



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Friday, 8th 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,
B. L. Brehaut, R. H. Tooley

St Peter Port North

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

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, A. Snowdon

The Clerk to the States of Deliberation

J. Torode (H.M. Greffier)

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H.M. Procureur); Deputy M. P. Leadbeater (*relevé à 9h 33*);
Deputy J. P. Le Tocq (*relevé à 9h 51*); Deputy D. A. Tindall (*relevé à 11h 24*)

Business transacted

Evocation	2697
Billet d'État XXI.....	2697
I. The States of Guernsey Annual Budget for 2020 – Debate continued	2697
Procedural – Decision made to sit longer to complete business.....	2734
The States of Guernsey Annual Budget for 2020 – Debate continued	2736
<i>The Assembly adjourned at 1 p.m. and resumed at 2 p.m.</i>	<i>2743</i>
The States of Guernsey Annual Budget for 2020 – Debate continued – Propositions carried as amended; Propositions 24-25 lost; Propositions 27 & 29 deferred	2743
<i>The Assembly adjourned at 4.40 p.m. and resumed at 4.52 p.m.</i>	<i>2777</i>
Procedural	2778
The States of Guernsey Annual Budget for 2020 – Debate continued – Proposition 29 carried as amended	2779
II. Non-contributory benefit rates for 2020 – Propositions carried as amended	2780
Procedural	2804
Schedule for future States' business– Approved	2805
The States of Guernsey Annual Budget for 2020 – Debate continued – Proposition 27 carried as amended	2806
<i>The Assembly adjourned at 7 p.m.</i>	<i>2807</i>

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The Greffier

EVOCATION

Billet d'État XXI

POLICY & RESOURCES COMMITTEE

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

The Greffier: The States of Guernsey Annual Budget for 2020, continuation of debate.

[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.

The Bailiff: Members, yesterday you voted to defer further debate on Amendment 20 until this morning so we will begin this morning by resuming debate on Amendment 20.

I am just pausing to give Deputy Leadbeater chance to get to his seat and ask to be relevé. Do
5 you wish to be relevé Deputy Leadbeater?

Deputy Leadbeater: Please, sir.

The Bailiff: You may be relevé.
10 So who wishes to speak on Amendment 20? Deputy Lowe.

Deputy Lowe: Thank you, sir, and I thank the Assembly, again, for agreeing to defer this debate until this morning. This Assembly had a debate on this matter and reached a democratic conclusion; P&R did not like that decision. This is a classic example of how not to do good governance. I will
15 nonetheless do what I can to assist Members by reiterating a number of points.

First, the need for this expenditure is driven by the recommendations of the independent report from HMIC. The very HMIC recommendations P&R stated they would assist Home Affairs with resources to implement. Second, Home Affairs has already carried out the assessment of services

and reprioritised where practical, but there is nowhere from which to draw this money. This was explained yesterday and I am repeating the same message today. Nothing has changed. Nothing changed within the three hours of this amendment being produced.

Third, the President of P&R sought to argue that Law Enforcement had only spent half the training budget as at the end of September and thereby questioning whether it really needed it. Sir, I did not respond to such accusations as I did not think it warranted it. Why do I say that? Well, who pays up front for services or goods before purchase, or in this case before Law Enforcement staff have finished receiving the training? Of course the Budget will not have all been spent.

I am grateful to the Assembly for deferring debate on this amendment as it allowed me time to research the facts. This has revealed and confirmed my understanding that training in Law Enforcement is cyclical. It is linked to the timing of new recruits and transfers and to practical reality that minimal training can be delivered in the busiest period from Easter to the end of the summer.

This means that a considerable portion of the planned training programme is concentrated from mid-September to mid-December. This includes professional trainers coming across from the UK. So, yes, sir, there remains a balance of funds in the training budget. But there will not be by the end of the year and I am also told that one of the courses, an 11% premium has been added to cover intellectual property right issues, making all UK training courses, which we have to use, to be now more expensive.

Law Enforcement struggled to achieve economies of scale and training despite trying to do so. Further, in the current period of fiscal constraint, managers have been under clear instruction only to spend the bare minimum, which has meant some professional development has not happened, hence going back to the HMIC recommendations that we should be putting money into development and training.

I will therefore reiterate what I said yesterday, as it is important and relevant. 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. Every year the training application budget is over-prescribed by about 300%, thus large chunks of requests are refused every year upon a risk and prioritisation basis.

We need to keep this Bailiwick safe and secure. We have reviewed the relative priorities of all the services and in terms of further reprioritisation it would be farcical to think that any of the additional funding to be allocated to Home Affairs in 2020 is somehow optional or nice to have. If that was the case there is no way P&R would have agreed to include it in the Budget proposals.

Sir, I truly question the motivation of this amendment. It surely cannot be right for P&R to say, 'We do not like what the States decided yesterday, so we will find a way to overturn it.' This Assembly made a decision and I would ask that we stick to it and roundly reject this amendment.

Thank you, sir.

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

I am told that the Home Affairs Committee have only spent half of its Law Enforcement training budget, with more than 10 months of the year gone, which suggests to me that they must have half of their Law Enforcement training budget to cover the remaining two months of this year.

The reason why I agreed to second this amendment is simple; one of the most regular, consistent and in my view justifiable criticisms of this Assembly and previous Assemblies is that we are a yo-yo body. We make a decision one day and we change it the next. Earlier on this session, we made a decision on Amendment 19, which showed in my view, very high levels of corporate understanding and corporate working from the Environment & Infrastructure Department, and the explanatory note is there for all to read on 19. Just a couple of days later, in the same session, or a day later, we decided to adopt a completely different policy. Yo-yo politics.

I give way to Deputy Victoria Oliver.

Deputy Oliver: Thank you, sir.

I believe, though, that P&R actually went and spoke to Environment & Infrastructure. Why did P&R not come and talk to Home Affairs?

75 **Deputy Trott:** I give way to Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

Just for clarification, there is constant dialogue between E&I and P&R. It does not mean that we get in the Committee meeting and meet with them. It is just that we are courteous enough, on a regular basis, to exchange emails and, in drafting both amendments, there were a large number of emails exchanged, both with staff members at P&R and political Members, which is the way I am assuming that most Committees work.

85 **Deputy Trott:** Deputy St Pier and I undertake a duty on behalf of the Policy & Resources Committee. We sit on the Home Affairs oversight board, alongside the President and Vice-President of Home Affairs. I would argue that we have a pretty good understanding of the Home Affairs budget. But I do not want to be distracted from the point I have made earlier and that is this, in one session of this Assembly we have adopted two very similar approaches. It is the lack of that consistency that makes no sense to me and is worthy of criticism.

90 Now, we were told yesterday that the Home Affairs Committee has a budget of more than £30 million and £18 million of that is the Law Enforcement budget. You do not have to be a genius to see that prioritisation should be possible with that amount of capital, but particularly if you have only spent half of your Law Enforcement training budget with 10 months of this year gone.

I give way to Deputy Prow, sir.

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Deputy Prow: I thank Deputy Trott for giving way. I believe Deputy Trott is being a bit presumptuous. We will not know until the end of year whether this particular budget, which is a very small part of the overall Law Enforcement budget, will be spent or not. In delivering training, and I have some experience and background in this, you basically often get invoiced for training after people have received it.

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I do not think you can be making a speech on a presumption that this money will not be spent. I think Deputy Lowe has given assurance, having gone back to Law Enforcement, that all this money is in fact allocated. Really this amendment should not have been ... It is just pure semantics, sir.

Thank you.

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Deputy Trott: Well, sir, that was a most helpful intervention from Deputy Prow. I am grateful to him for it, because I will now read what the amendment says. It says:

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.

He is right. There is an element of uncertainty around this. It is a considerable element of uncertainty. Like I say, with 10 months of this year gone and half the training Budget remaining, let me just repeat that before I give way to Deputy Lowe, with 10 months of the year gone (**Deputy Leadbeater:** Point of correction, sir.) and 10 months –

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The Bailiff: There is a point of correction from Deputy Leadbeater.

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Deputy Trott: I give way to the point of correction, sir.

Deputy Leadbeater: Deputy Trott is misleading the Assembly. Deputy Lowe has already outlined the vast majority of training is not done in the summer months; it is done in a period

between October and December. That training is probably being undertaken at the moment. It will not be invoiced until after that time.

Deputy Lowe: Thank you for giving way, Deputy Trott.

Deputy Trott: It is a pleasure. (*Laughter*)

Deputy Lowe: We are now at the beginning of November. The accounts we are talking about are obviously until September. We have training that has been taking place October and November, they are already on it. Are you suggesting that the commitment and the planned training, because these things are planned, a lot of it entails going to the UK and finding slots for Guernsey to be able to accommodate and, as I said, we are now facing an 11% premium; which we have not before?

That does not just happen overnight. The commitment that we have to ensuring that that training takes place is actually within, slightly, hopefully, the budget. This 11% that has come out of the woodwork, it may even be we are overspent and that is bringing it down to the narrowest that we can possibly do. So it is nonsensical to say, 'You have not spent it.' Of course we have not spent it. You do not pay for it before you attend the training. The training is currently taking place at this moment in time and will be that expenditure that I have explained several times now during this debate.

Deputy Trott: I do genuinely think it is extraordinary that more than half of the training, in terms of cost, will be taking place in what is now the last seven weeks of this year. I think that is incredulous. I, for one, find that hard to understand or believe and I think it just goes to show the uncertainty around this exchange, this debate today. The sensible thing to do is to be consistent, to apply precisely the same policies with regards the Budget Reserve to the Home Affairs Committee or towards the budget for the Home Affairs Committee as we did towards the E&I Committee. We are, after all, all equal. Sometimes in this Assembly, we give the impression that some Committees are more equal than others. It is not how it should work.

The Bailiff: Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

I cannot support this amendment. I am disappointed to see it in front of us today, to be honest. The States have already made their decision on this issue, so why are we being asked to revisit it? Why waste time and re-open debate on something that has already been decided? Why waste time going over old ground? Has this Budget debate not gone on long enough already? (**Several Members:** Hear, hear.) Here we are going over old ground.

As we know, P&R did this sort of thing early on this week, when they laid the amendment focusing on the extra funding for biodiversity. To me, that weakened the position of E&I, who had their own amendment lined up. I was really surprised and extremely disappointed and concerned when E&I gave in so easily to P&R. I would have expected them to stick to their guns and champion their own amendment. They did not and by doing so they have weakened their own position.

But Home Affairs are not such easy targets as E&I and they are not going to give in on this one and I commend them for adopting that approach. Because they know, if they do, then it will weaken their position. Why on earth would a Committee vote in favour of weakening their own position? Of course, the same could be said of any Member of this Assembly. Why would any Member vote in favour of weakening the Committee's position? So I ask colleagues to honour the vote on the original amendment and not flip-flop on this issue.

Thank you, sir.

The Bailiff: Deputy Meerveld.

Deputy Meerveld: Thank you, sir.

Very much in the same vein as Deputy Queripel, I am not going to bother debating the merits of whether or not we should be providing this additional funding for police training, as the States has already made that decision and, on balance, the States decided that it should be funded. I am
175 afraid this amendment is a blatant attempt to force this States to re-debate the issue within a day or so of it being debated and an attempt to try and get the States to change its mind.

The fact is the Home Department have very clearly stated that they cannot find this money within their budget, therefore the amendment saying they should reprioritise is irrelevant and P&R have made it very clear, both in the original Budget and in their opposition to the original amendment
180 and by placing this amendment that they are not inclined to support it. So if Home Department go back to P&R saying they have not been able to re-prioritise what do we really believe is the probability that P&R would then support the request?

This amendment is directly asking the States to re-debate and overturn a decision that is already made and that is setting an incredibly bad precedent. Is that going to be telling the Assembly that
185 any time that anybody loses a decision in this States, whether it be on an amendment or anything else, that they should go away over lunch and re-draft another amendment to get it re-debated and try and overturn it again?

Deputy Trott would have us say, 'We do not want yo-yo Government.' I am sorry, this is exactly that. Let us go back and re-debate something we decided yesterday and change our minds. Deputy
190 Trott would also say that, in this Assembly, all Committees are equal and yet time and again there is another call for delegated authority for P&R to make a final decision. Yet and again we get asked for delegated authority to P&R. That is fine on some things, but what you are effectively doing, you are creating one Committee that has the final say on a lot of issues, so it means that one Committee is definitely above and taking precedence over other Committees.

So I would encourage everybody in this Assembly to vote down this amendment, regardless of
195 their views on whether the money should be funded or not; on the basis we do not set a precedent, we do not want yo-yo decisions and we want this Government to function on the basis it is supposed to.

Thank you, sir.

The Bailiff: Deputy Le Tocq, do you wish to be relevéd?

Deputy Le Tocq: Thank you, sir.

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

Can I say that this really need not be the fight that it is? When Deputy Lowe held up the biodiversity amendment yesterday, holding up that amendment, Deputy Lowe said to Deputy
210 Hansmann Rouxel, my reading of this amendment is that you will have your £100,000. Deputy Lowe now has the very same amendment and argues that she does not. E&I will work with P&R, when push comes to shove, to deliver £100,000 on biodiversity but there is a significant element to this, which I think has been overlooked.

I do not know a great deal about the funding at Home Affairs but I have one insight in just the
215 one area, which would more than adequately cover this £100,000. I have met with Home Affairs as a Committee twice. The first meeting, which I think was over a year ago, we had concerns about the lack of traffic wardens. There was a real problem that spilt, if you like, onto the E&I mandate, with regard to abandoned vehicles, vehicles over-staying, roads could not be cleaned because people were not being ticketed and they did not move their cars. (*Interjection*) Yes.

The Bailiff: Point of order.

Deputy Prow: Deputy Brehaut is straying from the amendment.

225 **Deputy Brehaut:** If Deputy Prow was good enough to listen, I am not. There is funding for this amendment and I just hope Members bear this out. For some time we have had traffic wardens, or we have not actually had traffic wardens – they have been two down. More recently, Home Affairs have employed traffic wardens, which bring in revenue, which goes to the Home Department.

The Home Department draw in ...

230 I will give way to Deputy Oliver.

Deputy Oliver: Thank you, sir.

We actually had a paper about traffic wardens versus income and they have said that the amount of traffic wardens we have is absolutely on the limit for the amount of income we receive.

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Deputy Brehaut: Respectfully to Deputy Oliver, a traffic warden, and I am sorry to get this granular, they more than adequately cover their salary. The figures are that, with the absence of traffic wardens, the income was about £500,000. Now that we have traffic wardens bringing in the revenue – and bearing in mind these are real offences that take place and people do pay whatever levels of fine they are – so they now have revenue-building again that they did not have.

240

So if I am going down the back of the sofa to look for this cash, Deputy Lowe needs to be aware that now that the ... I have to say Deputy Lowe said in a meeting, recently, that traffic wardens did not cover their salary. That is simply not true. The traffic wardens will more than adequately cover their salary. So anything above, would it not be virtuous, if money taken from parking fines and offences of that nature, funded the police training budget in some way? That is the scope that is available to them. The money is there, the revenue is coming back in. Home Affairs do not actually need to look that far.

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The Bailiff: Deputy Stephens.

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Deputy Stephens: Thank you, sir.

It seems to me that the timing of the 2020 Law Enforcement training is important to this argument so I am hopeful that a member of Home Affairs can assist me and advise when, actually, the 2020 training budget will be required?

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Thank you.

The Bailiff: Deputy Tooley.

260 **Deputy Tooley:** I suspect I might be out of step with certainly a number of the Assembly and possibly the majority of the Assembly, but I think this amendment is a good one. When we debated and voted on what is currently Proposition 8A, I know I and many of my colleagues found it difficult to know which way to vote. We want to ensure that the Committee for Home Affairs are not too cash-strapped to be able to afford this clearly vital training, particularly as the necessity for it has been brought into sharp focus by the HMIC Report.

265

But given the comments about the balance and spending in the training budget for the year, even six months after the HMIC Report was received, it would be helpful, I think, to revisit what the expected balance in that fund is because, while I accept absolutely that you do not pay for training until after the training has been delivered and the invoice has been accounted for, you absolutely account for it out of your budget from the moment you contract to undergo that training. From the moment you contract to undergo your training, you effectively remove that money from your budget. I am not going to give way right now but I would like, at some point, when someone sums up, to hear those figures again.

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Critically for me, though, and it has been referenced, is the comment made during the debate on 8A, by Deputy Lowe, referencing the debate on Amendment 19, which confirmed the

commitment to provide that £100,000 for E&I's biodiversity strategy. Deputy Lowe said, and this is not quite a direct quote, that E&I had been given that money. Deputy Hansmann Rouxel objected, saying that E&I had not been given the money and Deputy Lowe countered, saying that, as they had been told the money would be available if they could not find it in their own budget then the amendment passing was as good as being given the money.

This amendment is a mirror of that one and, for those of us who struggled to decide which way to vote, because we wanted to ensure that the money was there for the training, this amendment allows that confidence. We can be confident that the money will be made available for the training if that money is not available within the uplifted budget of £1.56 million that Home Affairs have been given, and the outstanding money for training.

I am going to add to what I originally intended to say, because I feel like the Assembly needs some reminders of a few things. I feel like the Assembly needs reminding that Committees are not political parties, We are not here to oppose one another as Committees. Yes, I am here to speak and to fight for the budgets of Health & Social Care and Education, Sport & Culture, because I sit on those Committees. But I am here to speak for the Budget for the Island and of our community as a whole. I am not here to fight for my corner and blow everybody else.

I am here to fight for the Budget that ensures that we can run the Island as a whole and that £100,000 might well be absolutely 100% clearly needed to be put into training for the police, because there is no other place to find the money. Absolutely, might well be.

