you second the amendment?

2955

Deputy Leadbeater: I do sir.

The Bailiff: Deputy St Pier, do you wish to speak now?

2960

Deputy St Pier: No, sir.

The Bailiff: Does anyone wish to speak? Deputy Tindall? Oh, Deputy Leadbeater, yes, if you wish to speak, as the seconder of the amendment.

2965

Deputy Leadbeater: Thank you, sir.

There is not much more to add. The President has quite clearly outlined the Committee’s position. I would just like to read a bit from the explanatory note. Obviously:

The Data Protection (Bailiwick of Guernsey) Law 2017 requires the States to meet the cost of the Guernsey Data Protection Authority from general revenue, net of any income it has been able to generate from licence fees.

While there is a standard licence fee at present, this is a continuation from the former Data Protection Law and its reach needs to be extended and developed in order for the Authority to move toward becoming self-funded. To achieve this will require legislative changes and regulations which will be laid before the States of Guernsey.

While there is reference to the funding of the Authority in the body of the Budget Report there is no specific Proposition to confirm the States’ obligation to meet its operational costs.

So, sir, this amendment simply seeks to address that and provide clarity within the Budget.

Thank you, sir.

2970

The Bailiff: Deputy Inder.

2975

Deputy Inder: Sir, I do not always understand the discussions that go between Comptrollers and people who have been in here longer than me. It is not their failing, it is often mine. But looking at 7.28, just in very practical terms ... it seems to give Policy & Resources time to address an issue where effectively the ODPa is currently, in short, being funded by the individual taxpayer

and it looks like in the future, after 2020, it will be recovered from fee income in future years. That is what it appears to be.

2980 Now, fee income in future years looks like it is coming from businesses which benefit already or at least are subject to GDPR and matters relating to data protection. So, with a very practical head, I personally believe we should be making every effort to ensure that business is in a place to recover the cost of the service ultimately that it uses, it is regulated by and probably serviced by as well.

2985 So unless it is in some way illegal and a loan is not quite a loan, if we get to a point where that £900,000 is then put on top of the fees over the next three years from 2021, 2022 and 2023, because it is such a low amount and we have got so many companies in Guernsey, I personally do not think it is a big deal, unless the Comptroller is telling us that the word 'loan' means that we cannot do it. So, in short, unless I am told now that it cannot be done, we were effectively voting illegally, or voting against the Law, I will be rejecting the amendment and hoping to pursue 7.28, where business pays for it and not the individual taxpayer.

The Bailiff: Deputy Tindall.

Deputy Tindall: Thank you, sir.

2995 I rise because I cannot support this amendment for a variety of reasons and I am going to phrase it in questions for Deputy Lowe. In her speech she mentioned about the current system. I have asked this before and I still do not understand why the current system is so inadequate that it cannot raise even ... it does not seem to be raising any money to be able to contribute towards this. We are being told £909,000 is needed and yet there is no apparent offset.

3000 The second –

Deputy Lowe: Point of correction, sir.

The Bailiff: Point of correction, Deputy Lowe.

3005

Deputy Lowe: I said it in my speech, as well, that currently they are using the fees from the current system of the data protection, from the previous data protection. So they are raising fees.

3010 **Deputy Tindall:** Deputy Lowe did say that but there is no indication of the amount of money, we are not given any figures, it is not identified. We are just told that £909,000 is needed.

The second question is that Deputy Lowe said legislation was required. I would like to know is that for the funding mechanism or for enlarging the number of controllers and processors needs to register? If that is the case, why is that necessary when – and I quote from the website of the Office of the Data Protection Authority, which says:

Anyone doing anything with personal data in the Bailiwick has a legal obligation under The Data Protection (Bailiwick of Guernsey), Law 2017 to pay an annual fee to the ODPA.

3015 – which is currently £50 –

3020 Why is it that, if that obligation exists, we are now seeing on the same website that current exemptions are actually being extended? More people are going to be exempt. This seems to go in the opposite direction to which we want to achieve. So why should the taxpayer fund what should be met, not only already from those who are controllers and processors but also which in my view, having been part of a Committee for Economic Development, should have been sorted out a long time ago, if the actual concerns and issues and the appropriate mechanism had indeed been fully established and potentially, according again to the website, these exemptions are being extended to January 2021? Hopefully they will be changed before, but to me this all sums up a concern, let alone all our concerns generally about data protection and the way it is going, but more to the point how it is being funded.

3025

Thank you, sir.

The Bailiff: Deputy Fallaize.

3030 **Deputy Fallaize:** Thank you, sir.

There is no dispute here about the principles, which are that the Authority must be funded in 2020 and indeed in subsequent years and that, as soon as possible, the Authority must be funded by fees levied on businesses and possibly others. The only issue, surely, is whether the Law precludes the Authority from raising in 2021, fees which would be sufficient to cover their costs for 2021 and a portion of their costs for 2020, which had not been covered by the fees they could raise in 2020?

3035 That, in a sense, is the question that Deputy Trott asked, although I have put it better! (*Laughter*) I think Her Majesty's Comptroller confirmed that there was nothing in legislation, which would preclude the Authority from doing that. (**Deputy Trott:** Precisely.) Indeed they would inevitably have to do that to cover their costs, if the States arranged their General Revenue budget in that way. So, on that basis, it seems to me that this amendment should fall because no Law is going to be breached in the event that the Propositions in the Budget are carried.

The Bailiff: Deputy Soulsby.

3045 **Deputy Soulsby:** Thank you, sir.

I cannot support this amendment but then it probably is not a surprise to people, given what I said when we debated data protection in the first place. It was bad enough setting this up with £800,000 of taxpayers' money, but here we have got Home Affairs wanting over £909,000 and we just do not know – to do what?

I know Deputy St Pier said I had a rather dystopian vision as to what would happen at the Data Protection Authority, but I actually think I have been proven right.

3055 Deputy Lowe talks about data being currency. Of course it is. There is a huge value in data and we know there are people out there trying to mine data, find data and use that data for commercial advantage. But I would like to know how much of the Data Protection Authority's time is actually spent on cases relating to the finding of information, stealing of information for commercial gain and how much is just dealing with mess-ups by individuals releasing data inadvertently or just vexatious complainants? I reckon it is more the latter than the former. (**A Member:** Hear, hear.)

3060 One of the many articles the Data Protection Commissioner has sent out recently really made it clear that most of the issues that they deal with are in relation to human error. So that is not really what the GDPR was about. It was really about what are these big organisations out there doing with individuals' data? What are Google doing in selling data? What is Amazon doing? That is what it was all about. But this is what we are ending up with as a result. What is happening now is just going to grow and grow.

3065 It will be more cost to maintain for Government. I mean, HSC is now having to employ data protection officers because of this. We know it is taking up staff time. It is more cost and red tape for businesses and it is going to be more cost and red tape for charities and many of them are very small charities who really the data is of very minimum value to anybody.

3070 There is nothing attached to this amendment setting out what the funding is for. There is nothing saying what the accounts at the Data Protection Authority actually are at the moment, what Deputy Tindall just said. We do not know what the DPA has actually done and what it actually needs and the value the DPA has added since it was formed. I think in the absence of that information, ironically with no data, I do not see how any of us can support this amendment and I
3075 certainly cannot.

The Bailiff: Deputy Lowe wishes to say something, which may shorten this debate, so I am going to allow her an extra speech at this point. Deputy Lowe.

Deputy Lowe: Thank you very much, sir, and I thank you for allowing me to do so.

3080 A meeting with Data Protection took place at two o'clock this afternoon, certainly over lunch
time, and has only just concluded since I have laid the amendment. They have agreed to work
with the States to find out some form of funding where they will be able to reimburse the States
for the amount that they are putting forward. So this amendment does not necessarily have to go
forward now and we can cut the debate, if everybody is happy for permission to actually withdraw
3085 this amendment and curtail it because an agreement has been made.

I have not got it in writing but I have had, just this minute, notification from the staff. They are comfortable for me to say this publicly, otherwise I would not be saying it. But they are confident from the meeting that they have had with the DPA this afternoon that we can actually withdraw this, if you are happy to do so.

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A Member: Pour! (*Laughter*)

The Bailiff: Does anybody else wish to speak before we go to the vote?
Deputy Trott.

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Deputy Trott: Yes sir.

I think there are two points that need to be raised or need to be mentioned here. The first is that I, in pre-inception discussions with the Home Affairs Committee over the creation of this agency, made clear that precisely this form of moral hazard would emerge if they did not get those that were being regulated, data users, paying right from the word go. I made that absolutely clear.

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Once again, we find ourselves in a position that could have been avoided otherwise. However, I got to my feet for two reasons because Deputy Lowe made a very important point in her previous speech and she said that we needed to be very clear not to seek to apportion any governance blame towards the staff, where no governance failures existed.

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In a recent independent report, that report was very clear that there had been systemic governance failures at political level but there had been *none* that had been identified at Civil Service level. So I very much hope, Deputy Lowe, that I have done as you have wished and I have made clear, through you sir, exactly what that independent report said.

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So, for clarity, it was *extremely* critical of some political Members. It was not critical of the staff that served them. (**A Member:** Hear, hear.) I hope that is helpful.

Thank you, sir.

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The Bailiff: I may have misunderstood Deputy Lowe earlier. Deputy Lowe has asked me to put to the Assembly a motion to withdraw amendment 13, so I am going to put to you a motion that Amendment 13 be withdrawn. Those in favour; those against?

Members voted Pour.

The Bailiff: The motion is carried. The amendment is withdrawn.

Thank you very much and now we come to general debate. (*Interjections*)

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There is to be one more amendment, I am being told. Is it ready? If not, we will begin general debate.

I had been asked whether I would allow the Presidents of Committees to speak early in general debate and I indicated, if that is their wish, I would allow them to do so. That is not saying I am giving them two speeches, but if they wish to speak early to set the scene for the debate, I am

3125 happy to give them that opportunity if they wish to do so. Otherwise we will call Members in the normal way.

Deputy Lowe: I think you have just clarified the question I was going to ask. If we speak early, sir, that means we cannot speak again anyway, so we cannot pick up anything that anybody has said and revert back and expect to talk back.

3130 Thank you.

The Bailiff: I think the debate is going to be long enough without giving all the Presidents two speeches!

Deputy Roffey.

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Deputy Roffey: Thank you, sir.

Members will have noticed that I did not propose any amendments or second any amendments. I tried, as far as possible, to be uncharacteristically brief on the few that I did contribute to. So I have not been responsible for the last three days. But I do, I am afraid, have quite a bit to say on the substantive Budget.

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I am going to start off by declaring an interest and it is the same interest that Deputy St Pier declared, however long ago it was when he opened this debate, that I too have both attached structures to my house and detached structures from my house which will be impacted by the change in TRP.

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I am going to use my example to show why I think that Proposition 25 just does not work at all and why we are making a rod for our own back. I do fully accept that the current discrimination between barns that are attached to your house and sheds that are detached from your house is not entirely fair. But the solution of trying to get a usage-based determination I think is going to create a quagmire of appeals and determinations and redeterminations that I really do not think we want to go down.

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In my case, and I do not do this on my behalf but I think it is going to be replicated hundreds, if not thousands of times around the Island, I have got a lean-to greenhouse. It is not a conservatory, I never sit in it, I grow lots of tomatoes in it, so great, I go out for benefit, my rateable value will go down because at the moment it is part of my property but it is going to be greenhouse rates in future.

3155

I have also got two detached outbuildings. One of them is a semi-derelict pigsty with an outside toilet attached. (*Interjections*) If Deputy Ferbrache is feeling nostalgic he can come round and give it a go! (*Laughter*) I do not think I use it domestically but, according to the definition in here, storage is included. I use it for my log pile, for my wood-burning stove, so that is storage. But I will make an appeal to have the lower rateable value and I will chuck all the wood outside and put a tarp over it. Being a Member of this Assembly, it will stay there but 99 other people out of 100, once the rating inspector had been around, would shift all the logs back in again and never see them again, but would be rated at a lower rate.

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I also have an asbestos shed, a very large one, it used to be a packing shed. It is about half the size of my house. So I am going to make absolutely sure that that is not rated as domestic, otherwise my rates are going to go up hugely. I hardly ever go into it, but I do occasionally put some garden furniture in there over winter and I have got, in one little corner of it, a very large chest freezer where I store my aubergine, tomatoes and peppers that I grow. I do not know if that is atypical. Again, if that is going to mean that it is storage and the whole thing is turned into domestic usage, then that freezer will come out. I do not know if there is room for it in my house. I will probably start, instead of growing things for myself, buying them from the supermarket instead.

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As I say, I do not expect Members to take a blind bit of notice of my situation but I just think, particularly in the country parishes and the older houses, we are going to have hundreds of people saying, 'No, I am not using it as domestic,' and huge disputes. So I really counsel people to

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vote against Proposition 25. Not to say the current situation is fair, all I am saying to P&R is have another go at finding a solution that actually works.

3180 While on the subject of P&R, I do want to talk about the impact of the TRP escalator on home-owning pensioners on modest income, something that has been referred to earlier on by Deputy Fallaize. Now, Deputy Le Clerc gave me some very pertinent figures three weeks ago: 81% of pensioners own their own homes, but of these 60% are on incomes of under £40,000. In other words, just to put that into some sort of context, their entire household income is lower than the basic pay of an individual Deputy.

3185 Okay, while that statistic is quite illuminating for those who see wealthy retired people at every corner, forever on cruises, as being the norm these days, it does not really unduly worry me that stat, because it is the sort of income that they can probably manage on. What is far more alarming is that half of those households are on gross household incomes below £20,000. Frankly, at that income level, home-ownership ceases to be a privilege, it becomes a burden instead. You start to dread the next significant maintenance or repair bill. Even your annual insurance renewal punches a huge whole in your budget. It is a classic case of asset rich and cash poor. (**A Member:** Hear, hear.)

3190 But while we as a Government may view their properties as assets, most of them do not. They are their homes, the places where they have lived their lives and where their memories were made. So they will stay there as long as they possibly can. It does not matter if those homes are worth £400,000, £500,000, £600,000 it does not help them pay the bills. So I worry against Proposition 24, which is not about this year's TRP but about the plans for the future, for eight-point-whatever per cent for the next five years, or whatever it is, and I intend to vote against it.

3195 But by doing so I am not saying that I will oppose future increases in TRP, because I do believe that most Guernsey households probably could afford to pay a bit more in property taxes. Rather, I am saying that I will only sign up to an ongoing escalator over the years ahead if and when a way is found to protect asset-rich and cash-poor pensioners.

3200 Now, Deputy Fallaize mentioned one way of doing it: deferred payment. I think that probably only works if you offer that to people over 75, because otherwise it could be many years of rolling up their property taxes and, anyway, all the stats show that it is older pensioners that tend to be the poorest pensioners. But that is just one idea.

3205 Certainly, forcing people to downsize against their real wishes is not a policy that I can sign up to. (**Several Members:** Hear, hear.) Let me add that I do not regard permitting private equity release schemes, which by and large represent supremely bad deals for the property owners, would be an adequate solution either. (**Several Members:** Hear, hear.)

3210 On the subject of pensioners, I do have to ask a simple question: why has this Assembly been so harsh on them? We have significantly reduced the real value of their personal tax allowances and I have tried twice; twice I have laid amendments to try and overturn that policy and failed on both occasions. As I was just saying the relentlessly increasing rises in TRP have almost certainly hit property-owning pensioners on low incomes the hardest. In fact P&R do, to their credit, acknowledge that in their Budget Report. And these poor, home-owning pensioners, are legion, as the statistics which Deputy Le Clerc pointed out, reveal.

3215 Frankly even the new waste charges and I know it was not the intention, have tended to hit pensioner households amongst the hardest. Typically, these households produce very little waste which, okay, it means they save a little bit on their stickers but they are still expected to pay the best of £200 a year in fixed charges. Ironically this may very well represent a big reduction for those living in very big, fancy houses, because the charges from the parishes used to be based on TRP and it is now called household poll tax. But it would still represent a stiff increase for the typical pensioner household in a relatively modest property.

3220 None of these may be game changers in themselves but cumulatively I think that it amounts to this Assembly having, intentionally or unintentionally, been very unfair towards pensioners. I know some will seek to dismiss these comments as electioneering, because of the timing, but I would point out that these are sentiments that I have been expressing since the first few months of this

Assembly and I really do feel them very strongly. Frankly it shocked me and it is an attitude I have never come across in any of the other Assemblies I have served in.

3230 Now, I am told, sir, that it is all about inter-generational fairness. Well, actually, growing old is quite tough. I do not know myself, I hear this second-hand, of course! (*Laughter*) But growing old is quite tough. Suddenly the things you used to take for granted, like your health, like being able to maintain your own home and garden, like being able to take on a bit of extra paid work when needs be, are no longer the given that they once were. And most civilised societies recognise this

3235 and give some perks, actually, to their elders as a result.

This is not unfair, this is not inter-generational unfairness. It is quite the opposite. I will be very sorry if Guernsey was to become an exception to this caring attitude. Yes, I know there are plenty of examples of well-to-do pensioners with healthy, occupational defined benefit pensions who spend time going on cruises. Maybe one day that will be the norm. But the figures show clearly at

3240 the moment that it is very much the exception to the rule. I do not know why Deputy Smithies is smiling; maybe he feels I have been talking about him! (*Laughter*) If I was, he is very much the exception to the rule.

The fact is that in Guernsey most pensioner households tend to be low income and, as a Government, we should recognise that in our policy-making, and we definitely have not done so

3245 during this term. We are definitely not doing so today. I ask Members to look at the graphs or the bar charts, or whatever they are, on pages six and seven of the Budget Report, starting with page six. That bar chart shows clearly that, expressed as a percentage of household income, the totality of attached measures in this Budget will add just 0.05% to the tax liability of those households with the very highest incomes. But it will add 0.3% of household income in the tax liability of those

3250 with the very lowest incomes.

So we are hitting, relative to their income size, the very poorest six times harder than the very richest. How is that equitable? Then look across to the next page, on page seven. The bar chart there shows that, as expressed as a percentage of household income, it is the single pensioner who is the hardest hit at just over 0.3% and pensioner couples next hardest hit, at just under 0.3%.

3255 So we are hitting the poorest the hardest and we hitting pensioners the hardest. If you are poor and old, which is actually quite a typical household, then it is a double whammy to a sector of our community that was identified by the Townsend Foundation, the people who have probably done the most exhaustive and impressive work on poverty in Guernsey, as one of the biggest groups prone to poverty – together with large families on low incomes as well, and

3260 actually I will come onto that on the next policy letter that we are due to debate when we get to it.

Sir, I have looked at these Budget proposals to see if there was any sensible way to amend them this year to address my concern over pensioners. And I admit defeat, I could not see a good way of doing it. What is needed, in my mind, is a completely different mindset towards taxation.

3265 My *cri de coeur* is this: if we are going to have another review of Guernsey's tax policy, and I agree that we need one, then please can those working on it – and I happily volunteer myself to be involved if there is room – try to give some protection to low-income households and in particular pensioner households.

One thing is for sure, a regressive tax like GST is not a very good starting point. (**A Member:**

3270 Hear, hear.)

We have been asked not to pre-empt the January debate and I will try not to in any great depth but this Budget has flagged up some possible long-term measures, such as GST, and such as a health tax, so I am going just to give my starter for 10.

3275 If our revenue needs to be increased significantly and that requirement is largely being driven by Health & Social Care costs, then this Assembly is going to face some difficult choices. Firstly, whether to do it at all or just to accept a second-class health service – and I am not describing today's health service, I am describing where it will be heading if we do not change the quantum of income that we raise.

3280 In a way, Guernsey is facing a Sark-style dilemma, to me. Does it keep a very small and restrictive set of public services in order to live on a shoestring? Or does it keep up with the modern world, but by doing so and paying for that, risk ruining its competitive edge through higher taxation? In the answer will almost certainly be a compromise between those two extremes, because both extremes will be disastrous for our economy. We will not thrive as a high or even a medium-tax community.