But actually, if it turns out that it is not needed for that, I would rather see it go to one of the other things that I know also need prioritising and for me this amendment allows us the opportunity and, you know, when we elect a Committee for Policy & Resource, whether the Members of the Assembly like it or not, we do elect an over-arching Committee, which pulls those things together. Fellow Members can argue against that all they like but that is what we do when we elect a Committee of Policy & Resources.

What we need to do is ensure that we are putting the best possible controls on our Budget, so that the things that are necessary are spent on but that where money can be found elsewhere, we are making sure that we prioritise the things that matter most, so for me this is a good amendment. I will be much more comfortable for this than I was voting for the one that replaced the Proposition in the Budget and I hope others will be as well, because this is not attempting to prevent that training going ahead. In fact, I want to vote for this because I want to vote for the training, but I felt unable to vote for the other because as far as I could see there was money in the Budget to cover it.

The Bailiff: Deputy Smithies.

Deputy Prow: Point of order, sir, could I invoke Rule 26(1)?

The Bailiff: Rule 26(1). Will those who have not yet spoken and wish to do so stand in their places?

Deputy Smithies: Could I say you have called me, sir?

The Bailiff: Well, that is true, I have called you.

Deputy Smithies: I will not detain the Chamber long. I would just point out that the problem to me with this amendment, as with 19, and I think E&I may regret allowing 19 to go, the weasel word is 'consider'. P&R will consider making available the maximum of £100,000. Well, may we have our £100,000? 'Hmm, we have considered it. The answer is no.' We have got £100,000, we are now being asked to go into hock to P&R for them to consider whether to allow that money to go through.

The Bailiff: You now want to move 26(1)?

Deputy Prow: Yes please, sir.

330 **The Bailiff:** Will those who have not yet spoken stand in their places? Five are standing. Do you wish to proceed?

Deputy Prow: Yes please, sir.

335 **The Bailiff:** I put to you, then, the motion that debate be terminated. Those in favour; those against.

Some Members voted Pour; others voted Contre.

The Bailiff: I believe that is carried. Nobody is challenging that.

Deputy Lester Queripel: A recorded vote, please, sir.

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The Bailiff: We will have a recorded vote on the guillotine motion.

There was a recorded vote.

Not Carried – Pour 14, Contre 22, Ne vote pas 3, Absent 1

POUR

Deputy Kuttelwascher
Deputy Gollop
Deputy Parkinson
Deputy Lester Queripel
Deputy Le Clerc
Deputy Mooney
Deputy Meerveld
Deputy Inder
Deputy Graham
Deputy Paint
Deputy Dudley-Owen
Deputy McSwiggan
Deputy de Lisle
Deputy Prow

CONTRE

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Ferbrache
Deputy Brehaut
Deputy Tooley
Deputy Leadbeater
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy Stephens
Deputy Fallaize
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Green
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey

NE VOTE PAS

Deputy St Pier
Deputy Hansmann Rouxel
Deputy Oliver

ABSENT

Deputy Tindall

The Bailiff: On the recorded vote, the guillotine motion was lost by 14 in favour, 22 against, and three abstentions. It was lost.

Debate will continue and Deputy Leadbeater, as Vice-President of Home Affairs.

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Deputy Leadbeater: Thank you, sir.

Just as Deputy Smithies, I picked up on the wording of the amendment, too, which I have a few concerns about. Deputy Trott, I think, or Deputy Brehaut, I am not quite sure, talks about all committees being equal. But if that was the case why did we not see this amendment last week? Is it because P&R did not think that it would succeed, so they did not try to come and talk to us to see if we could go and find it in our budget, like they are suggesting, and they think that we can?

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One thing I would say is we have been through this budgeting exercise, we have been through prioritising. We should not get down in the weeds with the Head of Law Enforcement's operational side of things and what he needs for his budgets for certain areas. One thing that I think everybody is kind of going in the complete wrong direction by thinking it is training we are currently doing. It is not. It is not the budget for training we have got, this is extra, continual professional development that we have been criticised for not doing. This is extra. So we cannot talk about our current training budget as being half-spent, because it is completely irrelevant. This is stuff that was identified by HMIC that needed undertaking.

I will give way to Deputy Merrett.

Deputy Merrett: Thank you, Deputy Leadbeater. One of my questions on this originally was, if it is continuous, then how is it going to be replenished if it comes from the particular reserve that Home Affairs' original now, as stands, Proposition remains?

Deputy Leadbeater: I will give way to Deputy Meerveld.

Deputy Meerveld: I would be interested to know from P&R if they have over half of their budget unspent at the moment? If they have a balance that is unspent and accrued at the end of the year, will they be able to carry it over to next year to pay for the 2020 training that they are requesting here?

Deputy Leadbeater: Sir, to answer Deputy Merrett's question, I cannot really. Is it going to be a recurring cost each year? Possibly; certainly the Head of Law Enforcement could answer that. That is pretty much what I have got to say. This is a pathetic attempt to clutch success from the jaws of defeat.

Thank you very much.

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

Going back to semantics, people might not think it is particularly important and think that we are splitting hairs, but it really is important because this amendment was laid on the basis that it was like-for-like with that for the Environment & Infrastructure's biodiversity's request for funding for the biodiversity project. But it really is not. It is not only the weasel words that Deputy Smithies has pointed out, to 'consider' making available, which clearly consideration can be given (*interjection*) – absolutely that is exactly the same. However the first word is the same, 'to' but the next words:

to direct the Committee *for* Home Affairs to seek to reprioritise the 2020 budget ...

As opposed to the words in Amendment 19, which is:

to note that the Committee *for the* Environment & Infrastructure is seeking to reprioritise ...

Now the difference there is that to direct the Committee *for* Home Affairs to reprioritise says that it must do that. In the other amendment, amendment 19, 'to note that the Committee *for the* Environment & Infrastructure is seeking to reprioritise', that Committee has already agreed to do so.

I will give way to Deputy Brehaut.

Deputy Brehaut: That is why the wording is different because we are not contesting; we are in agreement.

Deputy Dudley-Owen: Precisely; thank you Deputy Graham for proving my point! (*Laughter*) That is exactly the point. The Environment & Infrastructure Committee have agreed to look at reprioritising their budget but, actually, the Home Affairs Committee have not. So that is the point and that is really what we need to take on board here. Let us not get back into the debate of whether or not it is required, we have already agreed as a States that it is required. This particular amendment is not.

Thank you.

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

If I needed another reason to seek to dissuade me from standing next year, in 2020, this debate is certainly one, if not the whole of the Budget debate. This amendment is an attempt to try and help us to be consistent and it may be late in the day and it may well be that we omitted to recognise that the States would take a different view to one Committee than it did to another Committee, but this certainly helps to align our inconsistency and to try and persuade us to be corporate in the way in which we act.

This is turning increasingly into a States of silo, personality mentalities (**Several Members:** Hear, hear.) and I despise that sort of attitude. It reminds me of my first term in the States in 2000. We need to get back to seeking to work together and seeking to recognise the P&R Committee, irrespective of who is on it, the Committee has been mandated by this Assembly to take responsibility for financial and budgetary affairs. It is a very difficult job to do but we seek to do that consistently and to advise the States to do likewise. This is why this amendment is here and I sincerely encourage all Members to support it.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

I really rise to respond, after the speeches of Deputy Smithies and Deputy Lester Queripel, because I really do just need to stress the point that E&I is absolutely committed to investing £100,000 in biodiversity in the next Budget, because we think it is absolutely vital that we do that.

Now we have come to an agreement with P&R and, as everybody knows, we at first sought to amend the Budget in the same way as Home Affairs' original amendment, but we were persuaded by P&R to come to a compromise arrangement because of the principle of raiding the Budget Reserve.

It is that what this really boils down to. I do not think anybody in this Chamber would disagree with the fact that the training that Home Affairs is talking about or that this amendment refers to is absolutely vital and actually I think that the timing of the training and the budget and all the rest of it is a bit of a red herring, to be honest. If Home Affairs believe that this training is as important to Law Enforcement as we believe biodiversity is to our mandate then I would very much hope that they would do everything to reprioritise first.

Also, the really important point is, I would also hope that if they cannot do that then P&R would give them whatever funds are needed from the Budget Reserve. But the principle of the Budget Reserve is to be a reserve and the wording that Deputy Smithies brought out is 'to consider', well it has to be 'to consider' it, because if it is a commitment then obviously that makes a mockery of the process. So that is why the wording is there. But I trust P&R, if they say they are going to consider it favourably then I trust them to do that, both in terms of biodiversity and in terms of the Law Enforcement training.

I will give way to Deputy Leadbeater.

Deputy Leadbeater: Sir, I thank Deputy de Sausmarez for giving way. We have tried to reprioritise. During the budgeting process we have looked very carefully in every area of our budget.

450 We cannot find £100,000. Why do you think we have had to go to P&R in the first place to ask for extra? We would not be in the position of going to P&R to ask for extra if we did not need it. HMIC have said that this is necessary.

There are people purposely not wanting us to provide this training for some sinister reason. I cannot understand why you will not support us. Why do people never want to support, help the
455 Committee *for* Home Affairs. Sorry, why do certain people never want to support the Committee *for* Home Affairs? I think it is so obvious, it is ridiculous.

Deputy de Sausmarez: I think Deputy Leadbeater is misreading the sentiment in this Chamber. I think, actually, Home Affairs have got 100% support for this and I hope that the Committee *for*
460 Home Affairs actually backs that themselves.

I give way to Deputy Merrett.

Deputy Merrett: I am very grateful, Deputy de Sausmarez.

I am going to take any personality, how this happened, out of my equation because I am going
465 to look at the substantive Proposition as before us, as amended yesterday – was it only yesterday, sir? – and the Proposition I have today and I am going to place my vote purely on those two things.

The main Proposition of what we have before us or the potential of this amendment. Anything else and how this has come about is history, it is embarrassing, I will concentrate, as I always try to, on the policy before us.

470 **Deputy de Sausmarez:** Absolutely, I would like to endorse that sentiment, because that is really why I stood. It really is about the principle of a Budget Reserve, about understanding why it is there and how it should be used. I think Home Affairs can take great comfort from the amount of support that there is in this Chamber for the concept of this training and I really hope to see that the
475 Committee themselves will back that, as E&I absolutely are committed to the biodiversity standing. Thank you.

The Bailiff: Deputy Langlois.

480 **Deputy Langlois:** Thank you, sir.

I do not know why P&R were so tardy in bringing this amendment when they had a template as has been explained. Home Affairs' proposed amendment was almost identical to E&I's and P&R put forward their Proposition as an alternative to E&I's, which was almost identical to the Proposition they have put forward as an alternative to Home Affairs'. So the template was there, so why we have
485 had to wait so long for P&R to present their alternative, I am not sure.

But that is all process and you should never put process in front of principle. The principle was I think explained by Deputy de Sausmarez very clearly. The Budget Reserve is for all of us, for expenditure, in the course of the forthcoming and very often it is under pressure because it funds pay increases. It is across all the Committees and there is no real justification for one Committee to
490 start nibbling away at it prematurely. Why not Health doing the same thing?

It is a matter of principle. If one really wants to increase the tax take to fund some project then that should be the form of the amendment, not simply diving into our reserve, which are, as I said, our States' reserve. E&I understood that when P&R presented their alternative. The truth is I think most Committees know that, in the course of the year, it is not a question of your budget at the
495 beginning of the year, but in the course of the year there are always chances to reprioritise, there are always potentially underspends, potentially savings and we are reasonably confident that we will be able to find the £100,000 for biodiversity.

That does not really matter because we will be including it in our budget for the year. We will be spending £100,000 on biodiversity in 2020 and, if the worst comes to the worst, we will be going to
500 P&R and asking for a top-up of whatever amount is necessary from the Budget Reserve. That is what a Budget Reserve is for.

So we have gone along with that and we think it is very sensible. We do not think it is weak in the way that Deputy Lester Queripel described it. I think it is acting corporately and we are fully confident of the stance we took and quite happy – it would be nice to have had more than £100,000 for biodiversity – but we are quite content with the process and we followed the right principle. So I will be supporting P&R's amendment, even though it came very late in the day. Thank you.

The Bailiff: Deputy Mooney.

Deputy Mooney: Sir, I was not here yesterday when this amendment was laid but it seems like I missed nothing because it is back here again today (*Laughter*) and I will not be supporting it. Thank you.

The Bailiff: Deputy St Pier will reply.

Deputy St Pier: Thank you, sir.

I did not imagine the debate would take quite as long but then that seems to be the history of this particular Budget debate. I need to explain some of the history and some of the phraseology that has been used. Deputy Smithies picked up on the 'consider' making available. That really is, as others have said, in recognition of what the Budget Reserve is all about.

The Budget Reserve is there to meet the unexpected pressures which arise during the year. So it is quite possible that a request can come to the Policy & Resources Committee towards the end of the year and there is nothing left in the Budget Reserve. That is not something that has happened in recent years but we have to admit that there is always that possibility; there could be some event in 2020, which consumes the entirety of the Budget Reserve. It is a question about needing to live within our resources and manage accordingly. That is why that phrase is there.

Deputy Kuttelwascher asked how we go about seeking to reprioritise in 2020. As Deputy Kuttelwascher often does ...

I will give way.

Deputy Kuttelwascher: Sir, I did not speak on this amendment.

The Bailiff: You did, you spoke immediately after Deputy St Pier yesterday afternoon.

Deputy Trott: It was not very memorable! (*Laughter*) You spoke nonetheless!

Deputy Merrett: Point of correction, sir.
Deputy Kuttelwascher did speak.

The Bailiff: That is what I said. I said he spoke immediately after Deputy St Pier yesterday afternoon.

Deputy St Pier: Deputy Merrett's intervention has spoiled my punchline, (*Laughter*) which was Deputy Kuttelwascher's point of correction does not appear to have been correct. The point was he was challenging how you go about reprioritising in 2020 and, of course, he does know the answer to that question, as a former Member of the Treasury & Resources Department.

But this question of reprioritisation is relevant. Deputy Leadbeater, quite rightly, passionately says that, as we stand here today on whatever day we are on – 8th November, I think we are on – the Committee cannot reprioritise and the Head of Law Enforcement cannot reprioritise. That is correct and is understood, that that exercise has been undertaken up to this point. But as Deputy Langlois says, as you go through the year, the opportunity to look at your budget, what you are already spending in other areas and what your income is does allow Committees to reallocate. So if we take Deputy Lowe's point that if most of the training happens in the last quarter, it strengthens the chance that they will have in-year underspends to cover this £100,000.

This is particularly remembering that their baseline has been increased by £782,000. Most of that will be in relation to people and most of those people will not be appointed by 1st January, so it is very likely that there will be pockets elsewhere. It is quite ... well, it is not very likely, I should rephrase that to be fair; it is *possible* and that is all reprioritisation means.

We also have to acknowledge, as Deputy Brehaut says, that more traffic wardens have been appointed but the income associated with those appointments has not been reflected in next year's Budget. We also have to acknowledge the significant flexibility, or variability, around population management income, which also sits within Home Affairs' Budget.

It is not saying with absolute certainty that there will be additional funds available within the Budget, but it is saying it is possible and, if it is possible, the States and indeed the public would expect the Committee to go to that pot first before it makes a call on the Budget Reserve and that is all this amendment seeks to do.

Deputy Tooley is absolutely right, the standard accounting practice is you account for the cost of expenditure when you make the commitment. So when you book the course, it will appear as a creditor and you will reflect it as an item of expenditure. It is irrelevant when the course actually takes place.

Deputy Merrett was right to challenge, what happens to the ongoing commitment? If it is funded from the Budget Reserve, then there are two consequences. First of all the Budget Reserve will have £100,000 less than was previously provided for in 2020 but, more importantly, we start 2021 £100,000 short. So we will have to find that £100,000 for that recurring commitment in 2021.

Deputy Merrett, Deputy Langlois, Deputy Ferbrache have, I think fairly, challenged why did P&R not engage in the same way as with Environment & Infrastructure and that is a challenge which deserves a response and I will respond. The question did arise in a meeting of the oversight board between Home and the Policy & Resources Committee at the time the cash limits were advised.

I should just say at this point, to respond to Deputy Leadbeater's passionate suggestion or implication that P&R in some way have not been supportive of P&R, for Home Affairs, forgive me, that Policy & Resources have recommended cash limits of 4.56% higher for Home Affairs, recognising the pressures, £1.56 million of additional cash, and the only item on the list in Appendix 6, which relates to Home Affairs, is this item. So I think P&R have been very supportive of the challenges within Home in 2020. He did not suggest it was P&R but I would wish to push back if there was any implication that he felt it was. Forgive me, I went off at a tangent, sir.

In relation to why E&I and Home Affairs, there was a different conversation. In the oversight board, when the cash limits were advised, Deputy Lowe was very firm at that meeting. She said, 'The Committee for Home Affairs has a corporate approach but it is my job, as a President of Home Affairs to defend the cash limit that I think we need; we will be bringing an amendment to this Budget.'

It was a categorical and very clear conversation. Any of us who have ever dealt with Deputy Lowe, which we all have, will know that she has very strong views, which she articulates very strongly. She left us in no doubt, that was the position which she and her Committee would adopt, We were left in no surprise, therefore, when this amendment came forward.

595 The conversation with Environment & Infrastructure was entirely different. Environment & Infrastructure engaged differently, indicated ... As I say we had an exchange of correspondence, which led us to believe that we were not going to have an amendment at all. In fact, when the amendment did come through it was a surprise and we said, 'Hold on, how does this fit with the correspondence we have had?' They said, 'Well, actually we would like to have a resolution around this.' Then we had the conversation.