3285 Being brutal, we do not have sufficient other USPs to attract and obtain business. But neither would we thrive in the long term if we have substandard public services. We will not attract the talent we need to the Island to populate our quite complex and sophisticated economy if those public services are substandard. For example, if the people we are trying to attract know that if they fall ill they will be denied the treatments that they would have received of course if they were residents of Jersey or England.

3290 I accept that particular example is a bit of a hobby horse of mine but, actually, the changes to our public services as a whole. Many people will simply not want to live and work in a community that does not deliver decent, modern, inclusive, affordable services to its citizens when they need them. Such services are, alas, getting more expensive to provide as society changes. I do not think we can afford to replicate everything which bigger communities can provide. We simply do not have either the economies of scale or the tax base. But neither can we just ignore the need to do at least the basics which every other civilised society is doing, and to do them well and in such a way that they are affordable for all and not just the rich.

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3300 Sadly, with a more complex world, one where more is possible, particularly I think in the area of health care, that is going to cost us more than it has hitherto. That funding problem has been made significantly worse by the ageing demographic. But fortunately, for the sake of Guernsey's competitiveness, the cost pressures of an ageing demographic is a problem which is actually being faced by just about every other developed community as well, so they are going to be having to respond by actually raising more revenue to tackle it too.

3305 My conclusion, sir, is that the States is, perforce, going to have to raise significantly more revenue than it has traditionally done. If that statement costs me my seat next year, so be it. No amount of shallow populism can change hard facts.

3310 So the second difficult choice is going to be: how do we do that? How do we raise more money to pay for the baseline of decent public services that Guernsey people deserve and demand, and to cope with an ageing community?

3315 Here is the dilemma as I see it. The fairest way to raise more money would be to relate those additional contributions that we expect the community to make to income. But that would maintain a very narrow tax base. The most stable and resilient way to raise extra income would be through completely different measures, such as consumption taxes or property taxes, which actually risk being regressive in places or at least having unintended consequences.

3320 The two leading examples being put forward for consideration in this Budget Report are a GST and a health tax. I am totally against the GST but, perversely, if I end up losing that argument and one is introduced, I would counsel that it should be set at quite a high level, because the cost of administration of such a tax would be the same whatever the rates. Also, if it brings in more income then extra targeted measures could also be brought in to at least ameliorate the impact on those on lower incomes.

3325 For a start, we would need to have significantly higher tax allowances, which would of course help those on modest incomes but it would not help the very poorest because they do not pay tax now. So Income Support would probably need to be both strengthened and extended, i.e. you would have to pay out more and to more people in order to cushion the poorest from consumption taxes.

3330 All of that said, I would much prefer we did not go down that road at all. I would vote for it if it was absolutely the only way to maintain decent public services but at the moment I am wholly unconvinced that it is the only way and I worry that we are being led by the hand in a way that –

I give way to Deputy Smithies, sir.

Deputy Smithies: Oh, thank you Deputy Roffey.

You referred to my apparent amusement during your speech earlier. I do plead the 'Priti Patel' defence here. The present arrangement of my features was reflecting my agreement with what you were saying, but you mentioned GST and that is complete anathema to me.

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Deputy Roffey: Then very much you are still agreeing with me because what I am worried about is, in an unsaid way, we are being led by the hand back towards P&R's favoured solution of GST. While I would vote for it if it was absolutely the only way to maintain decent services *((Interjection and laughter))* I do not think we have reached that position.

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I am slightly more positive about a health tax, whatever that means, even though I know the concept was rejected, I think by a single vote, by the States of Jersey. Exactly what form it should take is another matter. I would want it to relate to the ability to pay but I would not want it to be a simple add-on to Income Tax. If you are going to do that then you may as well just tweak the Income Tax regime instead.

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That of course is another possibility. We could tweak our Income Tax regime. But there are two problems: a change in top line Income Tax rates would be mercilessly exploited by our competitors, even those like Jersey, which as the figures P&R have given to us show clearly, actually tax far more heavily than we do at the moment, but it would just be a gift to them if we increased our tax top rate.

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Secondly, more importantly to me, I know P&R argue that in this Budget that our tax system is becoming more progressive and it probably is, but I still do not think it is progressive enough and, actually, a properly devised health tax could actually change that considerably if it was levied against the people who could afford it most.

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So a tailored and bespoke health tax could move us further in this direction in a way which is less likely to be a shot to the foot than any 25% top rate of Income Tax would be. But sir, as I say, this Budget mentions those two options, but we should not fall into the trap of thinking that those are the only options. **(A Member: Hear, hear.)** If we are forced to raise more revenue, it is not a straight choice between general GST and a health tax, there are a myriad of other possibilities. I will mention just three.

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If we are serious in our assurances that we want to do something about climate change, we could bring in some targeted green taxes. I am not against that but of course there is a serious flaw. Such taxes either tend to be very good at changing behaviour or at raising revenue but they cannot really tick both boxes at the same time, at least not in the long run.

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We could, heaven forfend, charge commuters for parking on valuable public land **(Two Members: Ooh!)** and at least get some modest return on valuable bits of real estate, which are owned by 60,000 Islanders but only habitually used by a tiny fraction of that number. I will let you into a secret: it would not be very popular. *(Laughter)* I will give way at the end of this paragraph, Deputy Fallaize.

3370

I will let you into another secret: neither would be any other revenue-raising measure you attempt to put forward. And yet another secret: neither would be providing second-class public services. It is a conundrum requiring us to step up to the plate and make really difficult decisions. **(A Member: Hear, hear.)** The timing that we are being asked to do it is not the easiest but that is what we have to do.

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I will give way to Deputy Fallaize.

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Deputy Fallaize: Would Deputy Roffey accept that he directly compared a general sales tax, consumption taxes and a health tax and raising Income Tax, with paid parking and environmental taxes? That is just not a like-for-like comparison because, even if the principle of paid parking was accepted, it is completely inconceivable that the rate would be levied at the rate necessary to generate the equivalent kind of income that could be generated from consumption taxes.

I think the point I am coming to is: does he not accept that actually the options before the States in terms of raising revenue are very much narrower than he is suggesting?

Deputy Roffey: The review that is going to take place, I assume we are going to vote for it taking place, will have to decide what quantum of extra taxes we need and then look at how we can actually do that. All I am saying is, probably, if we want to do heavy lifting there is a limited number of options that we do that; but I do not think we should just be tunnel-visioned, I think there are a number of ways that we can actually increase the revenue, if we want to. I know there will be some that will come on to say, 'Small Government' – we are all Marxists and we should actually be closer to Sark than we are at the moment, and that is what my party will say at the next election! (*Laughter*) (**A Member:** Yes.) It might even be the same first name as me, but we will see!

Sir, I have got a further suggestion to increase revenue and that is to consider limiting the circumstances in which personal tax allowances are transferable between spouses and partners. (**A Member:** Hear, hear.) Now, I know some at P&R think they should never be transferable and the clue is in the title: '*Personal* Income Tax allowances'. I think going that far would be supremely unfair. Why should household A, where both partners have an income, get the first £22,000 tax free? But household B next door on a similar income, but where only partner is *able* to work, only get £11,000 tax free?

So I would continue to allow transferability where only one partner is able to work. (**A Member:** Hear, hear.) That maybe because of very young children or disability or illness or caring responsibilities, or one partner being past normal retirement age or any other of a myriad of valid reasons. Would that be hard to determine? Not at all. We do it now. We do it already when we look at Income Support claimants and deciding if they are available for work.

But the other group of households where personal allowances tend to be transferred between spouses or partners is where both are clearly able to work but there is simply no financial need for them to do so, as the income from one partner is quite sufficient to maintain the entire household. In those cases I think there is a strong case for stopping the transferability of personal allowances and I recommend that idea is looked at as part of the proposed fundamental review of taxation.

Sir, those are my three offerings; there are plenty more. For instance, one amendment which narrowly lost talked about windfall taxes on planning gains. I think that is worthy of looking at. I wanted it looked at more in the round than the narrow circumstances that were put forward, but I do not think it is a bad idea, I think it could have legs.

Just before closing, sir, I want to say a few words about demographics. I know some will say that if the need for higher taxes and charges are being driven partly by an ageing population then the easiest answer to our financial pressures is to correct that trend through allowing significant useful immigration. Do not listen to those siren voices. It does not work; or, rather, it only works in the short term.

An older age profile is the new normal for developed societies and we are going to have to adapt to it sooner or later and it will be just as hard whenever we do it. So far better to tackle that devilishly difficult societal change now than kicking it down the road, although I know it will be another set of politicians that have to deal with it if we kick it down the road, but it will still be Guernsey. It will still be Guernsey but they will be having to deal with it when Guernsey's population is north of 70,000, a process currently going on apace.

Finally, sir, back to the question what size our Government should be. Should we be another Sark or should we be another UK? As I said, I think the answer has to be somewhere in between. We surely want to be a fairly sophisticated society. With all respect to Sark, which is a community I absolutely love, we would not be able to attract and retain the sort of workforce that we need in our relatively complex economy if we pared our services down to the bone in the way that they have.

Nor would our citizens stand for it. It is not what they have been used to. But on the other hand, we do not have the economies of scale and those of us who actually tend to support spending programmes more than, perhaps, some others, need to realise this. We do not have the economies of scale to do everything that bigger countries do. Nor do our citizens want a

3435 transition suddenly from a low-tax to a high-tax society, even if that had not got the potential to rapidly wreck our economy.

3440 So, sir, we have to find the Goldilocks point. We have to find the sweet point on the Sark/Sweden axis of small-to-big Government. Now, it may be unpopular but I have to say here and now that I agree with P&R that, with an ageing demographic and a more complex world to deal with, some increase in tax take is unavoidable. I think it is a shame that we are not able, actually, really to talk about that in the context of the Budget and we want more funding for next year and we are going to have a separate ... I understand that one is business as normal and one is where do you want the step-change; but I do not know, I just think we are talking about how we finance our public spending going forward, and we are doing it in two divorced chunks and I find that unfortunate.

3445 So, sir, I am convinced we are going to need to increase our tax take. That probably will cost me my seat. I know it is a difficult message because human nature is to demand excellent services coupled with very low taxation. Who would not want both? Likewise, it is human nature for Deputies facing re-election, in a few months, to be tempted to promise both. But that would be wilful deception.