600 So there is a different history to this. But I think as Deputy Le Tocq ...
I will give way to Deputy Fallaize.

Deputy Fallaize: I am grateful to Deputy St Pier for giving way.

605 Although the argument about treating Committees the same is superficially compelling, because of the case of Environment & Infrastructure and Home Affairs that was being debated in this Budget debate, would Deputy St Pier not agree with that, actually, all Committees have been treated differently, because some Committees have not been offered an opportunity at all to obtain funding from anywhere for some of the items of expenditure, which they apply for and have not been prioritised?

610 My Committee and Deputy Soulsby's Committee have a long list of items in the list of things not being prioritised and P&R never came to us and suggested that there might be anything available in the Budget Reserve. The same is true for one or two items of other committees. So I think, although there is some argument about these two Committees not being treated equally, I do not think that is the end of the argument, because all Committees have been treated quite differently
615 in relation to this Budget, based on the different circumstances they face.

Deputy St Pier: That is self-evident in relation to the cash limits proposed, but in relation to Appendix 6, all Committees have been treated identically. We did not go to Home Affairs and Environment & Infrastructure, sir. I will have a conversation with you about how we can fund these
620 items, the conversations were initiated the other way around. It was open to other Committees to seek to do so, if they had chosen to do so. So I think they have been treated consistently in relation to this issue.

Let me reach a conclusion because we really do need to move on, sir. (**Several Members:** Hear, hear.) It is this: as Deputy Le Tocq has said, I think the question of how the interaction took place,
625 could we have done things differently? Yes, I think we could and I will apologise to the States if Members feel that we could have handled this better and I am sorry for that.

But, and there is an important but, there is no logical or good reason, as Deputy Trott has said, that the States would treat this request any differently to that of the Environment & Infrastructure, having passed that amendment in relation to Environment & Infrastructure a couple of days ago. I
630 fear, as Deputy Le Tocq has said, that those outside the States will conclude that the only reason for the States not adopting the same corporate approach in this case would be petty politics. For that reason alone, I do urge Members to coalesce around the same wording in relation to this amendment.

635 **A Member:** A recorded vote, please, sir.

The Bailiff: We will have a recorded vote on Amendment 20, proposed by Deputy St Pier, seconded by Deputy Trott,

There was a recorded vote.

Not Carried – Pour 19, Contre 19, Ne vote pas 1, Absent 1

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

640 **The Bailiff:** The voting on amendment 20 was 19 in favour, with 19 against and one abstention. So it has not carried.

So we come back to general debate. Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

645 In 2013, the total revenue expenditure on services, which are now part of the Committee *for* Education, Sport & Culture, was £81 million. If, in the seven years since then, revenue expenditure had grown in line with inflation, it would now be around £90 million a year.

In fact the cash limit proposed for 2020 is just less than £80 million, or £81.6 million, if you include the new service developments, which are proposed for funding. This, sir, is a record of spending restraint, indeed a record of decline, in real terms expenditure, by successive Committees. 650 In 2019, the Committee delivered on forecast recurring savings of £105,000, but in total the Committee now anticipates returning an underspend of at least £250,000 to the Policy & Resources Committee.

In 2020, the savings plan agreed between the two Committees requires the Committee *for* 655 Education, Sport & Culture to save just over £0.5 million and we are preparing the Committee budget on that basis. This is challenging but the Committee is determined to remain with its cash limit.

In the years ahead, the reforms of education agreed by the States in 2018 and 2019 are expected to result in expenditure of at least £2 million *per annum* less than it would be without those reforms 660 and progressing those reforms remains the major focus of our Committee, primarily for educational benefits, but the financial benefits are an important secondary benefit.

The recommended cash limit of the Committee includes around £1.1 million for non-discretionary items, including employing additional teachers for secondary schools, because of the increase in both the number and proportion of students in state secondary schools from 2019. In 665 addition the Committee has been allocated, as per the Propositions, £715,000, for essential service developments, including additional teachers and improved services in special schools and the communication and autism service, and investment in literacy support, which is now urgently required and about which the Committee has briefed the States recently.

Unfortunately, between £600,000 and £700,000 of essential service developments will remain 670 unfunded if the Budget Propositions are approved. The Committee reluctantly accepts that, in the context of the States' ongoing efforts to restrain expenditure, this is necessary. Indeed, I will go

further and I wish to thank the Policy & Resources Committee for supporting the considerable service improvements, which they are prepared to, or they are proposing to fund in this Budget.

675 I think the process for setting the Budgets this year has been a considerable improvement on previous years. I was among the Members who last year, and indeed in several previous years, was critical of the Budget-setting process, which although politicians always have to take responsibility for it, essentially used to involve the staff of the Treasury and Committee staff having whatever discussions they had, normally well under the radar of political committees and then political committees being presented with the Budget numbers very late in the process and the whole thing
680 had almost no political involvement, let alone political ownership.

Now I think the Policy & Resources Committee this year, in responding to those criticisms of previous years, has produced a very much better Budget process. I think Committees have been much more involved at a political level, alongside officers. There has been much more opportunity for dialogue. Committees have been given multiple opportunities to return to the Policy & Resources Committee to make the case for any variations in their budgets, which they thought were
685 necessary and I hope that the improvements in this year's Budget-setting process are maintained next year and, indeed, perhaps improved further.

It is important to note that of funding requests for new services, or extensions to existing services, made by Committees, of £27.9 million, if all the Propositions in the Budget are approved,
690 all but £2.5 million of them will be funded. At a time of quite considerable fiscal restraint, not austerity, I think Deputy St Pier was right about that yesterday, or whichever day it was, but considerable fiscal restraint, I think that that is quite impressive in terms of being able to support Committees and fund their Budget requests.

I have said this before, but I have been in the States long enough to remember a time when Budget requests made by Committees to the Treasury were generally met with 'no' and if a Committee had dared to lay an amendment to a Budget or gone back to P&R and or their predecessors and said, 'Do you think you could vary our cash limit for next year, because we have got particular pressures in this area?' they would probably not have even been let through the door, let alone had any kind of co-operation or negotiation.
695

So I do not think that the Budget-setting process is perfect, I do not agree with all the Policy & Resources Committee's recommendations. I think they sometimes get it wrong but I do think that their efforts to engage with and co-operate with other spending committees are far beyond those of previous senior Committees.
700

The increases in expenditure, in real terms, which are set out in this Budget, are possible partially
705 because income and tax receipts are greater than anticipated and this is very good news economically. Paragraph 3.2 of the Budget – I have written 3.2 but actually it is not 3.2. Anyway there is a paragraph in this Budget, which explains that there has been real terms growth in the economy, as measured by GDP, and real terms growth in average earnings.

Although I think we ought not to be complacent, economically, and we ought not to ignore that
710 there are significant challenges for some sectors of the economy and some sectors of the economy are suffering and not experiencing any growth at all. In fact, in some areas, there is probably contraction. But, actually, the underlying data indicates quite healthy economic trends in what is a difficult global environment for the economy.

It will be popular, even populist, as we move into an election year, to talk down Guernsey's economy and to say that we are going to hell in a handcart and the States have got everything
715 wrong, and to paint a picture of an economy, which is sluggish and in which there is no growth. But actually the underlying data is healthy. There is not any room for complacency but the employment figures are healthy, the average earnings figures appear to be heading in the right direction, GDP is increasing in real terms and I think that we ought not to allow the doom-mongers to prevail. Equally,
720 we ought not to be complacent and imply that there are not significant challenges, still, in the economy.

I think another point of commendation for the Policy & Resources Committee and their predecessors is that, since 2012 – and I think that date is particularly relevant – there has been an

extra £11 million of income raised through the widening of the 10% rates on company profits. Now
725 whether we can still claim that our general rate of company tax is 0%, I am not sure that we ought
to spend too long debating that, particularly not publicly.

But I think if it was widened any further it would get increasingly difficult to defend. But I
remember serving in a States' term where we were told that the 10% rate could not be broadened
at all and yet, in the last two terms it has been widened considerably and that is to the great benefit
730 of spending Committees and the recipients of their services.

However, at paragraph 3.27, I suspect I have got that wrong as well because I do not think 3.2
has got anything ... that is right, is it, 3.27? Yes. Deputy Dorey knows it without even looking! It says
that company profits make up 37%-44% of GDP and tax on these profits accounts for 17% of Income
Tax revenues. Now that very neatly captures the post Zero-10 environment where, inevitably, there
735 has been a shift in the tax burden from company profits to individuals.

A significant part of that relates to increases in TRP. Now on page 124 there is a table, there are
two tables but the first table shows the impact of the implementation of tiered ... no it does not. It
shows the impact of all measures implemented between 2015 and 2020 by equivalised income
decile.

Now while it is true that those, as you move up the income scale, you are paying more in absolute
terms, as a proportion of gross household income, we have managed to devise an almost perfectly
regressive system because, with the exception of the households in the third income decile paying
a slightly greater proportion than households in the second income decile, there is a perfect trend
that the greater your income the lower the proportion of the measures, the tax-raising measures. I
745 do not think that that is inevitable but I fear that, if we looked at all of the fiscal policy changes since
2008, in relation to individuals, we would find that that trend has been replicated generally.

I suspect that a greater proportion of the household income of low income households is now
being taken in tax than was the case previously and that, possibly a greater but not as great increase
in the proportion of tax taken from higher income households, I think that has been a feature of
750 our tax changes in the past decade or so.

That must be a major focus of this fiscal policy debate that we are going to have in January. But
I also think we need to manage expectations around that debate because, as I understand it, it will
be a proposal effectively to set terms of reference for the next States to carry out a review of fiscal
policy, which is probably going to last, certainly months if not years. So I doubt that we will emerge
755 with any solutions from the January debate, interesting and useful though it will be.

At pages 46 and 47 of this Budget Report, the Policy & Resources Committee advise of the
findings of their review of making changes to Income Tax rates and personal allowances, in an effort
to benefit low income households. They conclude that they are not pursuing the introduction of
either a 10% Income Tax band or an additional personal allowance, as either measure would be
760 prohibitively costly and the benefits would fail to target those individuals on lower middle incomes
and would add administrative complexity and cost and I have written next to my paper copy of the
Budget Report, 'good'.

I am very pleased they have reached that conclusion because it was always quite obvious that
that would be the outcome and that those sorts of measures are clearly a very inefficient way of
765 assisting low income households. In fact, personal allowances, generally, are a very, certainly very
expensive, if not inefficient way of assisting low income households.

If we want to do something to alleviate the tax burden on low income households, and we
should, sticking plasters will be insufficient. What we would need is a substantial shift in tax policy,
away from taxes, which fall disproportionately on low income households, and towards taxes, which
770 fall disproportionately on high income households. That will not be done simply by making
relatively minor tweaks to existing taxation.

If you look at page 109, you see a very helpful table, which provides an illustration of the tax
liability for Guernsey resident individuals and shows that, in fact I thought this was the most
illuminating page in the whole Budget Report. It shows that if your individual annual income in
775 Guernsey is £30,000 per year, your tax liability is 22% of gross income. These things are obviously

averaged, or equalised, or whatever the word is, but generally speaking we are told an individual with an annual income of £30,000 per year could expect to pay tax, which represents 22% of their gross income.

780 If your individual annual income is £500,000 per year, you can expect to pay tax equivalent of 22% of your gross income. Exactly the same percent. Okay, very few people are earning £500,000. A greater proportion of people are earning £50,000, or £75,000. But, if you look at that table, you see that there is almost no change in the percentage of gross income that is taken in tax as you move up the income scale.

785 Between £75,000 and £200,000 of annual income, there is no change at all. It is 25%, whether you are earning £75,000 or £200,000. In fact, if you earn £75,000 or your income is £75,000, you can expect to pay 25% of your gross income in tax, but if you earn £500,000 it goes down to 22% in tax. That is a commentary on the structure of our tax system. That is not progressive. That is bordering on being very regressive.

790 So I think we have to bear that in mind, as well, when we debate fiscal policy in January, or whenever it is going to be. Now I am not saying these things because I want to see aggressive attempts to take vastly greater amounts of tax off a relatively small number of high earners. Why I am saying these things is because I think we need to be very cautious about what is actually possible in terms of progressive changes in our tax system.

795 It is all very well to say we need to raise tens of millions of pounds a year more in tax revenue, largely to pay for changes in demography, but for other things as well, and then to say, 'But we need to do it in progressive ways.' Well, the figures in that table show that, if we are to meet that objective, we need a very substantial shift in our tax system and, bearing in mind that it is inconceivable the States are going to introduce taxes on capital and we have relatively little room to make significant changes in two or three other areas, including possibly taxes on company profits, 800 we are operating in a very narrow envelope.

Actually, something that Deputy Roffey said yesterday, because clearly part of that debate in January is going to invite the States to consider what appetite they may have for consumption taxes, we may be left, as the options narrow, with having to introduce new fiscal measures at very much higher rates than we might have envisaged, in order that we can put in place mitigating measures 805 for people who would be unable, reasonably, to afford that higher burden.

I will give way to Deputy Dudley-Owen.

Deputy Dudley-Owen: I am very grateful to Deputy Fallaize for giving way, because it is something that he said a little while ago and I have been mulling it over and just wondering, if he 810 can further explain why he thinks that our flat rate of tax is regressive, when we also allow allowances and deductions, because a flat rate of tax for someone, clearly, who is earning 20% of £500,000, is far more yield than 20% of £5,000, for argument's sake. So I am at pains, if you also give the person on the lower rate of pay the allowances and deductions, to understand his rationale why that is particularly regressive, but I am open to interpretation, so please do tell.

815 Thank you.

Deputy Fallaize: I will reply to that point in a moment, but I will give way to Deputy Laurie Queripel first.

820 **Deputy Laurie Queripel:** I wonder if I could help with that point, sir? I might be totally missing the mark but is not Deputy Fallaize talking, in part, at least about disposable income? If somebody is earning £30,000 and there is £6,000 being taken out for tax, they have only got £24,000 left of disposable income. If somebody is earning £100,000, £200,000, £500,000, they have got way more disposable income left and surely that is part of the equation – that people earning a small amount 825 are paying quite a lot in tax, comparatively? It is a much harder burden for them to bear than somebody who is earning a lot of money and paying a relatively small amount of tax?

Deputy Fallaize: Well, in economic terms, our Income Tax system is neither progressive nor regressive, because, with the exception of personal allowances, which in percentage terms do not make a significant difference, the general rate of Income Tax, the single rate of Income Tax, is 20p in the pound. What makes our tax system regressive overall is not Income Tax but is the effect of other taxes. Property taxes would, for example, make a reasonable contribution to that.

Now consumption taxes are, arguably, if they are general consumption taxes, the most regressive taxes of all, but that may be why the States want to introduce consumption taxes as a solution to the future funding problems, challenges. The rates may have to be very high in order that mitigating or compensating measures can be put in place, because we clearly cannot expect people on low incomes, and many people on lower middle incomes, to pay a greater share of their income than they are already paying in taxation.

In any event, by far the two best things we can do, in policy terms, to assist less affluent households are, first, to provide first class public services, because less affluent households consume public services disproportionately and they are more reliant than other groups on the quality and range of public services. So the very worst thing we could do for less affluent people in Guernsey, is to starve our public services of cash in a very misdirected attempt to save on public expenditure, because the negative effect of that would bear disproportionately on less affluent people.

And the second thing we can do in policy terms to assist less affluent households, is to make our social welfare policies as generous as possible. The Committee for Employment & Social Security has been making steps in that direction but it is very important that the States maintain that progress.

We have a situation, which that Committee is bringing to the attention of the States in this debate, where people, typically in work, in relatively low paid work, but not the lowest paid type of work, with typically slightly larger families, very many of them will be States' employees, they are hitting, now, the benefit limitation and, therefore, they are not in receipt of the social welfare assistance, which this States has decided they should be in receipt of once their needs are calculated. If the States do nothing else at this States' Meeting, they must do something about that.

There is also, I think, a need, as we get into an election year, to counter a couple of other myths as we embark on the review of fiscal policy. At page 108, Government revenues as a percentage of GDP are compared in various jurisdictions and, in Guernsey, tax receipts as a percentage of the size of the economy are very much smaller than they are in most other jurisdictions.

Now you can reasonably say that you cannot really compare Guernsey with the UK or with France or with other large jurisdictions in that regard, and there is something in that, and they have defence spending, for example, and all sorts of other commitments. But you can compare Guernsey with Jersey and you can compare Jersey with the Isle of Man and our Government income, our tax receipts, as a percentage of the size of our economy are substantially lower than in Jersey.

The tax burden in Guernsey is substantially lower than it is in Jersey. It may be distributed differently. The balance of public fiscal policy in Jersey may feel differently because their spending is much higher than ours and so very often people will feel they are getting more for what they are paying, but in terms of the tax take, our tax take as a percentage of the size of our economy, is substantially less than in comparable jurisdictions.

If you look also at what is funded by public expenditure, which is set out at page 111, the vast majority of public expenditure is on social benefits, particularly pensions. Pensions are consuming a much greater proportion of public expenditure than almost any other area of public expenditure, going directly in pension benefits. That is right but it is an important point, I think, to note, and then expenditure on Health & Social Care, and Education, if you look at that chart on page 111, it shows just where public expenditure is going and, if States' Members are inclined to want to counter any myths surrounding public expenditure in the months ahead, they could do worse than refer to that chart.

I have got two points to make, quickly, I hope, before I sit down. One is having commended the Policy & Resources Committee for what I think is a good Budget, the best possible Budget that they could have laid in the circumstances, they do need to be criticised about one thing. That is the

processes now in place for accessing funds under their control. I think it was Deputy Meerveld who spoke about delegated authority to the Policy & Resources Committee. I think his point was a bit misplaced because, actually, the States delegates authority to all of its Committees. In terms of financial authority the States has delegated quite a lot of authority to the Policy & Resources Committee but that is because it is the Policy & Resources Committee and it is meant to be the senior Committee.

But it has oversight, now, over a lot of funds where it has delegated authority and I am not saying that they have done this consciously, I think there are lots of historic reasons, which Deputy Le Tocq referred to yesterday or the day before. But the processes for accessing funds, some funds, under the management of the Policy & Resources Committee are now absurd and I think, if the Policy & Resources Committee was to get into dialogue with most Committees about that, they would be advised of the same thing.

There needs to be real, genuine, rigour and scrutiny and challenge around accessing even quite modest sums of money, but certainly large sums of money. But we have reached a point where Principal Committees find it hard to access funds in order to deliver established Government policy, whether it is in relation to revenue expenditure – the Committee for Employment & Social Security has suffered particularly in that regard – whether it is with regard to capital expenditure, whether it is with regard to organisational redesign and paying for redundancies.

All of these things where the Policy & Resources Committee has lots of delegated authority, their processes, which they oversee, they have not in large part been responsible for putting them in place, they have grown up incrementally but the Policy & Resources Committee is responsible for them and they are gumming up Government in Guernsey and the Policy & Resources Committee needs to do something about it.

If you look at capital expenditure, I do not know how much more we are going to transfer every year into the Capital Reserve before we actually spend some of it, but we will soon be at £0.5 million and we have often lengthy debates in the States on great points of principle about how much should be allocated to the Capital Reserve every year and it is largely academic, because almost none of it is being spent.

That is largely because of the processes, which the Policy & Resources Committee is overseeing. I am a supporter of theirs, I think they have done a good job in this term, I think they have put a good Budget before the States, but they need to do something to help the States to deliver good Government and timely Government and I hope they do that before the end of this term.

One final point is that there is mention in this Budget Report of a sports strategy and it is understandable why that is not proposed for funding in 2020 because the States have not debated it yet, but I can assure the States they will be debating it in the early months of 2020. It is coming back to the States because of a States' Resolution. The States directed a sports strategy, our Committee is currently preparing one.

It will require some investment. It is very important to deliver on some of the other ambitions of the States around the health of the community and the participation in active pursuits and I hope the States will be able to support the Committee when we come back in the early months of next year.

Thank you, sir.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, I would like to follow on from some of the points ably made by Deputy Fallaize. Although we all individually, and sometimes collectively, disagree with Deputy St Pier, who is the leader of our Policy & Resources, the stewardship that he, over the last three-and-a-half years that I have been in the States, has taken command of our finances in very difficult times is to be commended.

We are living, now, in Guernsey, in a place which is much more under the international gaze than it ever has been. That international gaze is not going to go away. Once you have been noticed, you

are never unnoticed. The world economy crashed in 2008 in a way that nobody had envisaged. Nobody could have envisaged it. It is alright looking backwards, but nobody saw it coming.

935 We, then, in Guernsey, in 2008, having had massive surpluses, and it was very easy to be Chancellor up until that particular time, you did not need any qualifications, the money gushed in and it just came in and you decided what you were going to spend it upon. From 2008 onwards, the world changed, and we also had the change in relation to Zero-10. I was not in the States at the time, but at the time that was exactly the right policy to follow. We could do nothing different. As Deputy Fallaize said, that meant the shift went from corporate taxes to individual taxes.

940 Now we have come out of that a bit and Deputy Fallaize has taken States' Members to the relevant part of the Budget Report, where it shows that more taxes are being clawed back from the corporate sector. But he thinks, and I think he might be right, that there is probably not a lot more mileage in that. There may be a little bit. It may be you will be able to get another £5 million here or £3 million there. None of those are mere bagatelles but they are not going to make the difference we are talking about.

945 Many, probably now, years ago, when I came back into the States, I was down in what was the Members' Room in Frossard House, a very attractive room that had no windows that you could see anything from. So I was reading from, I think, the States' Accounts from about 70/71 and I think the income of the States then was something like £8 million or £9 million.

950 I know we had rapid inflation in the 1970's and 1980's and those of us who are old enough were paying mortgages at 15%, 16%, 17%. But it did not matter because the value of your property went up 15%, 16%, 17%, so it really was not that important. Thankfully that was controlled in the due passage of time.

955 But when we look at our financial position now and Deputy Fallaize has taken States' Members to various parts of the Budget, if we just look at page 5, which is paragraph 1.22. And the figures were right at times of printing as it were. That showed total revenue of £479 million, expenditure £432 million and surplus of £47 million.

960 Well you can tinker with those figures a little bit and there are some projections, etc. But how many places in the western world or otherwise, how many jurisdictions in the western world or otherwise, have that kind of surplus? Very few. But that is where we are prudent, because Deputy St Pier, in his opening remarks, which seemed an aeon away, when this debate started, told us that if we did akin to England, we would have a Budget deficit of £100 million per year and we would have a debt of, I think, £2.8 billion or thereabouts.

965 Now we cannot ever be in that situation, firstly because it is not in our genes. We just simply cannot do that. If you are a Guernseyman or woman and you owe five pence to anybody you want to pay it off as quickly as you can. But secondly, big countries are not going to go bankrupt. The United States has got debt that it has got no chance of ever repaying ever. Britain is in the same position. I cannot remember if it was Pitt the Younger or Pitt the Elder that brought in the national debt. That was going to be paid off quickly. Well, there we are. The only person who has made real efforts to pay that was Mrs Thatcher, then they got rid of her and things got a lot better after that, did they not?

970 In connection with all of that, we cannot go out and borrow hundreds and hundreds of millions because we are a small jurisdiction. We have not got the financial clout to be able to engage that. So we have got to live within our means. Deputy Fallaize also made the point, in relation to reserves, why do we not spend it. Deputy Parkinson said a similar thing, I think, earlier yesterday, when he was speaking; again, a very good and balanced speech. Because we spent very little during this term, the waste disposal recycling plant, etc. is probably the only major example.

980 But that does not mean you look enviously on the reserves we have got. We have got a Capital Reserve, unallocated, on page 5, of £230 million; we have got a core investment reserve of £185 million. I think that used to be called the rainy day fund but was re-designated. Then we have got General Reserve, Transformation Transition Fund available £13 million, corporate housing available of £22 million, etc.

So we have got plenty of cash available but we have got to spend that wisely. Deputy Tooley made the point yesterday, when she was speaking, that if you ask anybody do you want to pay any more tax, they are going to say, 'No.' But if you say to them, what about reducing services, they are going to say, 'No.' Because we provide, and again a point made by Deputy Fallaize, we provide first-class services and the people who generally benefit from those, more than others, are the people with low incomes and the elderly.

We do not want to take anything away from that because that is the idea of an Assembly, of a Government, to provide for those people who are in need. As a friend of mine once said, rich people can generally look after themselves. Health-wise they can do that. They have got the money, they have got the assets, they can attribute those. So I think everybody in this Assembly, we may have different views on lots of things but our common aim is to help the people that need to be helped.

Now in that regard, how do we do it? We do it, as Deputy St Pier is advocating to us, by having a balanced, considered Budget. That is why I have supported all the major points of this Budget, because we should have this debate and it should be wider than that, I think, somewhat Doomsday scenario looked at it by Deputy Parkinson, that he thinks, in January, February, whenever it is.

I hope that we, as States' Members, will not be thinking, 'My goodness there will be an election on four or five months' time, let us not speak frankly because if we advocate some tax-garnering measures we are going to be criticised.' We have got to put that beyond us. After all, being a States' Member should not be a career and if the votes turf you out, well, they turf you out. That is life. Go and do something else. Be a traffic warden, because there is a shortage!

But we can only go so far. Deputy Fallaize took you to the table, which showed, if you are earning £30,000 a year, the percentage is such and such. If you are earning £500,000 per year, it is the same percentage. Deputy Dudley-Owen made a point, it is a big difference, though. You are paying over £100,000 more in actual money. It is like the example I gave. You cannot go to the butcher and say, 'I have got work in progress I need £500,000 in my firm.' 'How much cash have you got, because that chop costs £3?' 'Well I have not got any, so I will go.' Because he is not going to give you a chop unless you can pay.

It is money that makes the world go round. It helps pay for all these particular services and the difference, we do see it, I think it actually peaks at £150,000, which is 27%, all of that is easily explained, because that is where the cap is for Social Insurance contributions, it is £149,000, whatever it is. After that, it decreases, because you do not pay any more if you have got £250,000 or £350,000 or £450,000.

So we have got to look at what we can do but we cannot keep – I am going to support these proposals – but we cannot keep taxing the same things any more. It becomes onerous, it becomes usurious, it becomes unacceptable. TRP, it might be lower than lots of other places, but it is still much higher than it ever was. You have only got to walk up and down our main streets to see how many empty offices there are, how many empty shops there are, and that is not changing. Mothercare has gone bust in the UK, Monarch has gone into liquidation, Thomas Cook has also collapsed.

Thomas Cook has been around for over 100 years, Mothercare for 50 years. Lots and lots of companies in England are going to their landlords and having company voluntary arrangements (CVAs) to reduce the rents. We are not immune to that and although we have a good economy, it is an economy that could easily tip from good to bad overnight. We are completely dependent on two or three main industries: finance sector, overwhelmingly, but also we have got wonderful entrepreneurs here, like the people who run Specsavers and other businesses such as that, Blue Diamond, just to name two. There are others that are a credit to this Island.

The more businesses that we can centre in this Island, and they go out and conquer Jersey and they conquer England and they conquer elsewhere, so much the better, because you will always play better on home territories. I am not going to say, because people think I am aggrieved, but some of our major law firms now are not controlled from here, they handle the interests of this jurisdiction; I regret that bitterly. We have got to have things centred here.

There is a chap I talk to, who talks to me, who is a lovely man, and he comes and taps me on the shoulder from time to time, walking through Town or wherever he may be, and he tapped me on the shoulder during the course of this week, by the Town church. A lovely man, he is in his 50's, he cannot work for health reasons, but he is a thoroughly decent citizen. He said to me, 'Peter, could you ask your colleagues to bear this. I am asset rich.' Well he is not really, he and his wife, they have got a house, it is not Buckingham Palace, it is not Trott or Trump Manor, it is just an ordinary house, but that is their asset. But they are income poor.

He gave me the figures, which I am certainly not announcing to the States as to what they are. He gave me the figures as to what he and his wife have to live on and it is very modest indeed and he said, 'TRP really hurts us. Indirect taxes really hurt us. Can you have regard to that when you are making your decisions?

I do not think we have got much option but to follow this Budget on this particular occasion but we should try and be more innovative.

Now, Deputy Kuttelwascher and I were almost chased out of this Assembly a couple of Budgets or so ago, because we have had the audacity to try something innovative. We were persuaded –

Deputy McSwiggan: Point of correction, sir.

It was an excellent idea but it was constructed in such a way that it would never have worked. I wish Deputy Ferbrache would come back with a similar idea, constructed in a more plausible manner.

Deputy Ferbrache: I am very grateful to –

Deputy Fallaize: Point of correction.

On a second point of correction, I do not think it was quite right for Deputy Ferbrache to say they were chased out, because I think they withdrew their amendment when I was on the brink of voting for it.

Deputy Ferbrache: I was going to explain all that if I was not interrupted! (*Laughter*) Absolutely, we did withdraw it and Deputy McSwiggan is right, it was something that needed fashioning and needed moulding. It was a first attempt, really. But that was not the purpose of what I was going to say.

We went off, Deputy Kuttelwascher and I, Deputy Mooney, Deputy Merrett, and I think Deputy Dudley-Owen but I am not sure if she could make it. Anyway, we went off as Members of the Committee for Economic Development to see the members of the great and good from the finance sector and they were going to come up. We left it, we did not come back and try and say we will argue it, we will try and mould it and mend it as Deputy McSwiggan says we should and I fully accept that. Because we were told they would come up with some innovative ideas and we did not have to bother about it, so give them 12 months and they would do something.

Well, that was a lot longer than 12 months ago and they have done absolutely nothing constructive at all. So we need people like them not to just promise they will do something but to actually do something to help Deputy St Pier to help us as States' Members to come up with some innovative way, there is no easy way, of coming up with taxes.

I am standing here not only as an individual Member, I am standing as President of the States' Trading Supervisory Board and, at Proposition 39, we are asking amongst other things, for the States to approve the accounts of some entities for which STSB has responsibility on behalf of the States of Guernsey. I am not going to say too much about those. Those accounts are there, hopefully they are not contentious, and they show the quality of the service that is produced in Guernsey by States-owned, controlled entities. We are very lucky to have entities like Guernsey Electricity, Guernsey Water *et al*, that serve this community so well, at the best prices that they recently can.

We took a decision. It was at odds with P&R – we respect their view and they have respected our view – that we would be encouraging the entities for which we are responsible, not to go out

1085 and try and maximise profits, but to go out and whatever money they could earn, to reinvest in whatever they were doing, in electricity, water or whatever, and to make sure that the prices that they charge the consumer are as low as they reasonably can be.

Now, for some, they are still going to be too expensive, but there is not much we can do about that. Deputy Queripel rightly said yesterday the issues should be respected in relation to Aurigny, I do not want him to interject, I cannot remember how long, over seven years six months, he has been a States' Member, but in the seven-and-a-half-plus years that he has been a States' Member, or at least concerned.

He expressed a view that many people outside of this Assembly have in relation to Aurigny. It was a bit like when Deputy Paint was expressing his view on behalf of people who receive benefits, etc. Deputy Paint, in the course of, as people stopped and interjected helpfully, Deputy Paint made very clear that that was the view out there. That was what people held. Deputy Lester Queripel would say that was his view but that was also the view that was out there.

Let me say that he addressed Propositions 34 to 37, in particular, in his speech, and I can understand that. Now the States has got to decide in due course, assuming it passes Proposition 38, what it is going to do in connection with air travel. It has got to have a joined-up policy. Because of the nature of our Government, we do not have a joined-up anything, really. P&R is Policy & Resources, but it has no executive power. It seeks to lead and whenever it seeks to lead it gets criticised.

I have criticised it on occasions, albeit my criticism has always been valid and logical. In relation to that, it seeks to lead, and then we go off and do individual things, which, whether you are E&I, whether you are Education, you genuinely think are in the best interests of the people of the Bailiwick and you are carrying out your mandate as best you can.

As Deputy Green said, there is a jointly commissioned report by Scrutiny Committee and STSB in connection with Aurigny. That produced the Nyrras Report, recently. Now it is not here to argue too much about Aurigny but those Propositions that Deputy Lester Queripel has rightly drawn to the attention of the Assembly are very important, because we are asking, as a body, as STSB, and P&R are asking that the overdraft facility for Aurigny is authorised for over £25 million with the other additions that have been referred to in the other Propositions within those numbers. That is a massive amount of money.

1115 It is a vast sum of money for a small place like Guernsey, with a tax take of £470 million-odd and a continuing position. That cannot be supported year on, year on – unless the States make a decision by next April or in next April, when it decides what it wants to do with its air links and then it will give clear guidance to STSB, it will give clear guidance to Aurigny, which is just part of the picture. It is just part of a picture.

1120 Now Nyrras said this, and I am not going to read all the executive summary – sorry, this is a bit crumpled, my dog was sitting on it. It said:

The selections of the jet and ATRs to the route network have been good choices compared to other types. Only the Gatwick route is profitable, which means all other services may not be viable in an economic downturn. Open skies and the change of fare structures is creating opportunities for a high utilisation and revenue management optimisation. Network scheduling onto the fleets needs review to deliver optimised profit and service.

But it also concluded this, the very last of the 11 points in the executive summary. It talks about:

Since writing our report a profit warning has been announced about Aurigny. We have not seen any detail. We believe it is reasonable to assume that much of this deterioration can be attributed to the significant increase in supply between Guernsey Channel Islands and South East England exceeding demand. The impact could deteriorate into the low season winter. This highlights the need for a realistic, holistic and optimised aviation strategy for the Island.

Really for the Bailiwick. Now that is what we did. But I think also the public and States' Members are entitled for some figures in relation to Proposition 34, because that is the funding requirement for the overdraft. Now if the States were to say, 'We are not going to approve that Proposition and we are not going to approve the ancillary ones, 35, 36, 37 ...' then Aurigny, within a very short period

of time would not be able to trade. So you would not have to worry about Aurigny because the planes would not be able to take-off. (*Interjection*) Of course.

1130 The States, if it is going to act responsibly, which I believe it will, has no option but to approve those Propositions. The £25 million is made up as follows. The States had already approved a funding requirement of £15 million. The 2019 forecast losses increased to £7.6 million but the adverse impact in cash is less than that, it is £1.5 million.

1135 So you have got the £15 million, you add the other bits, which is another £1.5 million, you are up to £16.5 million. Losses in 2020, excluding the loss on the sale of the old Dorniers, because that is a book loss – it is still a loss on your balance sheet, but it is not an actual cash loss – is £8.6 million and then there are the usual things you have when you have a business of this nature, movements of working capital, depreciation and repayments of aircraft loans of another £600,000 and if you add the £8.6 million and £0.6 million in the other figures, that gives you £25.7 million. It is an eye-watering figure, but there is no option and no alternative to it.

1140 Now I can give you lots of other statistics about Heathrow and about Gatwick and about all these other routes about why Aurigny went onto the routes that they did. That is for another day. That would elongate this debate considerably, but there are credible explanations in relation to all of that, which could be given and which the States could consider.