3450 My message to Members is, please do not do it. But frankly I doubt that appeal will be successful.

3455 **The Bailiff:** Before we have any more speeches in general debate, the further amendment has now arrived, so it probably makes sense to deal with that amendment before we continue further with general debate. So if that could be distributed to everyone?

Some Members, I think, may have already received it by email.

Does everyone now have a copy of amendment 20? Yes?

So, we have amendment 20, to be proposed by Deputy St Pier, seconded by Deputy Trott. Deputy St Pier, would you like it to be read for the benefit of those listening?

Amendment 20

To direct the Committee for Home Affairs to seek to reprioritise its 2020 budget to fund £100,000 of additional training for Law Enforcement and, if it is not possible to do so, to direct the Policy & Resources Committee to consider making available a maximum of £100,000 from the Budget Reserve in 2020 for this purpose.

3460 **Deputy St Pier:** I will read it, sir.

This amendment is to replace Proposition 8A with:

To direct the Committee for Home Affairs to seek to reprioritise its 2020 budget to fund £100,000 of additional training for Law Enforcement and, if it is not possible to do so, to direct the Policy & Resources Committee to consider making available a maximum of £100,000 from the Budget Reserve in 2020 for this purpose.

3465 Deputies Lowe and Leadbeater won the vote on amendment 14, fair and square (*Interjections*) (**A Member:** Accept it!) and that is accepted. But the Policy & Resources Committee nonetheless feels that we do have a responsibility to present an opportunity for the States to approve this in the same terms as the decision yesterday on biodiversity. It is entirely a matter for the States whether they wish to do so but I think the States ought to be consistent in terms of the access to the Budget Reserve.

It is no more complicated than that and the States, no doubt, will be able to reach the decision swiftly, sir.

3470

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

Deputy Trott: Yes, I do, sir. And on this occasion, I reserve my right to speak.

The Bailiff: Deputy Kuttelwascher.

3475

Deputy Kuttelwascher: Oh dear. *(Laughter)*

What is wrong with this amendment, to me, is pretty obvious, it is: 'to direct the Committee for Home Affairs to seek to reprioritise'. Who actually decides whether it has an ability to reprioritise in the first place? That is my problem with this.

3480

Home Affairs could come back in five minutes and say, 'We cannot reprioritise it'. Will they be judged? If so, how? Will they be challenged or will their reply be taken at face value? That is the only question I have got about this.

Thank you, sir.

3485

The Bailiff: Deputy Tindall.

Deputy Tindall: Thank you, sir.

I often consider consistency extremely important and whilst obviously it would be interesting to hear what Deputy Lowe on behalf of Home Affairs considers about this, but it seems to be very reasonable and, to coin a phrase, 'What's sauce for the goose is sauce for the gander'.

3490

The Bailiff: Deputy Merrett.

Deputy Merrett: I do not know about consistency. The consistency, sir, would be if P&R had discussed with Home Affairs the way it has done with E&I. That would be consistency. This to me, I think, I am pretty sure, because it was before lunch and I am *very* tired at the minute, which I apologise for, but I am pretty sure I did a *je ne vote pas* on this because I was just between a rock and a hard place.

3495

I would have supported P&R on this if they had laid it and if the communication consistency had been there. I am surprised. Should I be? Yes, actually I should be because I do believe that we all try to have integrity.

3500

I will listen to what Deputy Lowe has to say and how Deputy St Pier sums up. But if Deputy St Pier, or P&R – sorry, I will not personalise it to one particular Deputy because I appreciate it is a Committee – if they can advise me as to why, if they want consistency of offering to States' Members, they did not place this amendment at the same time as they did one for E&I? **(A Member:** Yes.) Well, if they can answer that, that would be appreciated.

3505

This really concerns me, that we are acting in this manner and that, if we do want consistency, as Deputy Tindall said ... I think what I am getting at and I am going to be brusque, for which I apologise, but we have political Members with Presidents of Principal Committees who are serving our community. I want Presidents and political Members to act in a certain way with integrity and consistency and I am *very* concerned that this has not happened in this regard.

3510

If Deputy St Pier can tell me, or advise me, as to why P&R believe this consistency should now be sought between these two amendments, when they had both amendments from E&I and Home Affairs in plenty of time, we all played by the Rules for getting them in on time, and why they have decided to lodge this mid, actually now, general debate? If he can give me any comfort in that regard I will certainly be listening, as I always do.

3515

But I will also listen to Deputy Lowe, because she clearly has not had time to consult her Committee on this amendment. In fact, her Vice-President, Deputy Leadbeater, is not in his seat. I cannot see the rest of her Committee. Oh, yes, I can. And Deputy Oliver, also on the Committee, is not in her seat. Deputy Lowe is actually only just quorate if she was in a Committee. Yes. But her Vice-President is not here.

3520

Okay, I am going to sit down because I cannot wait to hear what these Deputies have to say.

Two Members: Hear, hear.

3525 **The Bailiff:** Deputy Ferbrache.

Deputy Ferbrache: Sir, I very much agree with the points raised by Deputy Merrett. But perhaps a bit – (*Interjection*) She is always direct, sir. I do not know how to be more direct, but if it is possible to be more direct than her I am going to be. This looks like an appeal against a judgment that they did not like, (**Several Members:** Hear, hear.) laid by the States.

3530 Deputy Lowe and Deputy Leadbeater, under the Rules, have to lay their amendments at a certain time before, because it was going to affect the Budget. So Deputy Trott and Deputy St Pier, the other Members of P&R, knew what a possible result of the amendment could be, i.e. it could be successful.

3535 They could have entered into the kind of negotiations they did with Deputy Brehaut and his Committee and if those negotiations were not successful they could have laid this amendment. And that amendment probably would have been a matter for the Bailiff – I nearly said ‘the learned Bailiff’ because I address him in different contexts – to have decided that those two amendments would have been heard together and that would have made more sense.

3540 Also, we know Deputy Leadbeater has strong personal reasons, sometimes he has got to absent himself, through no fault of his own, from this Assembly, to deal with personal matters. I notice someone is coming into the Assembly, whether it is Deputy Leadbeater or anybody else? Oh no, it is the Court Usher going out! (*Laughter and interjection*) It is nearly Christmas, it could have been Father Christmas; or it could have been the new producer of the James Bond films to ask if I am going to take over from Daniel Craig. But let’s go back to the real world.

3545 The real world is that Deputy Lowe is at a significant numerical disadvantage now. The amendment was passed, I think, 19-17 or something like that. Some of her supporters have gone, through no fault of theirs, they have had to do other things which we, as Members of this Assembly, accept. Oh, Deputy Oliver has come back, we are very pleased about that.

3550 If this amendment is to be debated then I would suggest – and we are not going to finish the general debate until tomorrow – that this is deferred until tomorrow, (*Interjection*) so that everybody who might want to vote or might want to participate in this debate, including perhaps Deputy Leadbeater, could be present. But if we are forced to vote on it today, I think it is bad form by P&R. I think it *is* bad form. I think they have realised they have lost something.

3555 Deputy Lowe has already said they cannot prioritise within their budget, if I have understood her correctly, that was her speech before, she made that point. So what is the point of this amendment?

3560 So my suggestion is that we defer it until tomorrow, to give those who are not able to be here this afternoon, through fault of theirs, the opportunity to participate including the Vice-President of the Committee. But if that is not acceptable to this States, then vote against it on the basis that this matter has already been fully debated.

Several Members: Hear, hear.

3565 **The Bailiff:** You have asked that it be deferred until tomorrow. I will ask Deputy Lowe whether she would like me to put that to the Assembly. Deputy Lowe, would you like me to put it to the Assembly that it be debated?

3570 **Deputy Lowe:** Yes please, sir.

The Bailiff: Because your Committee has not had an opportunity to consider this. I put to you the motion that further debate on amendment 20 be deferred until tomorrow morning. Those in favour; those against?

Members voted Contre.

3575 **The Bailiff:** It is defeated. So, Deputy Trott.

A Member: No!

Deputy Trott: Thank you, sir.

3580 **The Bailiff:** You want a recorded vote, do you? Okay. A recorded vote on whether to defer it.

Deputy Trott: You had already called me, sir.

Two Members: Sit down.

3585 **The Bailiff:** Okay, I had already called you. Sorry. If we are being sticklers, I will be much more strict in interpreting the Rules.

But you may speak Deputy Trott, I have called you.

3590 **Deputy Trott:** No, no, it was wrong for me – *(Interjections)* You are quite right, sir.

The Bailiff: We will have a recorded vote on whether to defer this debate until tomorrow morning.

3595 **Deputy Trott:** My apologies, sir.

The Bailiff: My apologies too. It has been a long debate!

There was a recorded vote.

Carried – Pour 25, Contre 9, Ne vote pas 4, Absent 2

POUR

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Ferbrache
Deputy Kuttelwascher
Deputy Gollop
Deputy Parkinson
Deputy Lester Queripel
Deputy Le Clerc
Deputy Le Pelley
Deputy Merrett
Deputy Meerveld
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Graham
Deputy Green
Deputy Paint
Deputy Brouard
Deputy Dudley-Owen
Deputy de Lisle
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver

CONTRE

Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Trott
Deputy St Pier
Deputy Dorey
Deputy Le Tocq
Deputy McSwiggan
Deputy Langlois

NE VOTE PAS

Deputy Stephens
Deputy Fallaize
Deputy Hansmann Rouxel
Deputy Soulsby

ABSENT

Deputy Leadbeater
Deputy Mooney

The Bailiff: I obviously called the *aux voix* wrong, *(Laughter)* yet again! *(Interjections)*

3600 **Deputy Lowe:** Sir, while the counting is taking place, could I just thank Members for giving me the opportunity to discuss it with my Members tomorrow, rather than defer and have 10 minutes while I discuss it with my Members. At least I can do that overnight without delaying the debate on the Budget.

3605 **The Bailiff:** The voting on that motion to defer debate on amendment 20 to tomorrow, was carried by 25-9; 25 votes in favour, 9 against and 4 abstentions. We will resume that debate tomorrow morning and in the meantime we will continue with general debate.
So, who wishes to speak next? Deputy Green.

3610 **Deputy Green:** Sir, thank you very much.
On behalf of the Scrutiny Management Committee, I will make comment now on the Budget for 2020 but I will reserve my own personal remarks for the end of this speech which, in any event, will be brief in that regard.

3615 Sir, my Committee would like to express disappointment with a number of aspects of this Budget. But before turning to those areas of disappointment, it is right to reflect that the 2019 projected income is some £12 million higher than budgeted, due to additional tax receipts of some £6 million, a very welcome £2.5 million increase in the income from Document Duty, rather reflecting some recovering strength in the local property market. I would also add that the inclusion of impact data on households, right through the income deciles, plus the data which is contained in Appendix II, is a very welcome addition to the overall feel of this Budget Report.

3620 But where my Committee is disappointed is as follows. Firstly, it is disappointing that so little progress is being made on savings to expenditure, as per the Medium-Term Financial Plan. Paragraph 5.35 of the Report tells of a shortfall of £7.1 million in savings, compared to the central estimates set out in the original financial plan. Whether this failure so far is attributable to inaccurate forecasts or an underperformance in delivery or both or otherwise, my Committee intends on continuing its programme of scrutiny on the transformation agenda because we rightly see it as a vital component of any balanced States' policy. (**A Member:** Hear, hear.) Indeed, our series of public hearings on this subject matter, earlier on in this political term, repeatedly led us to warn of a worrying lack of progress being made and we were something of a canary in the mine, in my submission, sir, in terms of where we are now.

3630 Secondly, my Committee appreciates the need for Policy & Resources to balance the Budget but we express real concern and caution in terms of reducing, once again, our financial outlay into the Capital Reserve in order to do so. Investment into the Capital Reserve, or indeed actual public investment into well-crafted public infrastructure, is or should be a vital component of good States' policy. But the short-term temptation of underfunding capital accounts is potentially worrying and may come back to bite us in the end.

3635 Thirdly, we are concerned by the fact that total public spending is rising above the rate of inflation and the burden on taxpayers continues to grow. We would have appreciated a much more detailed narrative in the Budget Report, with more specific, detailed information set out, as to why big increases in expenditure for, in particular, the Committees for Health & Social Care, and for Education, Sport & Culture, are fully justified. It does appear to the uninitiated that the earlier discipline of this political term has been eased somewhat and, in such circumstances, the burden of explaining the need for extra investment with detailed specifics becomes all the more necessary and apparent.

3640 One of the major themes in this Budget is the higher or newer forms of taxation that potentially may need to be considered because of the rises in the totality of public sector expenditure, despite the efforts undertaken so far to curb it. My committee is concerned that the idea of introducing additional taxes, when the public sector has not yet been able to deliver anything like the levels of efficiency it promised at an earlier States' political term, is unacceptable.

3650 In my Committee's view, any decision to increase the tax burden should only be taken after all reasonable steps have been taken by this Government to minimise waste and to maximise

efficiency. The Future Digital Strategy, allied to the headline policy of removing 200 or so public sector posts, remain the source of major and substantial savings opportunities and Government must not take its eyes of that potential prize, in the view of my Committee.

3655 Regardless of the pressures on public spending those of us who are lucky enough to sit in this Chamber have a duty to our constituents to act as prudently as possible on their behalf and now is not the time to forget our part of the bargain that was struck as part of the essence of the Medium-Term Financial Plan only a few years ago, that yes we would raise additional sources of revenue from the community but we would also trim Government to make it more efficient at the same time.

3660 In many ways, sir, this Budget is not quite a Budget. P&R are proposing a tax review with potential new or additional taxes to be debated in January and we also have the proposed piece of work on an air route governance framework at Proposition 38. So two key planks of this Budget are, in effect, put off for another day. But the point can be made, sir, that on both the narrowness of our tax system and indeed on the inadequacy of what we tell Aurigny to do in terms of its purpose, we have known about these challenges for years. But it is only now, when we get to something of a crisis point, that the lead Committee of the States brings these Propositions and makes these suggestions for tackling these issues, when there was ample opportunity to do so earlier on in this political term. **(Several Members: Hear, hear.)**

3670 Sir, on the subject specifically of Aurigny, clearly the mounting losses of Aurigny rising from £3.7 million in 2018 to a forecast £7.6 million this year and a projection next year of £9.6 million, Members will have noted that last week the Scrutiny Management Committee and the States' Trading Supervisory Board jointly published an Aurigny Efficiency and Benchmarking Review and, hopefully, this report is the starting point in actually getting to grips with the current issues facing Aurigny and hopefully creating an aviation strategy for the Islands, which is agreed right across Government.

3675 This needs to acknowledge the role that can be played by Aurigny in the future and should outline the way forward in terms of how the Government manages its relationship with Aurigny. That review process, which started in May of this year, was undertaken by Nyra and has now been published and includes the results of the cost benchmarking analysis which did show that Aurigny was, generally, competitive in terms of its operational management with its peers.

3680 Nevertheless, it has identified opportunities where more detailed work would be of benefit, including crew and maintenance costs. The Budget Report for 2020, of course, provides a platform for this work to continue, and I hope that the States will support the Propositions to develop a much clearer strategy, moving forward.

3685 Government Departments, in my Committee's view, need to work together collaboratively from hereon and they should never be at cross purposes, because ultimately it is the public who foot the bill for many of these decisions. The Policy & Resources Committee admits a co-ordination failure over air route policy and wants to develop a coherent Government framework through a review by all of those involved and it is my Committee's view that it is now essential that decisive action is taken in creating that aviation strategy for the Islands, which is agreed right across Government.

3690 So turning to the issue of delegated authority and, now, I believe it is only the one Proposition that we are concerned with, which is Proposition 9. This is an area of concern to my Committee in terms of delegated authority. Paragraph 5.75 of the Budget Report, the Policy & Resources Committee is requesting an increase in delegated authority, the one that remains is in respect of the People Plan, which is to increase the delegated authority from £500,000 to £1.25 million.

3695 I think my Committee would have liked to have seen a greater narrative in the Budget Report, in terms of what the argument for that was, because we could see no particularly clear justification for that increase in delegated authority being put forward. We would ask the question: which projects in particular would have had a cost approaching more than £1 million? It would have been helpful to have some more detailed information about that.

3700

I now turn to proposed changes in taxation and the corporate tax rate, clearly, does continue to shift away from the Zero-10 structure, with more companies becoming obliged to pay 10%. Indeed, it is surprising to hear that many new cannabis-related businesses will be subject to a 20% corporation tax rate. We wondered, as a committee, whether that was the right way forward and wondered perhaps if it was an area where tax incentives may have been useful for a new business, a cutting edge business, so why that decision was seeking to be made in respect of the 20% rate.

In the Budget Report, and this is at paragraph 5.51, there is a concern from my Committee about the proposed 20% charge on the unincorporated trading entities and whether that will actually impact the end user. There is concern that this might be seen as a thinly veiled attempt to raise taxes via the back door, so we would require some comfort on exactly the shape of that, to come.

If the proposed increase of 10% – more than three times inflation – for domestic TRP is approved, this will mean that domestic TRP has risen 47.6%, in real terms over the last five years. It is also proposed that from 2021-25, domestic TRP is additionally increased by 8.8% each year, which is of course way above inflation.

I now turn to the issue of in-work poverty. Sadly, once again, my Committee can only reflect on the fact that P&R has chosen not to advance any particular policies in relation to alleviating in-work poverty and we would consider that to be simply nowhere near good enough.

So, sir, in summary, on behalf of the Committee, whilst it is clear that some areas of the public sector require additional funding, and I believe that any decision to increase taxes should only be taken after all efforts have been exhausted by this Government to maximise efficiency and minimise waste, clearly this is a test that has not currently been passed.

In the view of my Committee, we may be able to support *some* increases in taxation, but only unless or until we have demonstrable proof that all of the reasonable efforts have been made to minimise the waste and maximise the efficiency that I spoke about earlier on. It is of course not easy to save money but we cannot expect the public to pay more in tax until the public sector has demonstrated its willingness to become leaner and that, for me, is the greatest failing in this Budget.

Just a few personal remarks and may I take the opportunity to commend the speech that Deputy Roffey made earlier on. I think it was a masterclass in many ways of his analysis of the Budget. I did somewhat balk slightly at some of his comments about GST but I think he did put his finger on one of the key issues about the introduction of GST, which is that it can be potentially very regressive and I know that the last time, in the last States, there was a debate about this, there were all sorts of attempts to try to make it more acceptable by various measures and I think if that is going to be part of the debate in January I would make a real plea for there to be very clear analysis and very clear presentation of the issues in terms of where the burden is going to fall on that.

I seem to remember, from my involvement of the last personal tax review, seeing certain data which suggested that the impact, the burden on the very lowest income deciles was massive, as was our GST, and I really want to make sure that we avoid doing anything that is going to aggravate the position of the lower paid, those people in in-work poverty that we are trying to help.

I think my plea really, generally, in relation to the upcoming tax review is, let's not forget about growing the take in the first place, let's not forget about the case for corporate tax reform, let's not forget about the savings and the Transformation Programme – none of that should go out of the window. There are three areas that I think we could be doing much more on to actually effect change, which would improve the position of our revenue budgets.

But if we are going to consider GST, if we are going to consider a health tax, let's do everything that we can to make sure that the tax system we are framing for the future is a progressive one and that it is not one that will adversely impinge upon those people, the lower and middle-income people in this Island who are already suffering under the tax system that we have got.

3755 I suppose ultimately what I am saying is a plea for balance in these things. I know Deputy St Pier started by saying these things are about balance and he was exactly right to do that. But of course he always said it is always a matter of subjective judgement in terms of where you draw the line. But I think we cannot forget about growing the take in the first place. We cannot forget about corporate taxation and whether we have the right policy there, because I do not think we do have the right policy there; and we cannot forget about the transformational savings because that is a source of massive opportunity.

3760 Just one final thing, which is much more a matter of detail and it is relation to page 71 in the Budget and it was paragraphs 8.8 and 8.9, which is in relation to the financial relationship with Alderney and it did not escape my attention that, if I read out paragraph 8.8, it says:

As part of the package of measures to implement the recommendations of "The Review of the Financial Relationship between Guernsey and Alderney", it was intended that the basis of direct allocation of funding from the States of Guernsey General Revenue Account would change from a Cash Limit to a grant. The only substantial change would be that any underspend / overspend would not be returned to / funded from General Revenue ...