1145 But we are already three-and-a-half days into this Budget debate and we are not finished yet. As I said, we had, I thought, a very update and good and constructive speech from Deputy Parkinson yesterday, about the work Economic Development are doing ...

Sorry, I give way to Deputy Dudley-Owen.

1150 **Deputy Dudley-Owen:** Sir, thank you to Deputy Ferbrache for giving way. I have sent correspondence recently to Deputy Ferbrache and his colleagues on STSB, asking whether we may have a presentation for the States' Members forthcoming about the losses and all of the operational decisions that have been taken in that regards, soon, and I wonder if he might be able to give us an update, please?

1155 **Deputy Ferbrache:** That is a very good point. It has not been overlooked and it will happen. It should happen. There should be a presentation to States' Members on those topics. I fully accept that.

1160 Going back to the comments that I am going to make in relation to Deputy Parkinson's speech yesterday. He talked about what they are doing and they are doing it well, but it is difficult. There are no magic answers and he talked about trying to diversify. Part of their policy is to diversify what we do. That is a great idea, whether it is digital or whatever, but all of that takes time. What we did, led by Deputy Trott, others have had massive input into it, too, was approve, and I am sure we will approve it formally when we get around to making our vote, approve the green finance initiative, the amendment in relation to that. Because our core industry, which we must protect, is our finance industry.

1165 I know in Guernsey, we had tomatoes, we had grapes and we had quarries and we had all that kind of stuff and that gave Guernsey wealth, but the wealth was channelled into the hands of very few in those particular days. It is much more evenly spread now than it ever has been. People are better off, generally, overwhelmingly, not everybody, but overwhelmingly, than they ever have been.

1170 That is difficult to maintain and difficult to achieve. What we have got to look at too, we are prudent people. We have got a high degree of home ownership and when you are elderly, that is generally your main asset, that is the asset you have got. I would not like us to discourage, by the way that we operate in this Assembly, from elderly people from two things: firstly being forced out of their homes unless they want to leave; and, secondly, being taxed out of their homes.

1175 I want old people to have their heating on when they want it and not wear a jumper, even if it is a Guernsey, and I want them to be able to lead attractive and decent lives in their retirement. Because, and Deputy Roffey made the point, whether we like it or not, the whole of the western world, probably the whole of the world, but the whole of the western world is going to have an

1180 ageing population. We are not going to be able change their demographics. When Bismarck brought in taxation in the 19th Century, at 65, that was because very few people got to 65. Now there are quite a few of us in this Assembly who are over-65. Some are even older than me.

1185 The point is, in relation to that, society's demographics have changed. It is not going to un-change and so that is again another issue we have got. Those are my remarks. I will be voting for all the Propositions, as amended, and I do end where I began, by commending P&R, particularly Deputy St Pier, for his good work over the last few years.

The Bailiff: Deputy Tindall, do you wish to be relevéed?

1190 **Deputy Tindall:** Yes please, sir.

The Bailiff: I will call the Vice-President of P&R, Deputy Trott.

Deputy Trott: Thank you, sir.

1195 Deputy Ferbrache made a very good speech and I thought Deputy Fallaize did beforehand. There will be a scintilla of repetition from me, but I can assure you it will not be tedious.

1200 Deputy Ferbrache referred to Trott's Palace. Well, it is not a palace, it is a modest little *pied-à-terre* but interestingly, where our outside toilet used to be, at the bottom of the garden, there are now some stables and Deputy Roffey, in particular, may be interested to know that we pay more TRP on those stables than we do on the dwelling house. So he is not alone in considering some of the classifications as being a flick bizarre.

1205 My opening remarks are going to be this: the average taxpayer gets a very good deal in this Bailiwick and I shall prove it in a moment. But first it has been a pleasure working with my incredibly able colleagues on P&R, particularly Deputy St Pier, whose leadership, energy, commitment and consistency has been exemplary. I have a saying that I am at my happiest when I am the least smart person in the room and very often ... it is not an experience I have enjoyed very often in this Assembly, sir. (*Laughter*) It is however an experience I enjoy regularly when attending the Policy & Resources Committee's meetings.

1210 Some have said that there is little in this Budget for the economy. Nothing could be further from the truth. What this Budget tells us is that we are an incredibly low-tax economy and there is no better building block, no better foundation for business, than that environment, and it is an environment that we have successfully maintained for a number of years.

1215 It is important that we all have a very clear understanding of the cost of essential services. Many people will be surprised to learn, for example, although it has been said on many occasions, that the revenue costs alone of educating a single student in the state secondary system for a year exceeds the annual taxes paid by the average Islander.

1220 In fact, sir, you have to earn £50,000 a year before you contribute enough to General Revenue to cover the cost of the revenue cost and the capital cost of a single child for one year in the state system. That is an extraordinary statistic, one that others have used as well to highlight the point. On average, we pay around a quarter of our income in tax, in an increasingly progressive system, and this makes us a low tax jurisdiction and I would prefer it if those conditions remained. Let us be under no illusions: that is my preference.

1225 Across the course of their lives, Islanders benefit from a huge range of public services. In most cases, the total value of these services is greater than the amount they might pay in taxes and contributions. That is to be expected. While part of this cost is sustained by other sources of revenue, such as tax on property, as the population ages and demand for services grows, this position is becoming unsustainable and I think we all accept that.

1230 So what does it cost to fund Bailiwick public services? I think there are a number of people in this room who may say £450 million, £500 million, £550 million, £600 million. Well the answer is it costs about £2 million a day, around £700 million a year goes out the door to pay for pensions, teachers, nurses, policemen and so on. Or if you prefer, sir, and I know Deputy Ferbrache will like

this, over £80,000 an hour. I know he only currently charges about £1,000 an hour, but it just shows there is some head room! (*Laughter*)

1235 Do we live in a low tax jurisdiction? Well, look at page 108, as others have explained. There are many things in this Budget that are worthy of repetition but this is certainly one of them. Guernsey's tax take is unusually small relative to the size of the economy. Guernsey collects aggregate revenues, excluding investment return, of 21% of its GDP. As Deputy Fallaize said, there is a very obvious and relevant comparator and that is our neighbours Jersey, where their revenue collection is around 26% of their GDP. We do a stratospherically good job in providing the level of public services we do, with only taking 21% out of our economy.

1240 Do we have a progressive tax system? Deputy Fallaize spent some time on this, sir, but again over the page on 109, we can see clearly that, if you earn £20,000 a year, you pay 19%; £30,000, 22%; £40,000, 23%; £50,000, 24% and you have got to be up to the sorts of earnings that Deputy Ferbrache is on, £150,000, before you pay 27%. That is progressive. I took his other points but it is progressive by any measure.

1245 In 2007 I remember standing in front of a packed audience at Beau Sejour at the time of corporate tax reform, when people were fixating on a revenue deficit that we had, the so-called black hole. People were unconvinced were, a lot them anyway, when I said to them do not worry about the black hole, it is a revenue deficit that we can structurally deal with. What you need to worry about is our grey hole because back then, 12 years ago, it was obvious that the demographics were going to be our biggest challenge and nothing has changed.

1250 In January we are going to be talking about some funding options and those funding options are, I suspect, going to be one of the biggest challenges that we have faced in a whole generation. I say that because we run the risk of disrupting our stable, economic foundations. We run the risk of moving away from what I think most would genuinely consider to be a low tax environment to something that looks much more mainstream and there will be, potentially, consequences, as a result, that need to be properly understood.

Some have said we are not spending enough on infrastructure but of course pages 117 and 118 show just how much spending we are about to undertake. We have approved, back in April of last year, up to £32 million on the Waste Strategy. Much of that has already been spent. The Alderney Airport runway rehabilitation, up to £12 million in January of this year, hospital modernisation, £44 million in March of this year, the Future Digital Services, up to £43.6 million in June of this year and transforming the education programme as recently as September, up to £157.2 million. So no one can criticise this Assembly of not investing in the future, but most of that spending will take place in the future, starting during the course of next year, most cases.

1265 Now, sir, I could not stand without repeating a couple of messages, which I think are somewhat often misunderstood in the Northern Isle, when I make certain comparisons about Alderney. Now on page 70, we are shown that the net cost to the Guernsey taxpayer, as a consequence of fiscal union in supporting Alderney, is about £5.7 million a year.

1270 Apparently there are 2,000 souls on Alderney, which means – and I will keep the numbers simple – about £3,000 a year of subsidy comes from the central exchequer here in the Bailiwick to the Alderney citizen and it is the Guernsey taxpayer that is funding it because, as we know, Alderney is in deficit so, by definition, it is not funding itself.

1275 If you extrapolate that expenditure to a community of 63,000, and I accept that there are economies of scale but they are certainly nowhere near as extensive as what we have, if 63,000 people were incurring an annual fiscal deficit of £3,000 *per capita*, we would be running an annual deficit of £200 million.

1280 It is a fair comparison. I know that many people in Alderney do not like it, but it is true. Now, getting on for £1,500 *per capita* is the £3 million a year that Aurigny loses servicing Alderney. Again, if you were to apply those same degrees of losses to 63,000 people, and this is a fair comparator because we all travel on airplanes, whether you live in a small community like Alderney or a marginally larger one like Guernsey, 63,000 people incurring a *per capita* loss of £1,500 would suggest losses for the airline of £100 million and yet the losses for the airline –

I will give way in a moment because I look forward to the challenge –

1285 **Alderney Representative Roberts:** Point of order, sir.

The Bailiff: Point of order or point of correction?

1290 **Alderney Representative Roberts:** Point of correction.

The Bailiff: Yes, Alderney Representative Roberts.

Alderney Representative Roberts: That is unproven.

1295 **Deputy Trott:** Yes, well we have heard. In saying that, I think what you do, if I am honest with you, Alderney Representative Roberts, is you call into question the probity and the integrity and the honesty of the President of the STSB because he has told you, he has told us –

1300 **Alderney Representative Roberts:** Point of correction sir. That is not the case.

Deputy Trott: Well, it is he that has told this Assembly that the losses are genuine. In fact he has confirmed that the losses on one route alone, Alderney to Southampton and back again, are in excess of £150 per passenger. That is what he said. Now, it is not for me to ...

I give way to Deputy Ferbrache.

1305 **Deputy Ferbrache:** I have certainly said, I think it says £75 each way, which equates to £150. But I have asked for some exact statistics in relation to travel, both Alderney-Guernsey, Alderney-Southampton, for 2018, because that is the last completed year. It is 53,326 people, so let us assume those figures are right. Let us assume that £3 million is the right figure – it might be £3.1 million but let us assume £3 million – you are looking at probably a slightly less figure than that. Certainly, I have said that before, Deputy Trott is absolutely right. It is about £57/£58 per person per trip. So a return trip, the subsidy would be £115 or £116. So I certainly have said that on several occasions before. Those figures were right at the time, to use a phrase I used elsewhere, at the time of writing, but I have checked them overnight to make sure I can give accurate figures, as I thought it might crop up.

1315 **Deputy Trott:** And I am sure Alderney Representative Roberts will join me in expressing our gratitude to you, because those numbers –

1320 **The Bailiff:** I think Alderney Representative Roberts is raising a point of correction.

Deputy Trott: Wanting me to give way again, is it?

1325 **The Bailiff:** No, a point of correction.

Deputy Trott: A point of correction? Okay.

Alderney Representative Roberts: Point of correction, sir.

1330 The figures from Aurigny are unproven. When Aurigny's accounts, despite the wish of this Assembly and many Deputies' wish to have independent screw-by-bolt answers, they are refused. All those figures are unproven.

Deputy Trott: Sir, the support for Alderney is very significant indeed and I think we all recognise that.

1335 Now, I want to look for a moment, if we may, at the cost of public services, because there is some interesting information within the appendix of the Budget that gives you some useful examples.

For instance ... Well, the examples within the Budget are there for all to read, but I will mention some of them and then I will give you a whole load of fresh information, which I think may be of value. One year of nursing care subsidies, £44,200. One year of residential care subsidies, £23,700. One year of secondary education per pupil on a revenue basis, £9,000. The cost of prison services, per prisoner, per year, £45,000. But in addition to that we subsidised 243,000 GP appointments and 79,000 nurses' appointments in 2018. That is an average of five appointments for every individual.

The average cost of a travel allowance grant for someone needing medical attention off-Island was £2,900. Including fixed costs, the fire and rescue service cost £3,600 per call out in 2018. A heart transplant can be up to £140,000. A neo-natal, intensive care cot costs £3,500 per day. A complex knee and hip operation can cost up to £20,000. A pacemaker implant can cost £4,500. The average cost of a day patient unit case, excluding bowel screening, is approximately £955. The average cost of an oncology day case, for example, the delivery of chemotherapy or bowel screening, is £1,176.

1345 The people of this community get a fantastic deal from public services and it is up to all of us to remind our community of these costs in order that there can be greater understanding and a greater feeling of community that we are here for each other and that these costs are covered as a consequence of our tax policies.

However, sir, in my view, primarily due to changing demographics, we must all be prepared to pay a little more. However, the spending pressures suggest that a little more will not be enough. In fact, the spending pressures suggest that even quite a lot more will not be enough. So the debate in January and the debate into the lead-up to the election, during the election and beyond, has got to be around what is fair, what is reasonable and what is proportionate because the issues will not go away.

1360 As our population ages and demand for services, very expensive as I have shown, grows, this position becomes more and more unsustainable. But it is nothing new. We knew about this in the early noughties and that is why I referenced my comments at Beau Sejour back in 2007. In conclusion, we live in a place that enjoys low inflation, with virtually full employment. We are safe, secure and we have a society that is based on the rule of Law. We are well-regulated, we are internationally respected and generally and understandably seen as a good or even great place to do business.

We have sustainable growth. We have good connectivity. Not my words, the words of our consultants. We have five-plus years reserves in regard our state pension and we have unparalleled funding of our public sector pension. Sir, Guernsey remains a great place to do business. Our challenge is to keep it that way.

Thank you very much,

The Bailiff: Can I just say, we do now have a consolidated set of amendments. We could distribute them now. If anybody wants them, they are on the Greffier's table. Let them be distributed, then and, while they are being distributed, I will call Deputy Soulsby.

Deputy Soulsby: Thank you, sir.

Normally I go through the Budget and cover off some of the items that are in there of particular interest, but the truth is I cannot see anything more important at this moment in time, in respect of States' finances, than the cost of health and care, what we provide and how we pay for it. Very much in keeping and in line with what Deputy Trott said.

The development of the Budget this year has been incredibly difficult for the Committee for Health & Social Care. Over the last three-plus years, HSC has improved its financial controls, its financial reporting and the financial analysis. Processes have been introduced to ensure that all recruitment requests are scrutinised before approval. The framework for the pricing of agency staff has been introduced to control such expenditure. A prioritisation process has been implemented to

ensure that all service redesign initiatives are properly costed, reviewed and assessed and positive steps have been taken to agree clear, contractual arrangements with NHS providers, enabling more reliable, off-Island services for patients at more predictable, stable costs.

1390 HSC is more efficient than ever before. We have made savings on underspend, as I mentioned just the other day, totalling £8 million, as a result of service improvements and wider Transformation. Indeed, as I said on Wednesday, all those days ago, we are the only Committee that has already made the recurring savings we identified we could for 2019, totalling £945,000.

1395 Without these collective actions, HSC's quarterly expenditure would be over £5 million more than it is today. We have consistently made more savings than any other Committee this term, such savings that have helped out other parts of the States undertake initiatives that would not have been possible otherwise.

1400 However, growing demand, growing medical advances and growing expectations are putting real and huge pressures on the service. In my last update to the Assembly, I stated that we would overspend our Budget this year by £5 million, not due to lack of financial control but because of real and tangible increases in demand.

1405 One of our number wrote a letter to the *Press* recently, saying he did not believe it. There was not such a thing as the impact of an ageing population. But I thought it would be worth providing just a few examples here, now. Occupancy in the PEH has increased by 10% in the last year alone. The critical care unit has been full to overflowing this summer, which is unprecedented. Radiology has seen an increase in demand of 25% in the last 12 months. We are forecasting a 23% increase in emergency department attendances since 2017. Mental health services and community services are all seeing increased demand for their services.

1410 We have had to employ agency staff in adult community services whilst we wait for an additional 43 permanent staff we have recruited to become available to meet growing and complex needs. Off-Island care has seen a 10% increase in cases, translating into an increased spend of £1.5 million.

1415 In addition, successful recruitment efforts across acute services, combined with the introduction of supernumerary posts to help retention, as well as unpredicted events, requiring expensive locum cover, have meant we have eaten into the vacancy factor that has been used in the past to keep the Budget down and enable funds to be freed up for other Committees.

It is against this backdrop that HSC's 2020 Budget needs to be understood and the requested increase not be seen as unexpected. Our submission totalled £130.5 million, representing a £12.24 million increase over the indicative adjusted cash limit. It is proposed that we receive £124.7 million, with £2 million as separate annualised service developments.

1420 As I said yesterday, the development of the Budget is something of a black art and it took some time to reconcile one with the other and I am not going to explain it in detail here, but the upshot is the proposals are £3.6 million less than we applied for, or £2.1 million, excluding items, which we have been advised can be funded from elsewhere.

1425 Our submission covered £10.4 million of what we consider essential funding. That is funding required in order that current services could be maintained and current demand met, with £1.8 million of items we believe should be funded to meet gaps and service provision. In the event the cash limit increase, excluding service developments and alternative funding, totalled £6.6 million.