And then it goes on to say:

... following consultation with the States of Alderney Policy & Finance Committee which has confirmed that it would welcome introduction of the revised arrangement, it is recommended that, with effect from 2020, the direct funding from the States of Guernsey General Revenue Account to the States of Alderney is treated as a grant instead of a Cash Limit.

3765 I just wanted to ask what the logic of that change really was and whether that was to an extent pre-empting the change in the financial relationship and what the actual implications of that might be. But that is all I have got to say, sir.

Thank you very much.

The Bailiff: Deputy Parkinson.

3770 **Deputy Parkinson:** Thank you, sir.

3775 I will start with a few general comments about our fiscal policy and then move on to a few specific comments about the Budget for the Committee *for* Economic Development. The fiscal constraints in which the States are operating clearly do need to be reviewed. The Medium-Term Financial Plan is, to put it mildly, in disarray. The savings anticipated in that plan are, to use the official euphemism, 'delayed' and the dividends that it depended on from the STSB are unlikely to ever emerge, albeit I note the plan to tax the unincorporated trading entities as if they were companies.

3780 So, clearly, we start in a bad place because the fiscal plans for the Island are not sustainable, are not being achieved and P&R are quite right to say that a second review is now required. I would like to remind Members, actually, what they set out as the objectives of that review, which is set out on page 13 of the Budget Report. They say:

... terms of reference for a review [*will*] examine options to raise further revenues from corporate taxes and [*from*] the introduction of new taxes in areas such as a ring fenced health tax, consumption taxes, etc. ...

3785 I underline the word Corporate Tax simply because I think Deputy Roffey gave us an extensive speech this afternoon, which did not use the word corporate taxes once. I stand to be corrected, but he is nodding. So the reality is that he has ignored the elephant in the room. My view remains that Zero-10 has served whatever usefulness it may once have had and it persists for now and means that the financial envelope in which we are operating as a Government is simply too tight. It is not wide enough. It leads to artificial choices between funding for different public services and to a gradual erosion of the services our community needs. The persistence of Zero-10 ties all of our hands and it means our fiscal starting point in this debate is a false one.

3790

Amendments to the Budget, of which we have now had 20, are short-term fixes. The long-term solution is to widen the envelope and widen our tax base. Not, I suggest, through a regressive tax such as GST, not through anti-competitive taxes such as capital taxes or inheritance taxes which punish families which save, but through a full reassessment of our corporate tax base.

3795 Through changing our corporate tax system to a territorial tax system with a positive tax rate, we would in my view collect a lot more income from the corporate sector, but we would also help to reposition Guernsey on the world stage. It would be much harder to describe Guernsey as a pure tax haven if we did not have a 0% corporate income tax rate as our standard rate.

3800 We also need to improve our record in capital investment and I know there are a number of big projects coming up and the next States will no doubt be spending significantly more than this States has but the reality is that in this four-year term of Government, pretty well the only major capital investment project the States will have completed will have been the Waste Transfer Station, at £31 million and that is actually a pitiful record of capital investment.

3805 In a small jurisdiction it is particularly important that the Government invests in infrastructure. Clearly the private sector, we hope, will follow the lead of the States of Guernsey but, unless the States of Guernsey gives a lead, the private sector will generally be reluctant to stump up risk capital. So if we encourage businesses to invest we will grow our economy and create, we hope, better and more meaningful employment. The States' apparent lack of investment, or lack of appetite for investment, is in my view a barrier to us attracting the investment that we need from the private sector.

3810 I turn to the budget for the Committee *for* Economic Development and I note that the budget for 2020 is effectively the same as the budget for 2019, which in turn was the same as the budget for 2018. As I said yesterday, Economic Development is the only Committee charged with trying to grow the cake. We are the people who are trying to raise the amount of revenue that is available to the States, through economic growth and which, therefore, will feed into the benefit of every other committee.

3820 Now I have not laid any amendments to this Budget and I recognise the political reality of the world that we live in, pre-reform of our corporate tax system, and we will do our best with what we have got. But I would remark to Members that it is very difficult to cut your way to prosperity and, whether or not one subscribes to the view that the States has embarked on a programme of austerity, and I accept the point that compared with other jurisdictions the budget constraints have not been as tight as they have been elsewhere, but nevertheless the States have on the one hand admirably controlled public spending, on the other hand sadly have underinvested.

3825 But our plan, the Economic Development Strategy, was approved by the States in 2018 and we said we wanted to maintain and grow the industries we had – the finance sector, professional services, tourism and hospitality – and we said we wanted to diversify our economy, for example, to support the digital and knowledge economy, renewable energy, etc. And we said we wanted to be open for business, which means investing in our air links, sea links and our digital connectivity, as well as our long-term skills.

3830 Sir, the same budget year on year is I am afraid for us rather negative. It is, of course, our role as a Committee to prioritise where we spend our budget and we use relatively small amounts of funding from the Future Guernsey Economic Fund to support our various projects and we believe that the small but hopefully meaningful investments are having a positive effect.

3835 We also recognise that the States of Guernsey will benefit from its new relationship through the 10-year Future Digital Services partnership with Agilisys and their partners and we recognise that will play a positive role in helping to stimulate economic growth in 2020 and years beyond. So, good work is being done and successes are being achieved but all these approaches that I have described are basically incremental and we have not got the resources to make any step-change, which could transform our economy overnight.

3840 For all those reasons my personal view is, that the debate that will happen next January or possibly February on the Island's fiscal policy is absolutely fundamental, and we really need to

have a very careful rethink about what the size of the States should be and where our resources should be directed.

3845 In the meantime pending that review, through hard work, a positive approach and small but targeted investments we are supporting the economy as best we can. Business confidence in Guernsey is good and we are holding out, holding our heads above water in the face of a generally negative global outlook. So successes are being achieved. But to truly maintain, diversify and grow our economy, we will have to change the envelope and put more resource, frankly, into growing our industries and growing the economy that we have.

3850 Thank you, sir.

The Bailiff: Deputy Lester Queripel.

Deputy Lester Queripel: Sir, thank you.

3855 As we all know, a Budget rarely contains good news. Governments the world over have a difficult job trying to balance the books and this Budget before us is a genuine and sincere attempt by all concerned to do just that. But like everything in life, it can be improved.

3860 Where this Budget needs to be improved is in relation to Propositions 34, 35, 36 and 37, which focus on wasting even more taxpayers' money by giving it to Aurigny. I urge my colleagues to vote against every single one of those Propositions, sir. Throughout my seven years, six months, two weeks and three days as a States' Deputy I have had major concerns about the way in which Aurigny operates and the way in which the States just sits back and lets them get on with it.

3865 I only wish the Assembly had supported my idea we at least debate the reconfiguration of Aurigny via a requête. I am just, if you will allow me sir, for a moment, in the interests of the openness, honesty and transparency we all attest to aspire to, I would say at this point that the reason I did not pursue that requête was because I needed six colleagues to be signatories on that requête and six colleagues did not come forward. Therefore it was a non-starter.

3870 We continue to waste millions of pounds of taxpayers' money every year and we allow Aurigny to continue to spiral out of control. For some Members of this Assembly to say that Aurigny is going to be reviewed – so what is the problem? That does not make any sense whatsoever. We have been reviewing Aurigny for the whole of the seven-and-a-half years I have been a Deputy and every single one of those reviews has been a complete waste of politicians' time, a complete waste of civil servants' time and a complete waste of hundreds of thousands of pounds OF taxpayers' money.

3875 Now, I do know what I am talking about because I was a Member of the Scrutiny Committee in the previous Assembly that undertook a review of our air links and eventually produced a report, after months of work, which was largely ignored. It now sits on a shelf gathering dust along with many other reports that have been published.

3880 Here is the irony: the result of all those reviews being undertaken is that Aurigny is now costing the taxpayer more money than it has ever done! So surely that is proof that reviewing Aurigny is a complete waste of time and a complete waste of money, because it just ends up as words.

3885 As we know, Aurigny loses millions of pounds of taxpayers' money every year and the States just accepts it. Whatever the figure is, no-one is ever made accountable. That is a great concern to me, because one year it is £4 million, the next year it is £7 million, the projection for 2020 is a loss of £9 million as we are told on pages 74 and 75 of this Budget Report. So the figure increases year on year.

3890 With that in mind, I would not expect there to be an immediate saving, if the sort of drastic and proactive measures I am championing were put in place. That would take two, three, maybe even four years. But if we look at the increases that have been happening in recent years at Aurigny we see that losses of £3 million to £4 million, just a couple of years ago, will rise to £9 million in just a few months' time.

3895 So projecting oneself into the future in four years' time, if Aurigny are allowed to carry on operating as they currently do, then the losses could be as much as £15 million. Deputy Gollop is saying no, but I advise him to do the figures himself and work that out. So it really is time we forced the hand of the Aurigny management team.

3900 How do we do that? Well, we vote against Propositions numbers 34, 35, 36 and 37, to ensure they fail and give the Aurigny management team no other option but to dispense with all the routes they currently operate, except Gatwick, which gives us a lifeline route to the UK; at the same time keeping the route to Alderney, if the PSO can be agreed upon. Forget about establishing any new routes, sell all of their planes and lease four planes to service Gatwick and Alderney.

3905 Those are the kind of drastic and proactive measures that need to be taken to put a stop to this whole Aurigny madness. We give money to Aurigny every year and every year the millions we give increase, not reduce. Even if Aurigny ended up losing £1 million a year on each of those two routes to Gatwick and to Alderney, isn't losing £2 million a year a lot better than losing £7 million or £9 million or £15 million?

3910 Now, sir, no one in this Assembly has come out and said why they are so reluctant to take the drastic and proactive measures I am suggesting. In order that taxpayers, the people who pay for these multi-million pound losses year after year, can hear the reasons why, then someone really does need to come out and say why they are so reluctant and why some Members of this Assembly prefer to continue pussyfooting around with this whole Aurigny issue. Surely there is at least one Member of this Assembly who is prepared to stand up and say why they are so reluctant?

3915 I hope at least one Member does. I am sure Deputy St Pier will give his view on that, when he responds, but there are more in the Assembly than the President of a Committee. I believe the public have a right to hear the reasons why. The reality is this Assembly really does need to shake itself out of its slumbers when it comes to Aurigny.

3920 I liken the devouring of money by Aurigny to the devouring of people by the man-eating plant in the 1960's film *The Little Shop of Horrors*. (*Laughter and interjections*) Now that man-eating plant had an absolutely insatiable appetite and was forever wanting more to enable it to survive, which mirrors perfectly Aurigny's insatiable appetite for money.

3925 To focus on the forthcoming PSO agreement to provide our future service to Alderney, I do have a great concern about that, which is this: Aurigny tell us they lose millions of pounds a year operating the service to and from Alderney. I think the latest figure is almost £3 million but I stand to be corrected on that. Yet Alderney residents constantly criticise the services Aurigny provide, saying it is an atrocious service. So if Aurigny lose £3 million a year providing an atrocious service to Alderney, how much are they going to lose providing an adequate service to Alderney?

3930 Some of my colleagues may be of the view that the PSO will ensure that losses do not occur. But surely that cannot be the case because PSO is just words and no one will be accountable. If I am wrong, then one of my colleagues needs to stand up and tell me I am wrong. I see no-one standing, so my concern still remains.

3935 So why would anyone in this Assembly have confidence in that PSO when all it will be is merely words? If these Propositions succeed all the money will do is buy Aurigny more time in which they can lose more money. And where is the sense in that? The answer to that question, of course, is that there is no sense in it at all, which is why I urge my colleagues to vote against the Propositions.

3940 Now, as I said in the debate on the Deputies Dorey and McSwiggan amendment, there are occasions when I am ashamed to be a Member of this Assembly and one of those occasions is when it comes to our discussing Aurigny. History has proven that the majority of my colleagues are reluctant to take drastic and proactive measures to resolve the problems at Aurigny.

But of course all of that could change today, or when we go to the vote if we reject Propositions 34, 35, 36 and 37 in this Budget – surely to employ the services of the time-honoured phrase, enough is enough, where Aurigny is concerned? Seeing as there is very little appetite in

3945 the Assembly to reconfigure Aurigny, via the requête I suggested some weeks ago, then surely it is now time to force their hand.

Moving towards a close, I appreciate some of my colleagues might consider my logic to be somewhat skewed and some may consider me to be totally off-beam with my views on Aurigny, but I genuinely believe my views are the right views and therefore I ask my colleagues to respect my views as I always respect theirs.

3950 I am disappointed that the amendment laid by Deputies Merrett and Hansmann Rouxel was not given the support it needed to succeed. I voted in favour of it because I wanted to get it into the Budget Propositions, but then I would have voted against Proposition 29AA to double the duty on alcohol. But I did see a lot of value in the other Propositions within that amendment. I was always going to vote in favour of the amendment. I would have explained that in my speech, had I been allowed to make the speech I had written.

3955 Finally, sir, in closing, I ask for a recorded vote, please, on Propositions 34, 35, 36 and 37 when we go to the vote.

Thank you, sir.

3960 **The Bailiff:** Deputy Prow.

Deputy Prow: Thank you, sir.

3965 I rise to make some points which I believe are central to our annual budgeting process. But before I do so, sir, and for any avoidance of doubt, I very much appreciate that the Budget building process is a very difficult process and I thank P&R for the Report and indeed all their staff. I would just like to make that clear, up front.

3970 Also, in what I am about to say, we have just gone through a marathon of amendments and, necessarily so, we have delved down into some detail. The points I want to make, I want to perhaps attempt to crunch up the debate somewhat.

I believe, sir, that how Guernsey Government manages its finances, there are for me two fundamental issues. The first one I would like to deal with is that it is my view that this Assembly cannot, year on year, try to develop any sort of meaningful, joined-up deliverable Budget, unless we base this on an equally developed, joined up fiscal strategy. I said earlier that I think there is one view that the Medium-Term Financial Plan is no longer with us and so I think we do need a joined up, fiscal strategy.

3975 It is evidenced by Proposition 2, sir. We are told that we need, and I quote, to address that:

... the appropriate long-term aggregate limit on States' revenues should be, taking into account the known and estimated long term [*expenditure*] pressures;

Further, sir, it says the 'terms of reference to examine options to raise further revenues'.

3980 So, sir, we are being asked by Policy & Resources in the last six months or so of this States to agree a Budget in a vacuum of any comprehensive understanding of these vital elements. This Proposition asks us to defer these very difficult decisions until January next year but to agree the 2020 Budget today.

3985 Surely fiscal policy must go hand in glove with the budgeting process? I am very sorry to say that by some commentators we have been accused of procrastination during this term of the States in this regard. I refer to section 2.24 on page 12 of the Budget Report, which states, and again I quote:

The States will need to carefully consider the level of public services which is affordable and realistic.

And in 2.26, again on page 12, where it states

... there will need to be a review initiated to examine how public services could be funded in the longer term.

Will need? This Budget already identifies that pressures are already apparent now and I would suggest that the wording should be changed to the past tense, 'should have'.

3990 I think it is a tad misleading to describe all the long-term pressures outlined in sections 2.4 to 2.22 and Appendix II as such. Many have been flagged up during the 2020 Budget building process and before and during many States' debates and whilst they will, without doubt, require longer-term financial solutions they are quantifiable and biting now. For example, changes regarding the funding of NICE drugs and treatments: have we put the Budget cart before the
3995 fiscal policy horse?

The second flaw is our rearranged structure of Government, which this States inherited this term and was untried by its architects. I have mentioned this before and accept that, for Deputy Green and a few others, the idea that this needs debate before we pass it onto another States, does not get much traction. We have become effectively governed by a plan rather than a
4000 leadership team. It is a series of submissions by Committees in a structure devised by P&R. Each Committee submits its policy priorities in isolation.

There is no formal or accountable governance structure, where Committees meet, prior to submission, to consider the overall affordability, the economic context – something that Deputy Parkinson has spoken very well about – Government priorities, overarching priority setting and
4005 fiscal policy. I can think of no other Government system that operates like this. This drives a culture of Committees, including P&R, building budgets based on the last one submitted, rather than applying the so-called zero budgeting philosophy,

Where is the over

arching priority setting within our machinery of Government? If it is left to the floor of this
4010 Assembly it clearly is not working. The effect of this is summed up neatly in section 2.19, where it articulates the concern that the proposals, and I quote:

... taken in isolation, may be compelling and be approved but that the combined impact needs to be given consideration when making decisions.

I submit that our system is the major contribution to this phenomenon.

Devising an annual Policy & Resource Plan, whilst not without some merit, effectively bypasses
4015 and ignores the vital co-ordination of fiscal imperatives as drawn out in the sections I have referred to. Plans have their place but not if they stifle leadership and the co-ordination between the so-called corporate centre and the delivery end of Government – and we have seen that tension, sir, in many of the amendment debates we have gone through so far.

This disconnect is also drawn out in this Budget, whether we look at revenue spending or capital allocations. By way of example, we have very recently, as described in section 2.19, decided
4020 in isolation to allocate a massive £157 million to rebuild our schools. NICE drugs or nice new schools? Neither, sir, does growing our economy feature much in our Budget, a point already drawn out by Deputy Parkinson and Deputy Ferbrache and others.

It is a scarce ingredient indeed in the cocktail of 39, now 40 Propositions, with of course the exception of Proposition 7, as now amended. I completely agree with Deputy Trott about the
4025 value of our financial sector and how vital and how large it is. It is the main contributor to our financial, fiscal income and helps fuel nearly all the other sectors in one form or another. This Proposition, now amended to help Economic Development support green-funding initiatives, which must enhance our reputation, is the only clear economic enabler we have included.

Having said that, the work instructed by Proposition 38, I also help will enable to assist the
4030 tourist and hospitality sector, but that remains to be seen. The hospitality sector, as I have said when speaking on an earlier amendment, is one in need of assistance from this States.

I support the words of Deputy McSwiggan where she identified all committee players that need to come forward to develop a co-ordinated and coherent Government framework in air
4035 connectivity; but we still await a coherent tourism strategy, asked for back in 2016, following a Soulsby/Prow amendment.

Deputy Parkinson used the expression 'growing the cake' in his very good speech around the work of his Committee. We need more such baking in both the Budget build and fiscal policy kitchen.

4040 We should already have a fiscal policy framework that is fit for purpose and one which underpins the Budget and the P&R Plan. Proposition 2 'Review' in my view as said something now we only appear to in budgetary terms to be facing and waking up to. The realisation of the effect of an ageing demographic, spelt out in the HSC Partnership of Purpose, and all the other pressures that they have been warned about for years – it should precede and inform the States' Budget building process, not follow it and not the end of term consideration.

4045 The consequences are laid out and unfold in the Propositions. Instead of looking strategically at our fiscal policy, we must do the same old things. We increase the tax burden on the motorists, the home-owners, the hospitality trade, and increase the contributions made by working people and those pensioners who have worked hard and paid their dues or their lives. Certainly the excellent speech from Deputy Roffey very well outlined this. This happens in an Island where the cost of living is high, comparative to our neighbours, which is often forgotten by those who say that we are a low-tax jurisdiction.

4050 I am also very nervous around what may be the writing on the wall for homeowners. We can see this in the Budget. In Proposition 23, P&R have an appetite to increase tax on property under whatever option Members might prefer. But does that appetite extend to the States taking equity away from those pensioners who, over their lifetimes, have put their hard-earned cash into buying property? And may have foregone holidays and a new car so they can effectively live rent-free in their own homes, which they have maintained fit for their later years.

4055 Is this motivation behind the one-sentence Proposition 28, 'to amend customary law to enable equity release'? Sir, I would ask Members to consider this Proposition alongside section 2.15 on page 10. It starts by explaining P&R is aware of the numerous longer term policies and plans which, if approved, are likely to have a material impact on the taxpayer. It then goes on:

... part of the implementation of the Supported Living and Ageing Well Strategy involves examination of the sustainability of the Long Term Care scheme and considering broadening its scope to incorporate care in the community to ensure that there is consistency in the way both residential based and home care is funded;

This concept needs a full and proper debate and not introduction by stealth. Pensioners who are homeowners, who have paid their contribution of taxes all their lives, beware.