1430 This covers £1.1 million of inflationary increases. So of that increase, £1.1 million is just to deal with inflation, with the remaining £5.5 million mostly reflecting an adjustment to our base staff cost to reflect their true cost and that is right, to reflect their true cost. Various adjustments have had to be made affecting prior-year under-budgeting, as well as the elimination of the vacancy factor for a frontline staff, which is no longer justified.

1435 So basically our cash limit just covers off maintaining what we have. It does not deal with increases in demand or any gaps in provision, which are both, oddly, defined as service developments, to propose that we receive £2 million in annualised service developments, which is £1.5 million less than expected.

Let no one think this is a speculative wish list. It is a carefully considered submission, which has been subject to extensive assessment, review and prioritisation by both officers and the Committee.

1440 From an initial list of over 60 proposals, with total costs of around £8 million, we have brought that down to £2.1 million of essential bids and a further 14 requests totalling £1.1 million, which we believe could be delayed, but would put strain elsewhere on the system.

These are pro-rated costs, not full annual costs by the way. Every proposal has been subject to extensive internal scrutiny. Now HSC's finance business partner has a simple phrase pinned

1445 prominently above his desk: 'Every pound wasted is a patient's lost opportunity.' This message encapsulates the approach taken to financial management across HSC, recognising the need to maximise the value of every pound available to the community.

Here is the proof. What is that, about 7cm of paper? I can assure Members there are plenty more documents on this laptop as a result of the whole summer being spent trying to arrive at a realistic

1450 budget. I do not intend to go through, in detail, each of the prioritised requests, in turn, but will provide a few examples, which will, subject to Members' approval, be funded for 2020.

The initial stages for a mental health and wellbeing centre, the need for an accessible, community based service for those experiencing stress and distress, was identified as part of the gap analysis of all mental health and wellbeing services provided across Guernsey and Alderney. My Committee

1455 is determined to ensure that, when we made a priority of the P&R plan, that mental health be given equal priority and consideration as physical health, that this should not be hollow words.

An improved diabetic retinography screening programme was designed to increase the number of service users accessing it. A consultant community paediatrician, to cover services such as safeguarding, autism assessment, neuro-disability services, school clinics and support for the Child

1460 Development Centre. This is an essential post if we are to abide by the central tenets of the Children and Young People's Plan that every child should be safe and nurtured.

However those areas that at this stage are being funded include the expansion of the community speech and language therapy team, to respond to the 75% increase in outpatient referrals and increased complexity of the caseload. The recruitment of a falls practitioner, already mentioned in

1465 this debate, to work across HSC to provide support in reducing falls and ensuring effective treatment and rehabilitation for those who have fallen. Now it is important to clarify here that Deputy St Pier yesterday seemed to imply that this was just an additional post. It is not. This will be a new post. We do not have a falls practitioner for across Health & Social Care.

The development of health and care regulations provide independent assurance around safety and equality of public, private and third sector services, at this point in time, which will be unfunded, and increase provision for the children's dental service, to manage increased demand.

1470

Now we do appreciate the difficult decisions that P&R have had to make in developing the 2020 Budget. We have not wanted to make it difficult for them and we have worked closely with P&R to get to where we are today. HSC has done its best over the last few years to make their life easier

1475 and continues to do so through Transformation, which I will spell out in my next statement.

But whilst the focus on prevention and improving the general health and wellbeing in the population may reduce the scale or complexity of future demand and earlier intervention and more integrated care will improve efficiency and effectiveness, the overall cost will continue to rise. KPMG made it very clear that even making transformational changes, there will be a funding gap in health

1480 and care of £20 million by 2027.

It should therefore not be a surprise to anyone that we are where we are. Whilst we can be more efficient and are always seeking to improve, anyone who still thinks that the funding gap can be managed by cutting out waste, clearly has no comprehension of the pressures currently being faced. In any event, any multi-million-pound savings are really only likely to be achievable through Digital

1485 Transformation, and that is not going to happen overnight.

As Deputy Trott said, only just a few moments ago, we are very lucky to have the breadth and depth of health and care provision that we do in the Bailiwick and my Committee is proud to represent all those who provide such an amazing service. But this Budget indicates that the time

has come for a wider conversation over what the community is able and willing to pay to maintain our services.

The current arrangements are unsustainable if we are to meet growing expectations, be it in how long we have to wait for surgery, how much we have to pay to see a GP, the drugs and treatments we want or the level of care we desire in the community. Something has to give. All the savings that HSC has made in the last three years have been made without cutting services.

We have done it through thinking differently and working differently. The time has come for all of us to think and work differently and, probably more importantly, think and work together to find the best solution for the people of the Bailiwick because decisions are needed and they need to be made now.

The Bailiff: Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir.

Before I start my speech, I would just like to say how important it is that we get to our Uprating Report today. There are IT pressures; actually people are on IT standby for this weekend, and actually if it is delayed until the later debate in November, actually we will butt up against Christmas time and we will incur overtime expenses for our staff. So I would just ask people to bear that in mind when they are speaking.

Saying that, I will try not to be too long in my own speech. Sir, the P&R Committee have the unenviable task each year of producing a Budget. It is apparent that our economy is not growing at the expected rates but I am pleased to say it is at least growing and the level of uncertainty is expected to continue further with no real decisions yet met by the UK on Brexit.

We have heard how Committees are finding it harder to make savings, all the lower hanging fruit being picked a few years ago. Some are realising the savings were perhaps not true savings and some were cuts and we are picking up the pieces of some of those cuts evidenced by some of the cash bids in this Budget.

As we have already debated other savings, such as FTS and Public Service Reform, are not delivering in the timescales anticipated and we are seeing the effects of the ageing demographic, with rising health and care costs. I do believe we need to look at alternative revenue-raising strategies and it is time to dust off the work we did in the Personal Tax and Benefit Review. The review of the fiscal policy framework will be an important piece of work if we are to leave this States in any sort of order for the newly elected States next year and ESS will work with P&R on this work. But we must not underestimate the task and the tight timeline on this work.

One particular Proposition that we are pleased to see addressed in this Budget is the need for an equity release scheme. We know, through our joint working with HSC, on SLAWS, that there are people that want to stay in their homes longer but have no assets or income, other than the property they live in.

Often the house is unsuitable and needs to be altered to provide greater accessibility, downstairs bathrooms, etc. and this scheme will offer that potential to free up the locked assets and I would just like to pick up on what Deputy Prow mentioned yesterday about SLAWS and I think it was also alluded to in Deputy Trott's speech.

The Committee for ESS will be coming back with a policy paper on SLAWS and the delays have been because actually all the alternative funding options will be unpalatable to this States and are very difficult, so there will be some huge decisions that will need to be made early in the new year.

This Budget talks about Committees taking responsibility and managing their expenditure. Our request for additional funding is as a result of essential need in some areas often delivering on outstanding Resolutions, such as the Disability Strategy. Decisions made by this Assembly, not a list of vanity projects.

Our ability to reallocate existing resources within our budget, when our budget is predominantly formula-led, or funded by the contribution systems, makes it much more difficult for us to reduce, prioritise or cease services. However, in the spirit of looking for savings, we are not proposing to

increase Family Allowance in 2020, saving at least £160,000 General Revenue. Once again we have foregone the General Revenue grant to the Health Fund for another year. This will be the fourth year with funds foregone and totalling over £20 million for that period.

1545 I must also remind Members that, under the new Income Support system, rental income to the States has increased from £9 million in 2017 to an estimated £19 million in 2019. Sir, we are doing our bit, we are team players.

1550 Changing topic, whilst it is true there has been significantly more co-operation and liaison between Committees and P&R this year, in preparing the Budget, it is still disappointing that some of what ESS Committee and other Committees regarded as essential funding did not fall within the cut-off point of the prioritise approach and methodology.

From an ESS perspective, what is disappointing is that I know our benefit limitation scored a high mark for the sixth criteria, depth of impact, but scored low in the other categories. We know we scored low on category five, breadth of impact; customer impact criteria on how many of the population will benefit from the investment.

1555 It is because our request affected only 130 families and approximately 480 children, it did not get the required points. I am told by a member of P&R staff that the process also had some human intervention, which makes the fact that it did not get a higher ranking even more difficult to accept. It may only affect 130 families, it may only be 480 children, but they are the poorest and most vulnerable families in Guernsey.

1560 The funds released through Proposition 23 would provide the funds that would enable us to increase the benefit limitation and that is the cap of a household's income comprising of earnings and benefits, from £750 to £850 per week, at a cost of £275,000. We can provide further support for our anti-discrimination work and provide a small increase in the sums that those in our care homes on Income Support are allowed to retain.

1565 As I have said, the facts are these families and children affected by the benefit limitation are working families and, as I said in response to Deputy Paint yesterday, some of those families are working for the States of Guernsey and require a small top-up.

1570 I was disappointed that Deputy Paint said that people in the community do not understand what the benefit limitation was. We held two sessions last week to help Deputies understand and we only had a handful of Deputies come along to that presentation. It is important that Deputies do understand this benefit limitation and put out into the public that it is not just giving away £850 to a family. There is far more behind that. When we come to our Uprating Report, I am sure myself and other members of the Committee will go through the benefit limitation.

1575 Sir, as I have already said, another reason why we ask you to support Proposition 23 in full is to support the need for additional funding for us to continue to support the Disability and Inclusion Strategy and we asked for £75,000 in this Budget and it was declined. Of the original £250,000 the Disability and Inclusion Strategy budget allocated, only £15,000 remains unspent or uncommitted. We have eked out the funding since it came across to the Committee, with the changes to mandate in 2016.

1580 The original policy documents approved in 2013 and 2015 were very clear that additional funding would be required and that is why we are very disappointed that P&R did not approve this request. I must make it very clear that, without this sum, the aspects of the Disability and Inclusion Strategy cannot continue.

1585 The 2000 report recommended that at least £20,000 *per annum* would be required to advise easy access, online information, outreach disabled Islanders and carers through the media; information and training relating to the new disability legislation and a service to provide and convert resources into accessible formats.

1590 It is actually a requirement of Economic Development that those organisations that provide hospitality services have to undergo an accessibility audit and actually the funding provides the assistance for that accessibility audit.

Sir, without the funding, Islanders will go back to the pillar to post situation they previously experienced. In the 2015 update, Policy Council reported that it was inevitable that a further approach for funding would be necessary once the £250,000 was spent. It sums up in that report:

The Policy Council wishes to give notice that a further request for funding is inevitable, once the balance of the original £250,000 has been allocated.

1595 That is simply not possible to deliver the broad range of work required on the implementation of the Disability and Inclusion Strategy, whilst relying solely on the one-off funding agreed in 2013. I will give way.

1600 **Deputy Dudley-Owen:** Thank you very much to Deputy Le Clerc for giving way. I wonder whether Deputy Le Clerc might be able to answer, during her speech, how much resources have been put specifically to the research and development of the broader equalities legislation and how much of that, if it had not been done, would have been left over for the Disability Strategy that had originally been agreed by a previous Assembly?
Thank you.

1605 **Deputy Le Clerc:** Sir, I have not got the figures with me at the present time but it has not been helped by the fact that we have not had the resources to get on with the work and it is only really in the last 18 months that we have had the resources from Policy & Resources, and that is the human resources. So part of the problem is the length of time that it has taken since 2013 to implement the strategy.

1610 So, yes, we have £15,000 remaining, so we have not run out of funds completely, but that will not see us through the resources that we need for 2020. We are grateful to P&R, however, for the request for another tenancy manager officer, as this will enable us with our debt control, and a policy officer for the ongoing anti-discrimination work, so that is more about writing the policy and implementation of when the policy is agreed, but not actually for the disability access and the training aspects of that work.

1615 We are disappointed that we have not yet been able to bring proposals for the ERO, but they will be before you in the New Year. As you are aware we have spent the summer consulting on our anti-discrimination policy work. Sir, this is a very important announcement that I have to make now. Our consultation received a massive, but mostly polarised response. Some people and organisations strongly support the Committee's proposals, while others strongly oppose.

1620 The Committee is of the view that the proposals in their current form would be highly unlikely to obtain the majority support of the States, due to concerns – primarily coming from the business community – that the proposals are not proportionate for Guernsey and will place the Island at a competitive disadvantage. The Committee cannot countenance wholesale rejection of its proposals and disappoint the community, who have waited in some circumstances, years, for the legislation. The Committee, therefore, will use the very short time left in this political term to refocus its efforts on a more limited scope of the grounds of protection.

1625 It is important to understand that much of the most challenging and critical feedback related to disability discrimination. Addressing this alone will require a substantial commitment of time and resources. However, we promised that we would introduce protection on the grounds of disability, including for carers of disabled people this term, as our core priority.

1630 The Committee will press ahead with discrimination legislation proposals, on the grounds of disability, although we will definitely revisit our definition of disability in the light of the feedback. We will also seek to protect carers of people with disabilities but will pull back from the wider definition of carers in general, which included parents of young children.

1635 We intend also to press ahead with the protection on the grounds of race, religious belief and sexual orientation, as the consultation has indicated that this can be done with only minor modifications to our proposed approach in these areas. However this will be contingent on making sufficient progress in respect of disability and carer status.

1640 We will, for the time being suspend work on the other grounds on which we consulted, namely age, carer status in relation to parents, marital status, pregnancy or maternity status, sex and trans status. However, our intention is to include in our policy letter an indicative timeline for when these grounds should be addressed and included in the legislation.

I know that this will be disappointing news to some of our stakeholders but please rest assured the Committee remains committed to this work. We will refocus on the delivery of a set of proposals, which are more likely to find the majority support of the States and which will create a strong foundation for future expansion on the successes of the current Assembly. That is why we need the additional £75,000 because we will have ongoing work during 2020.

1650 Sir, I am drawing to a close, but would like to urge Members to support the Proposition 23 in its entirety. We withdrew our Amendment 10, as we believe we have been team players in not reducing the amount being transferred to Capital Reserve. We will give our support to Proposition 23, as it does provide a funding mechanism for some of the additional spending requests I have outlined and I would urge all Members to vote for that Proposition.

Thank you, sir.

1655

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you very much, sir. Is my microphone on? Yes, it is on. Good.

1660 Sir, despite the background noise, despite the constant assertions usually in some printed media and generally on social media, that E&I are wasting taxpayers' money, constantly overspending and embarking on grandiose projects, the reality is, in fact, very different.

It is true to say that we have presented joint policy letters to this Assembly with our colleagues at STSB, for example, that are large. They are large projects, they are expensive, they are multi-million pound projects, but they are really once in a lifetime events. They do not come round every four years, this investment, over a lifetime for this community.

1665 I might observe, incidentally, that requêtes placed to seek more information or that are placed as a challenge to policy letters come at a cost too. The last requête came with a price tag of £800,000. Attempting to save money can be expensive and delays can just add inflationary costs that really cannot be predicted.

1670 The reality is E&I underspends have been delivered for a number of years. Though it has to be said, more recently there is less wriggle room than we have had in the past, but we work within extremely tight parameters. Even with working within those tight parameters, we can still lead on projects such as the Asian Hornet Strategy, which is a well-regarded piece of work that other communities wish to learn from.

1675 We are also committed to delivering on more biodiversity based projects. P&R have that door open, ajar, but we are still on the other side of it. Be assured, we will be pushing on it in 2020. By the way, I make no apologies for working with colleagues at P&R to attempt to work within our budget. After all, it is not my money, is it? We work with the DPA to deliver the IDP, we work with STSB to deliver the Inert Waste Strategy, to deliver the Domestic Waste Strategy. Why should I not work with P&R to deliver our Budget for this community?

1680 In his speech, Deputy St Pier referred to first registration duty. In fact, I think he may have said the IDP but I think that is what he may have meant. That income stream is one that is open to E&I. It is the bit of the Transport Strategy that enables E&I to progress work streams and public realm improvements that eases the burden on General Revenue. That element is frequently overlooked.

1685 The most recent project at Le Vale de Terre is funded from first registration duty. Salerie Corner was funded from first registration duty. The toucan crossing was funded with first registration duty. Pedestrianisation throughout St Peter Port is funded by first registration duty. That is, I have just said, frequently overlooked. It is often said that we take taxpayers' money. For example we get freedom of information requests on what we have actually spent on projects such as that, when general road resurfacing, which costs a great deal more, sometimes £0.5 million or £600,000, there is not a great deal of focus on.

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I suppose with first registration duty, most people paying that first registration duty are making a conscious choice. They are buying vehicles of a given type and are fully aware that in doing so there will be a levy on that vehicle, a duty on that vehicle, so they are opting in when they have an opportunity actually to opt out.

It is also important to note, perhaps, for the listener, E&I do not receive anything from fuel duty, It is a common misunderstanding that road maintenance is funded from that source. The roads are maintained through the provision of minor capital expenditure. In fact, E&I led the way in multi-year approaches to minor capital in the past.

The Committee did have, historically, a small budget provision of about £2 million, or just under, to spend on the roads. More recently, we have spent £3.4 million and that is done through the minor capital expenditure process, before there was a budget uplift or an allowance for roads. Now we are adequately maintaining and repairing roads. That figure now sits at about £3.4 million.

Before the last review of the machinery of Government, no committee had the word 'infrastructure' in its mandate. The emergence of the word so explicitly has left E&I with a burden of responsibility for a great deal of infrastructure, some of which has been neglected for many years. We have responsibility today and we are looking for those funds tomorrow to help protect our infrastructure.

I am sorry, sir, there is just a bit of chatter as I am speaking, which is distracting.

The Bailiff: I apologise.

Deputy Brehaut: Get to your room! *(Laughter)* So we have responsibility for –

The Bailiff: I would quite like to be able to get to my room! *(Laughter)*

Deputy Brehaut: Respectfully, sir, please take me with you!

We have responsibility today for repairs that will emerge tomorrow. I do have to say the minor capital expenditure process is extremely long-winded. At times we would like to be a little bit more proactive in that process. It is quite common for people to approach me and say when is that slipway going to be repaired, when is that harbour, whether it is at Saint's or wherever, going to be repaired, when are those coastal works going to be completed? That is the process itself. It is the call on the demand on small capital expenditure and those competing demands that mean that we have to prioritise.

Just a note on capital expenditure and sea defences. We do not spend enough now. We will need to spend a huge amount in the future and it is not about the nice-to-do, to keep the economy ticking over, this is about protecting the natural environment that underpins all we have, including the economy.

In the future and next year we will present a climate change action plan that will, no doubt, have some ideas on incentives and disincentives. In her speech the day before yesterday, Deputy Hansmann Rouxel remarked that green finance was making money and doing some good at the same time. Actually, some green taxes, fees and levies, call them what you will, have potential to also do some good at the same time.

By the way, remodelling taxation such as motor tax will make it less of a burden. You can also insulate a home to help those who are asset rich and cash poor. A fuel fund is great but actually not burning fuel in the first place is even better. Those were my own notes, by the way, that was not run past the Committee. That is my view as present.

I just wanted to pick up on some things, very briefly, that have cropped up. Deputy Lester Queripel has said that he is ashamed to be a Member of this Assembly at times. He has said that more than once. I have to say I am ashamed to hear some of the comments regarding Aurigny, our airline, at times.

For those people who manage Aurigny on a daily basis, I think some things said within this Chamber really are beyond the pale and it is disappointing that there are so many references to

1745 Aurigny. Can we just try to get the context here? We pay £4 million for a bus service. In fact, it is more than that. The income is increasing year on year but that subsidy, on a bus service, bear in mind, is about £4 million.

We are talking of the potential loss of an airline which is a social and economic enabler, maybe £7 million or more. That is the context with regard to Aurigny. The challenges for them are great. My toes curl at times when I hear some things. To me it sounds like a custody battle between two parents when actually neither of them want ownership, sorry custody.

I will give way to Deputy Tindall.

Deputy Tindall: Thank you, Deputy Brehaut.

1755 It is something I was intending to ask Deputy Trott to let me give way on: it is the transparency that is the concern, with Aurigny. The amounts, I do not think, to a certain extent, considering it is an airline, are really that amazing.

Deputy Brehaut: Respectfully to Deputy Tindall, that is just the sort of exchange that I will not enter into for the reasons ... I would rather call it a day at that.

1760 I think there are some significant themes, for those of you who wish to return to the Assembly for another four-year political term, I think there are real pressures coming your way and the expectations on pay, I think, the expectations out there in the community, are great. The nurses clearly feel that the planets may align for them, if I can put it that way. That kind of understanding that they have, from however they have come to that understanding, their expectations will be mirrored, I am sure, by teachers and everyone else.

1765 So I think the demands on the Budget are going to be extremely considerable with regard to pay. The other thing I wanted to touch on briefly is growth. We will have a climate change action plan yet, within this Assembly – Deputy Roffey may have referred to the increased population – we seem to be saying, go for growth. What do we mean by going for growth, exactly, and where are the points of tension with going for growth and meeting our aspirations with regard to the climate change action plan?

1770 We have agreed a subsidy to put another airline in direct competition, running two aircraft that fly within 30 minutes of each other and all the rest of it. So if we are serious about climate change – and I am not ... that sounds so horribly self-righteous – but if we are serious about these things then some of the decisions are going to be quite difficult.

E&I are relative minnows with regard to spend but I just wanted to give that assurance to the community that we have an acute awareness and an acute focus on our budget, sir.

Thank you.

**Procedural –
Decision made to sit longer to complete business**

1780 **The Bailiff:** Before I call the next speaker, I just want to apologise to Deputy Brehaut for distracting him when he was speaking, but what I was being asked was questions about how we are going to manage our time for the remainder of this debate and also for the Uprating Report, which as Deputy Le Clerc has said, is important that that is debated, but it is up to Members whether they do that.

1785 Could I just have an indication of how many people who have not spoken in general debate who are intending to do so? I see 12, so about 12 of you to speak. With that in mind, I am going to put three options to you. First of all that we continue to sit to 1 p.m.; also that we come back at 2 p.m.; and that we continue to sit this evening as long as we need to so those who need to make arrangements for childcare and whatever this evening know. So I am going to put those three options. You may vote for them all or you may vote for some but not others.

1790 I will put to you first the proposition that we continue to sit until 1 p.m. Those in favour; those against.

Members voted Pour.

The Bailiff: I think that is carried, so we will sit to 1 p.m.
I will also then put to you that we resume at 2 p.m. Those in favour; those against.

Members voted Pour.

1795 **The Bailiff:** I believe that is carried as well.
I will then put to you that we sit this evening, if we need to, until we finish debate. Those in favour; those against.

Members voted Pour.

The Bailiff: Fine. I think that is –

1800 **Deputy McSwiggan:** On a point of order, sir, you mentioned your conversations. It was not just your conversation that was interfering with Deputy ... The level of background noise has crept up enough and I think it would just be helpful if ...

The Bailiff: Perhaps all Members can bear that in mind.

1805 **Deputy Brehaut:** May I say, I meant no discourtesy. I was just aware of general chatter, sir, and to my horror it was you. I do apologise! *(Laughter)*

The Bailiff: I know you meant no discourtesy and I took no offence. Deputy Merrett has stood quite a number of times and then ...

1810 **Deputy Merrett:** Thank you, sir.

The Bailiff: Sorry, Deputy Dorey?

1815 **Deputy Dorey:** I was just seeking clarification about this evening. Is that just to finish the Uprating Report and not the next Billet?

1820 **The Bailiff:** Well, we will see where we get to. I have asked a question as to whether there is any urgent legislation in the next Billet that needs to be approved and I still have not had an answer on that, which I think perhaps means that there is no urgent legislation on the next Billet. But if there any urgent policy letters in that Billet, we will have to look at those. We will certainly have to debate the Schedule for Business, or else we will not know where we are going for the next Meeting. But I was not at this stage expecting that we would get around to the 6th November Billet, unless there is anything that is desperately urgent that needs to be done.

1825 **Deputy Oliver:** Does that mean we might be coming back on Saturday, or will it be left to the next Meeting?

1830 **A Member:** Up to us.

1835 **The Bailiff:** We have had three-and-a-half days' debate on the Budget. I would hope that we are going to finish the Budget this week. Deputy Le Clerc has said it is important that we deal with the ESS Uprating Report. (**A Member:** It is vital.) I do not know where we will get to by, say, 6 p.m., 7 p.m. this evening. It will then be in the hands of Members. If we have not finished the Budget and the ESS Uprating Report by, say, 7 p.m., this evening, you will have to take a decision as to whether we continue to sit even later or we come back tomorrow. That will be in the hands of Members of the States and largely determined by the lengths of speeches that we have for the remainder of this debate.

1840 **Deputy Fallaize:** On a point of order, you made the point about Members having to make arrangements. Can I just request that you put it to the States that, in the event that the States will not sit tomorrow, so in the event that there needs to be an almost immediate continuation of business, it might be next week? I think it would be helpful for Members if we could establish now whether or not the States will potentially meet tomorrow and I would wish to propose that we would convene next week, rather than tomorrow.

1845 **Deputy Merrett:** Shall I sit down for a minute?

1850 **Deputy Meerveld:** Sir, I would like to propose that we sit as long as necessary to finish the business tonight, to remove the necessity of sitting tomorrow.

The Bailiff: I will put to you then the proposition that we sit as late as we need to tonight and do not sit tomorrow. Those in favour; those against.

Members voted Pour.

1855 **The Bailiff:** We will not be sitting tomorrow so those who need to make arrangements do not need to.

**The States of Guernsey Annual Budget for 2020 –
Debate continued**

The Bailiff: Deputy Merrett.

Deputy Merrett: Than you, sir, because Members will know that patience is not a virtue that I actually possess.

What I would like to say on the first thing is that, actually – and I appreciate you call Presidents forward first – some of the Presidents do be appearing to be give us update statements, rather than talking to the Budget. I just want to mention that because I was finding that a little bit frustrating.

So I am going to back the Budget, because that is what we are here for. I have read the proposed Budget and I read it with a simple principle and a very simple mantra, really, being that, as a Government, we should try to seek the greatest contribution from those most able to pay. Those are the broadest shoulders. I have not determined with any clarity what ‘those able to pay’ actually means. Is it the asset rich but the cash poor, or those that may be cash rich but asset poor? That I do not think I have ever really determined or I certainly have not determined with clarity in my own mind.

So then I considered what revenue we needed to raise and why. What have we asked our community to do? What revenue was raised and what, as a Government, we have done to control expenditure and transform services. So those are the three of your questions I asked myself. Then I also contemplated what services do our community expect and what are the essentials compared to the nice-to-haves.

I am not convinced that all these questions have been asked. I think we have asked ourselves at Committee level and P&R have tried to put a balanced Budget together, but we have not really asked our community regarding the actual services. I accept, sir, that we represent our community, we are elected by our community and we elect Members onto Principal Committees; I accept all that. But I really do not believe that we have always been open, honest and as transparent with our community as we could be.

I really feel quite strongly that our presumption of disclosure still is not bedded into our Government. In my opinion, our Committee has done what we asked for them, but we advised our community if we would achieve savings and we have not, or at least not at the rate or pace we said we would. Like others, I am not convinced that the goals were realistic. I believed in good faith that they were and I believe the forecasts have integrity.

Our Committee has risen to the challenge and the revenue-raising has been achieved. I really do feel that our Committee has done what we were asked; but I really feel as strongly that we have not. The projected savings that have not been achieved and now the only option that we have left for funding some of the essential services, as explained by Deputy Roffey, is arguably a regressive measure that we know will affect old age pensioners. I am sorry, sir, I cannot remember the politically correct term that we decided to call old age pensioners, so I am going to call them OAPs, because I cannot remember the politically correct term. *(Interjections)*

That leads me onto the increase on TRP. Also I am concerned about the increase on TRP to families and I will explain why. Families usually have more than one dependant. They may be a minor. They might be an elderly relative or there may be a family dependant who may be dependent through disability, be that physical or mental disability.

That leaves me uncomfortable with the increase on TRP but rather than just vote it out, I decided to try to offer options and these have been rejected so I have been left with a binary choice, which was what I was trying, through hard work, sweat and tears, to avoid. I have been left just one option. I am prepared to make difficult decisions that may be unpopular with some sectors of our community but I cannot agree something that I consider will be regressive to vulnerable members of our community, be that OAPs or families that may require a home, a house.

Members have left me, quite simply, nowhere to go in this regard. Can we raise additional revenues by other means, ones that are more equitable than a heightened TRP? Actually, sir, I

believe we can. After all shelter, our homes, be that rented or owned, are a pretty basic requirement for humans and for families.

If we agree, this will not just be home-owners but property owners, which will affect rental prices if they pass, because presumably they will, pass that rise into their rent. So what might help me, sir, is if Deputy St Pier can advise us of the size of property with a TRP of 400, which will see the largest financial increase from £668, by £300 to over £1,000. I kind of ask how many bedrooms, sort of thing, even though I am not sure that will really help me, sir, because we know from the Budget whom it might affect the worst. It is the income of those home-owners or renters, which will really fulfil my mantra of being able to be assured that actually it will be those most able to actually pay.

Last year Deputy St Pier, in my response to a very similar question, gave us fine examples of the size of property which would be affected by uplift last year; and being, if memory serves me correctly, TRP over 600. So I am going to ask for a separate recorded vote on Propositions 23A and B. Further I will not be supporting Proposition 24, for the same reasons Deputy Roffey gave yesterday, I would also like a recorded vote on that Proposition. I believe if we support the Proposition now, knowing we are having a big political policy debate in January is presuming before we even actually know. I am not going to agree to this escalator of constant increases in TRP until we have had that wider conversation.

Another question for P&R. I have every intention of supporting ESS' policy paper in its entirety. But if I do not agree to a TRP hike, what will happen, because how will it be funded? There I am, sir, between this rock and a hard place. Further, sir, what I wish to highlight to Members is that whereas any two States' Members, and of course that includes the Alderney Reps, they can submit an amendment to the Budget, as evidenced in this debate by ESS, E&I and Home Affairs. But, sir, Law Officers cannot, can they? So basically Committees have brought amendments defending their own submissions, but our Law Officers cannot. They are appointed by the Crown but are expected to draft our legislation, interpret and implement our Laws, but without the resource they just cannot do this.

But of course we debate this type of resource that they are to be given. If we continue to strangle the resource and we simply become a talking shop, we direct the drafting or we do not give them resource to actually do it, our community actually believe, sir, that we have made a decision that will be enacted. But of course they cannot, can they?

This has concerned and perplexed me for years. We spend money and time on bringing something to this Chamber, we deliberate and determine direction and then we do not actually fund the drafting and this particular draft for legislation. So, 10 years on, and still no vetting and barring scheme for people working with children and vulnerable adults.

If Deputies wish to know what else in drafting and legislative prioritisation, all they have to do is ask HMP or, through sheer determination, perseverance and, to be honest, persistence, although I did actually almost lose my patience, they will get a copy of the list from P&R. So I will tell you what is on it.

Some of it, I will not tell you all that is on it because we are short on time, but the oldest from 2000 – it is not funny, I do not know why I am laughing – that is almost 20 years ago, and it is in regard to the consumer protection. From 2003, animal welfare legislation. We have third sector charities, like the GSBT, to name but one, trying to stop animal cruelty, with no laws to support them.

Oddly, because Amendment 30 has been amended, I can now support it, in theory, as in theory Law Officers could now get the resources they need to progress any cases that may arise from any single workload, the results from Home Affairs, the £1 million service development fund for counter-economic crime. Odd, because I voted against the amendment and as such may not have supported Proposition 30 unamended.

But if the Law Officers had not been given the funding, this is why I would not have supported it, that would not have allowed them to be able to deal with the increase of work in this area. It really is not joined-up Government.

At least Proposition 2 gives me some assurance that P&R will submit revised fiscal policy framework by January 2020, by doing some maths that must be almost ready to submit, but it is so late in the political term and it will be too late to fund the ESS Propositions. Or will it? Considering that the fiscal rules are being billed as the biggest and most important debate that we, in the Assembly, will have, it is a real shame that it has been left so late.

Surely, Members can agree that we would need to do this, at least up to and including Proposition 2.i, but it is Proposition 2.ii, which is the one that is interesting, the options to raise further revenue. We have been asked should we be doing this if we cannot even get our own house in order and what is in scope and just how much is needed to be sufficient revenues and sufficient for what? I assume sufficient to provide central services, but the Principal Committees and P&R do not appear to even be able to agree about what might be deemed as essential.

I am not convinced that the Assembly, especially so near to the election next year, will wish to discuss and give direction for terms of reference that would examine options to raise further revenues for the introduction of new taxes and I am just not convinced. These are hard decisions. Consumption tax. Really? A tax on everything we consume. I just cannot see the Assembly agreeing to that.

We saw an unprecedented berating of the Budget, quite frankly sir, by Home Affairs yesterday. Home Affairs deemed it essential to have the additional funding; P&R did not and neither did a considerable number of Deputies, but not a majority. In a democracy, that is literally the numbers that count.

Equity release, sir, Proposition 28, directs legislation, good luck to the Law Officers, to prepare to enable equity release mortgages. But there is no date or timeline and my preference for this is only when matters ancillary to lending are subject to licensing by the GFSC, as discussed on page 58, 6.92. P&R and EcDev are intending to submit a policy letter to licensing this year but I do not want one without the other, and legislation must come before us. If – it is a massive if – but if it legislation does come before us first, which as I say is highly unlikely, but if it does I will do everything in my power to ensure it is sursised.

Now the ODPa, until the GFSC has the regulation in place, I draw Members' attention to the ODPa on page 64 of the Budget. We are basically advised that the funding mechanism is being designed to ensure that, from 2020 onwards, that sufficient income is raised to cover the cost of operation.

I considered with other Members, sir, if I could do an amendment that would somehow actually force the Committee for Home Affairs to ensure that ODPa is self-funding by next year's Budget. (**A Member:** Hear, hear.) But we were told it was imminent. Home Affairs withdrew their amendment before I was given an opportunity to speak on this but Deputy Trott managed to get his speech in first and, actually, I agree with everything Deputy Trott said in that regard – which is quite unusual (**Deputy Trott:** It is.) but there we are. It is an unusual world we live in. (**Deputy Trott:** And worrying!) (*Laughter*)

So what concerns me is that what we seem to have agreed is that the funding mechanism in the future will recuperate the cost from past users but some of the past users will not be users of the future. So, actually, what we are saying is you have used it now but you are not paying for it. Some of you may use it in the future, you will pay a bit more, and some of you have used it and will not pay anything and that, to me, is not the user pays model. I do not think that is fair or reasonable.

I am also going to touch on 1948 Agreement. It is in the Budget, page 72, at 8.10, 8.12. It says that P&R and the States of Alderney are exploring the 1948 Agreement on the – and I cannot even say the word, sir, I do not even know what it means and I would like an explanation of this word from P&R. I can just look it up in a dictionary, I do not know what it means in this context. On a 'thematic' basis. I am not really sure what that means, other than the dictionary interpretation.

And that they are a joint group of representatives of the States of Alderney and the States of Guernsey, which is P&R, and that they are making some recommendations. But I do not know who is on the joint group and I do not when we can expect the recommendations. In fact, I do not even

know if P&R have an understanding of what the will of the States is on these negotiations. Even so, if P&R could give me some assurances or respond, I would appreciate it.