4065 In saying all this I realise that developing a sustainable and fair fiscal framework, which absolutely must protect our finance sector and strengthen our economy, a point powerfully made earlier by Deputy St Pier, is incredibly challenging. But it must come out of the too-difficult-to-do tray. We need to find the answers to the question that this Budget throws up.

4070 Does the Zero-10 policy require revision, as Deputy Parkinson, I think, has alluded to? Should we be looking harder at the tax and company profits and our methods of taxation upon distribution? Should we be working harder to recover debt owed to the States, which is in the millions? Can we make savings? Of course we can.

4075 The McSwiggan/Tindall amendment has already teased out the controversial Public Service Reform promised savings of over £20 million in three years. These were projections supported by P&R, following examination by the Civil Service, so surely they must be achievable? But the reality is very different, with only £2 million achieved so far towards that target and I will not go over the debate about the transformational funding that has gone into that.

4080 Sir, we need to take actions to deliver those savings promised as we are looking to fall woefully short, in the longer term, by tens of millions. This also calls into question the effective use of the Transformation and Transition Fund, particularly for the corporate projects. We must not throw good money after bad.

I would also ask Members to look at section 5.46 on page 35, regarding the management of the Capital Reserve. In my view this is a very interesting section, which demonstrates an area

where this States needs to do more work. I believe that this is a subject on the radar of the Scrutiny Management Committee, or so I hope.

4085 What this States is very good at is approving and opening capital votes. What we are less good at is the timely management, completing and finishing of these projects. This ties up vital cash in the system. We are told in this section that there was a review of the projects, but it is not available to Members, as I asked to see it. I have, however, very helpfully been told that it was actually a desktop review, conducted by the Treasury team – and good on them for doing it. But
4090 what worries me is the term ‘legacy projects’, which appear to be defined as those allowed to remain open well beyond their sell-by date, tying up precious money. This has revealed that a portfolio of projects, where work has or really should have been commenced, but projects are put on hold or even changed, which could be described as providing Committees with slush funds.

I understand that one example is the Airport Pavement Project, which is long finished. Its range
4095 was June 2011 to 2013 and planes have been landing on it for six years, which I understand is tying up a total of £7 million. Please could I, through you sir, ask the President of P&R to confirm that there is in fact a sum of £9 million estimated, which could be released into the Capital Reserve from this source?

Furthermore, I would ask if there is any workstream being put in place which ensured the
4100 concept of leaving capital votes open for years, will end? I think the desktop exercise may not actually have fully scoped the full extent of this issue and I have confidence that the Scrutiny Management Committee will be on their radar, as I said before.

Efficiency in the running of the portfolio should reduce the amount we pay annually into the Capital Reserve, which is in the Budget at Proposition 5, as £40 million, and will allow for more
4105 money to be available to General Revenue.

For all these reasons, I have difficulty with this Budget submission. I will support some of these Propositions, including Proposition ... and others where I feel I can. But, sir, some I cannot.

Thank you, sir.

4110 **The Bailiff:** Does anyone else wish to speak in general debate? Does that mean we can close general debate? No one else wishes to speak?

Deputy Paint.

Deputy Paint: Sir, in the early 1970s we were told by Government, not necessarily this
4115 Government, that we should start saving for our old age. I immediately took that offer and joined the Merchant Navy Officers’ Association. Now, that was starting to save for my old age. When it came near the term I found that things were not going as well as had been expected. I was promised £9,600 a year by the age of 61, that was the retirement age. Just before that I phoned them up again and I said, ‘What will it be worth? I am 61 next year’. They said, £5,250. And if you
4120 would prefer, your wife will get half of that, £2,650.

Then I became a pilot, a marine pilot, and at that year we changed our pension fund – which proved to be a real disaster. I was promised if I remained in there until 65, I would have £22,900 a year’s pension. Add that to the merchant navy pension I would be very well off. Another disaster. So I followed what Government was saying to save for your old age. I have been very fortunate, at
4125 least I have got some left. Many people have not been in the position to be able to do that.

So you take the ... schemes out of then, growers and their employees could not even afford to pay into any pensions. I managed it. So that is my old age pension. Now how long is it going to last? I do not know. I have managed to make savings but after June next year I will be free from Government and pleased to say so!

4130 Now what Deputy Roffey said in the first speech, I agree with some things he says, just a few, which is unusual for me, anyway. Many people, as I said earlier, as they get older, they might own big, expensive houses, but the cost of running the houses is fantastic, because of the rise in TRP. When I bought my present property, which is two houses, the TRP on them was £200 a year. It is now £2,005, and I am providing the home for somebody else. I am also providing, because my

4135 daughter died five years, and looking after two grandchildren, and teenage boys cost a lot, believe you me. Fortunately I had done something about it when I was young enough to be able to save, so we are not broke yet.

I would imagine, depending how long I live, and my wife, of course, everything is joined, so we will get everything, I put the money in the end in a RATS scheme and put that money aside so they, the boys, and my other grandchildren would have a direct inheritance. Yes, they will have to pay 20% on whatever is left but they will have something. Very few people have managed to do that, so it is worrying that things are going up and up, by huge amounts to property owners. I am very sympathetic towards the old, I can just make a living. The Old Age Pension will not even pay your food for a week. It is bad. Bur, after saying that, we know it was never meant to be a full living, it was supposed to be to assist older people and you have got to accept that.

4140 Deputy Roffey said something about how do we make more money to pay for everything else? I have said this several times in this Assembly, stop wasting the money. (**A Member:** Hear, hear.) Stop throwing it away on schemes that you dream up and on schemes that are not necessary. And there are many and I could go through an awful lot.

4150 This all worries me about a Budget that is not going to assist everybody. Luckily, I have managed it but *many* others have not, so you have got to think of them first. I think all this Budget and the look of it, I cannot actually vote for it. I think somebody else is going to speak about this up to £850 a week and I know some States' workers actually earn much less than that. They pay tax on it, they pay social insurance, but to just give £850 a week to people who cannot be bothered, I am sorry, it is not right.

I will stand down.

Deputy Fallaize: I am grateful for Deputy Paint giving way.

4160 I am sure he will not mind me saying this, but I think it is worth pointing out at this stage, in advance of that debate, since Deputy Paint has raised this, that the proposal he is referring to is not in order that anybody can receive that kind of money in benefits, it is so that the benefits they do receive, which typically are very much smaller than that, are not cut off when their earnings exceed that limit.

4165 I think it is important that that is understood at this stage of the debate. It is not about paying people £40,000-plus of benefits, it is about people not having their benefits cut off when their earnings get to that point.

Deputy Paint: Sir, I do understand that but many of the general public do not. They imagine that somebody that cannot work has not worked – and I say has not worked – will get this sort of money. (*Interjections*) I know, but this is what people are believing.

I am being asked to always stop so somebody else can say something. Would you like to say anything?

Deputy Hansmann Rouxel: Thank you Deputy Paint.

4175 I appreciate what he is saying but the fact is that States' Members are continually propagating the myth that that is what we are deciding and actually we are not. I appreciate Deputy Paint's point that the perception is out there, but that is not the truth.

Deputy Paint: Thank you, sir.

4180 So what is the truth? I can understand how you are trying to boost people on very low incomes up so they can pay their way. But are they paying Income Tax on it? Are they paying social insurance on it? I do not know. I have not looked at it that far. But that is what people are worried about. Perhaps Deputy Le Clerc will be able to explain all that.

4185 **Deputy Le Clerc:** Sir, I have got quite a lengthy speech, which I will probably deliver tomorrow, but I just want to confirm that a lot of these people that the public perceive are not working at all, they are working, they are paying taxes, they are paying insurance as well. Actually a lot of them are workers that work for the States of Guernsey and, Deputy Le Tocq and I met some of those workers recently and he will know exactly what it is like.

4190 They are hard-working people and even when they do some overtime they still need a top-up. So I just want to bust that myth. These are hard-working people paying their taxes and paying their insurance and I will explain more tomorrow when I have more time to do so.

Thank you, Deputy Paint.

4195 **Deputy Paint:** I thank you very much Deputy Le Clerc for standing up and putting that clear. But that is not what people are believing. It needs to be made clear. (*Interjections*)

4200 There are many other things; I have already spoken about TRP. There are a lot of pensioners really suffering. When I was a Constable in Castel, there was one lady, I think I have mentioned this before in the States, she used to pay £10 a month towards her dues for the parish, because she could not pay any more. That is a person who, they were both greenhouse workers, they managed to put aside and build their own house but when it came to retirement and her husband had died, they really had nothing left. That is the people who have worked hard.

4205 I think what we are doing, we have dug ourselves into a hole and we should be stopping digging it and really looking at everything. Things are not fair; they are never going to be. But there are things that could be made a lot fairer.

Sir, I think I have spoken enough, thank you.

The Bailiff: Does anyone else wish to speak, so that we all go home with their thoughts in our heads?

Deputy Trott.

4210

Deputy Trott: I rise, sir, to say that I do intend to speak, but I cannot do it in the time allowed because –

The Bailiff: I appreciate there are others who have long speeches.

4215

Deputy Trott: I did not want to mislead you.

The Bailiff: I am not going to suggest that we now wind up the debate. I appreciate there are other people that want to speak that have long speeches. So if nobody wishes to speak now, we will have to rise now –

4220

Deputy Gollop: Can I put a point of order, sir?

The Bailiff: Point of order, yes.

4225

Deputy Gollop: I should have allowed the Mother of the House, Deputy Lowe, to do this really, but would it be feasible for Members to reconvene tomorrow morning at, let's say, nine o'clock?

4230 **The Bailiff:** I can put that to Members. I put to you the Proposition that we reconvene tomorrow morning at nine o'clock. Those in favour; those against?

Members voted Contre.

The Bailiff: It is fairly clear. We will reconvene at 9.30 a.m. But I think Members need to be prepared to take a shorter lunch hour, or to sit later, and/or to come in on Saturday if this is to be completed this week. *(Interjection)* And/or to make shorter speeches. **(A Member:** Hear, hear!) We will rise now.

The Assembly adjourned at 5.47 p.m.