Now I was not able to ask the question in debate on Amendment 18, so I will ask it now. I have not pinged over to HMC, sir, because I asked the question earlier, although I cannot recall, because it has been days, who was in the seat at the time. It might have actually been HMP. It is now Proposition 7A.i. that if we do not pass that today, there is nothing – in my opinion, and I would like HMC's if possible – that would preclude Guernsey Finance from making a business case and submitting it to Guernsey Economic Development, to have that funding. They just have to play by the same rules as everybody else. They just have to go and put a business case, send it to EcDev. The only difference I can really sir, is whether or not the States endorse it in their entirety. I do not know if HMC can respond to that but I will crack on. If he is able to, I would appreciate it.

I am going to quickly go STSB, which is on page 17, because again the mantra I use here is without placing a disproportionate burden on customers. As we know many of them are left on low incomes. Page 5.51 talks about the surpluses and reinvesting them in the business or for return to the customer after the distribution of reserves and special dividends and repayment and spread of assets previously funded from Capital Reserves.

I am talking unincorporated trading assets. It says that STSB intends putting in place a mechanism. I thank STSB officers for their engagement and punctual ... I mean their responses were informative, they prompt and I thank them for that, there was no chasing of that, I just got the information I asked for so I would like to place on public record my appreciation of that – and I would also like to say that I have been advised by the political Members of STSB, who met with me, that they do intend to bring a policy letter to establish if it is the will of the States to support their belief that surpluses from unincorporated entities should be reinvested in business or returned to customers. They intend to do that, sir, before the end of this political term. So I look forward to deliberating and determining that policy paper in due course.

I think I have said everything I want to say. I think everything else has been said so far in debate, so Members get ready to step to your feet. I am going to sit down.

The Bailiff: Before you sit down, Deputy Le Pelley.

Deputy Le Pelley: It is just a minor one, sir, but I am looking at HM Procureur to make sure I am right –

The Bailiff: Promoted him as well. I do not know whether it is a promotion, it may be a demotion, but changed his job title!

Deputy Le Pelley: Sorry, HM Comptroller, I beg your pardon. I think for the record we need to know that, under certain circumstances, the Law Officers of the Crown can lay and have indeed, in this term, have laid amendments.

Deputy Merrett: Fine.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

I will try to be as short as I can to make the points I wish to make. The theme of this Budget and a lot of the speeches has been struggling to finance existing initiatives and future initiatives. I have a lot of sympathy with the point that Deputy Parkinson made about territorial taxes is a long-term solution. I realise that is not overnight and I realise we have to work with the other Crown Dependencies, at least, before we make a move to that.

But Deputy Fallaize referred to, on page 18, paragraph 3.27, it tells us that company profits are 37%-44% of GDP but only 17% of tax revenue. And it tells us that 1,800 companies are subject to

2060 tax at 10% or 20%, primarily in the finance sector. Over the last few years, continuing in these proposals, we have extended the 10% area and the 20% area, we have got the cannabis growing in the 20% area.

I just ask, as we struggle to finance, and the company profits as they are, can the 10% rate be changed? I know Zero-10 is a lovely soundbite, but what is wrong with Zero-11 or Zero-12? We have got some companies at 10%, we have got some at 20%. Why cannot we change, actually try and take our community with us and see that the corporate sector is contributing a little bit more? I accept we cannot make a dramatic move but at least we can make a small move, perhaps up to 11 or 12.

Deputy Parkinson said small but meaningful investments have a positive effect. Deputy Lester Queripel also said no-one is accountable for the Aurigny losses. But if we look at the travel survey and look at the outcome of the subsidised Heathrow route – I am not going to repeat stuff I said in my amendment – and the open skies policy and look at the figures for the first nine months of this year, departing visitors by air, you would think, would have grown, but in fact it is down 3%, nearly 4,800 less visitors have departed by air. But where the big growth has been in departing Guernsey residents by air. That is up 16%, 22,700 more locals have been travelling by air.

As you would expect, particularly with the growth in Southampton, there has been a reduction in the number by sea using the UK ports, of local residents, and that is down 4,189. I emphasise these are all departing passengers. Sometimes we talk about movements, which is obviously arrivals and departures. If you are thinking about movements you need to double those numbers.

Deputy Parkinson challenged me on Southampton. Southampton is really interesting. If you actually look there has been a sizeable growth but almost all that growth has been Guernsey residents flying to Southampton, which is what you would expect because people travelling by sea has gone down and obviously because of the cheaper travel by the competition on that route. But it has not resulted in visitors, it is on the local side.

So going back to Deputy Lester Queripel's question, no one is accountable for Aurigny's losses. Actually I would say that the Assembly has made some really bad decisions. (**A Member:** Hear, hear.) It has made bad decisions on open skies and subsidising Heathrow and ... and that is partly what has resulted in, and Aurigny has told us, that has resulted in £3.7 million of their losses. That is what they have said.

One positive thing this Assembly has done is that they supported myself and Deputy Laurie Queripel's amendment about the borrowing costs of Aurigny, which tried to reduce some of their costs and reduce some of their losses. That was when they purchased the new ATRs.

Part of the use of the Future Guernsey Economic Fund is that it has got to have economic and fiscal benefits, which are measurable. I challenge P&R, when they next come to look at the subsidisation of Heathrow, where are those measurable economic and fiscal benefits? I do not think they are there.

It is interesting if we look at the context, in relation to this Budget, of that £3.7 million that we are now going to have to cover in our finances for the Aurigny losses. If we look at the sum of the increased money we are going to get from alcohol, tobacco, fuel, commercial TRP, general office TRP and domestic TRP, it comes out at £3.8 million extra. You can say to people almost all the extra money that we are raising, without going to Proposition 23, is paying for the Aurigny losses which they have said are directly resultant of the subsidisation of Heathrow and the open skies policy. The people who have benefited from that policy are locals going on holiday. So we are using taxes to subsidise people's holidays. That is where the logic leads us.

Deputy Kuttelwascher: Point of correction there.

How can Deputy Dorey presume why people are travelling? He seems to think they only go on holidays. That is not true, is it?

Deputy Dorey: I give way.

Deputy Oliver: It is a follow-on that a lot of people do go to hospital, not only to Southampton, to London and now, also, I believe Winchester, I want to say as well.

2115 **Deputy Dorey:** I totally agree that a lot of people that do that but there has not been a step change in the number of people. I am making comparison from last year to this year and the step change has been the number of locals travelling.

2120 **Deputy Le Clerc:** Sir, I would just like to clarify that for the medical trips to Southampton, we have actually got a contract with Blue Islands at the moment, so our first choice would be with Blue Islands.

2125 **Deputy Dorey:** I am talking about the overall cost and the number of extra people. The cost, which Aurigny has said, was resultant of our open skies and Heathrow policy, relating to the amount of money we are raising and the effect it has had. We are effectively, as I have said in the past, subsidising local people's holidays. I will leave it there.

2130 One thing in the Budget is the taxation of fuel for boats. As you know, we do not tax diesel but we tax petrol. Environmentally that sends out the complete wrong message. We know that diesel is not in our community because they are out at sea, in terms of the land community, but it is doing damage to our environment.

2135 We encourage people to use diesel by not taxing it but we tax people that use petrol. Again it is not ideal using petrol but at least it is a cleaner fuel than the diesel. I know there is a history on that. I know we have looked at it. But I do not believe that we can continue with it. If we really cannot remove the tax on diesel I think we have to remove the tax on petrol. We cannot continue doing something, which I think is fundamentally and environmentally wrong.

2140 I echo the comments of Deputy Fallaize on the Budget-setting and engaging. I really congratulate P&R. We have had a step change and I think it is for the better and I wish you to continue with that. I am not a President, but as a Committee Member it is such a difference and it is for the better and it is for the better for Guernsey as Government, so thank you.

2145 I also agree with Deputy Roffey on the demographics of this Island. We cannot fight it, we just have to accept it. We are not going to just pull people to try and get over it. That is not the solution. We have to just make the adjustments and accept that our population is becoming older. What is interesting is the number of people employed has continued to grow and the figures at 30th June say another 0.3% have entered the workforce. The workforce has increased and has been increasing all the time since 2015. So it is very positive that actually more of our population are working than they have been in the past.

2150 Some comments were made about Economic Development are the only Committee that grow our economy. That really grates with me because all the Government works towards ensuring that we have a good economy. We will not have the economy without our education and educating our workforce and continuing to do lifelong learning. We will not have the economy unless we have our quality of law and order, which is delivered by Home Affairs and our emergency services. We will not have, unless we have our health service and ensure that our population is fit and well to work.

2155 I was just reminded, perhaps we take for granted what we have, somebody who visited England recently and they had quite a fall and quite a serious fracture and they phoned up for an ambulance and they were told they had a two-hour wait for an ambulance. This was a serious fracture. The person managed to transport that person to hospital. They were then told they would then have a seven-hour wait before that person was seen. We forget what good quality services we have in this Island.

2160 Deputy Merrett, on paragraph 5.51 about not for dividend and the trading entities: I agree. But I also do not want 20% tax. I prefer we charge less with such basic services and keep the prices down for our population. I have never been in favour of dividends or taxes, or whatever else. I know water is not incorporated but water, electricity, and the basic services, we should be providing them

at as cheap a price as we can. In a small community they are going to be more expensive than in a lot of other communities and we should not try and profit on them.

2165 I, like others, declare an interest on Proposition 25. I have a barn, which is not attached. Because we have got a deep freeze, logs and bikes in there, we will then have to pay the increased rate. I do not like it but I do not like the fact that there is a different rate, if it is attached or not attached. It is not ideal. It would be great if we could find something better but unless there is something better I will support the way going forwards. At least I think it is fair, because it relates to the use of the outbuildings and not whether it is attached or detached from your residence.

2170 I urge Members to support 23A, B and C. I think the initiatives which are on page 130, with the asterisk, I am not going to make, other people have made the case for them. I started off by saying we have the pressures on financing our initiatives. I think we need to finance some more of our initiatives than we are. I accept the ones that have been identified with the asterisk and we should go forward with them. Yes, it is going to affect our community, but I would rather have those funded than have a lower TRP.

2180 Finally I just congratulate P&R on the States' capital investment portfolio. They have not met the increased budget in established staff for that. But one of the biggest problems of why we have been failed in our capital investments is the lack of staff and I am encouraged that they have put an increased budget for established staff. We are not going to be successful with our capital projects unless we have the staff to do them.

We have changed the processes, quite rightly, but we did not increase the staff. That is why everything stopped. So I appreciate, coming from Education, that we have had staff to take forward the project but I think it is important that we do have the staff in order that we can do that.

2185 Thank you Mr Bailiff.

The Bailiff: I think Deputy Dudley-Owen is indicating she has a very short speech that she can deliver before 1 p.m.

2190 **Deputy Dudley-Owen:** Sir, if I was not cut off, I may be tempted. But I think that you may cut me off after three minutes, because it will extend –

The Bailiff: In that case, Deputy Oliver has a very short speech.

2195 **Deputy Dudley-Owen:** May I reserve a place after lunch?

The Bailiff: Yes. If you are not going to finish, Deputy Oliver has a short speech, so we will have Deputy Oliver's speech and then we will rise.

2200 **Deputy Oliver:** Thank you, sir.

2205 I have quite mixed feelings about this Budget. I feel that we still have not really fixed the problem of Zero-10. What we are doing is trying to get a bit of tax here and a bit of tax there. It is what Deputy Gollop would call the stealth tax, but it is not that stealthy. I am glad that we are going to be looking at the fiscal policy in January but I do feel it is the wrong way around. It is a bit of a cart before the horse. There is very little in this debate about growing our economy. Most of it is what taxes are increasing. The only place where we really have diversified is the green economy, the green financial, which was an amendment, and also Proposition 11, which we are now taxing income from cannabis.

2210 No Budget would be complete without speaking about Aurigny. Every year, for a number of years, we seem to be bailing out Aurigny, what they cannot pay for. However, to a certain extent I do not mind giving Aurigny the money for better services. However, what we need is a proper strategy so we know what we are going to be spending on Aurigny. This needs to happen sooner than later.

2215 I just cannot believe it has not happened already and hopefully Proposition 38 will solve this, along with Economic Development agreeing the PSO, Proposition 36. If Deputies and the public knew where Aurigny's money was spending, there would be less complaining and a strategy will certainly sort this out. It is the secrecy that annoys people.

2220 I will be voting for Propositions 34 to 37, but next year I hope that reluctance goes away and we have a clear strategy of what we are paying for. There are a number of Propositions, which I will not be voting for, mainly of TRP, and that was very eloquently explained by Deputy Merrett, so I will not be repeating that.

Thank you, sir.

The Bailiff: Thank you. We will rise and resume at 2 p.m.

*The Assembly adjourned at 1 p.m.
and resumed at 2 p.m.*

**The States of Guernsey Annual Budget for 2020 –
Debate continued –
Propositions carried as amended;
Propositions 24-25 lost; Propositions 27 & 29 deferred**

2225 **The Bailiff:** Welcome back. Who wishes to speak?
Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

2230 I have a few points that I would like to make on the Budget. First of all, the Budget hits out again, sir, at the individual householder to finance increases in Government spending. P&R are recommending a further increase in TRP – tariffs on domestic building and land – of 10.2%, which is way above the cost of living. This will affect all properties, and that is Proposition 22.

2235 In addition, P&R are hitting for six larger properties with a TRP rating of 200 and above, with a premium tiered domestic building TRP tariff ranging from 15% to 60%. This will affect approximately 30% of domestic properties and in all probability push some people out of their homes.

The call for a TRP rollback on domestic properties last year, with the promise of a review, has in reality come to nothing. P&R continue to recommend taking more out of the economy by TRP tariffs on property, leaving less disposable income for families and those on pensions and fixed incomes.

2240 Sir, there is an issue here, in taking 10.2% TRP, a surcharge as well of 15% to 60% from individual householders, but especially pensioners, when the pension award is only 2.4%. So you give them 2.4% and then you take from them 10.2%, plus a surcharge of 15% to 60%!

Deputy McSwiggan: Point of correction, sir.

2245

The Bailiff: Deputy McSwiggan, a point of correction.

2250 **Deputy McSwiggan:** Deputy de Lisle, as a scientist, realises that percentages have to be of amounts, and the amounts that he is talking about are not the same amounts! So the comparison that he is making just does not add up.

Deputy de Lisle: Well, I think to the ordinary person they do add up, (*Laughter*) because in fact what I am saying is that in fact the pension increase that people are getting is nothing near what they are having to pay in addition to their TRP. I say that that is not right and it will force pensioners

2255 out of their homes. Really, when you then read further on, the audacity to suggest another five years of 8.8% on domestic TRP increases between 2021 and 2025 inclusive! That is Proposition 24.

And what is annoying too, is that the £900 age-related allowance has gone. It has been taken away! It has been withdrawn altogether. Of the £900, £450 was taken last year and another £450 this year. So that puts the pensioners in another very difficult position. It is one thing after another!

2260 Why has the age-related allowance gone?

This is all quite damning on pensioners. (**Deputy Lester Queripel:** Hear, hear.) First of all, you strip pensioners of their £900 allowance. You take another 10.2% TRP from them on their homes, plus a surcharge of 15% to 60% on larger homes and you promise 8.8% TRP increases for the next five years – and then you give them an award of 2.4 % on their pension. What a deal, sir! What a deal. (*Laughter*) Is that fair play, Deputy St Pier? What about you, Deputy Trott? You are laughing at this, but is that a fair deal to pensioners?

Deputy Trott: I'm not good with maths.

2270 **The Bailiff:** Through the Chair!

Deputy de Lisle: Through you, sir – I am sorry. Through you, sir. I shouldn't be looking at those two gentlemen! (*Laughter*)

2275 **Deputy Trott:** Are you giving way?

Deputy de Lisle: Yes.

2280 **Deputy Trott:** Through you, sir, I was laughing at his maths, sir.
Thank you.

Deputy de Lisle: I think Alderney was laughing at yours earlier. (*Laughter and applause*)

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

2285 These decisions were made when we did the thorough Tax and Benefits Review and they were decisions of the States, so they are just carrying out the decisions, when we did a very comprehensive review of what the States decided. (*Interjections*)

Deputy de Lisle: Yes, thank you. I argued very strongly against all that, of course, then.

2290 Sir, in continuing, Employment & Social Security, by withdrawing their amendment 10, have chosen instead to get support for raising the income support cap under Proposition 23. If you see at the top of page 55, and the paragraph 6.74, it makes the point as to where the TRP surcharge is to go and some of it has got to go to Education: £70,000. But £275,000 is to go to the Committee for Employment & Social Security to raise the cap on income support.

2295 Now, some again – and this is the difficulty here – will be forced, if that goes through, which is Proposition 23 ... If that goes through, again it will subject older people to hardship and as Deputy Le Clerc was saying, of course, they could go for equity release, if that particular Proposition is passed. I am not one for equity release at all, because I think there are quite major dangers in going in that direction.

2300 For those that do not know, equity release is when you borrow against the value of your home, and so as TRP amounts rise, some older people will feel that they can no longer meet the charges and they will look for ways out. One way in this Budget that has been suggested that they might go is through equity release.

2305 The problem is that equity release in the UK has been subject to inappropriate selling, despite appropriate safeguards in place, and there is a real danger that people who are tempted by cash in the short term are simply setting themselves up for financial disaster further down the road. I think

older people need to be warned of the dangers of equity release – which is Proposition 28, by the way.

2310 There are fees to consider when setting up an equity release system, which usually range from about £1,000 to £3,000. There are exit fees as well that can be quite high if you want to repay early and you are signing all or part of your home away, actually. There are other options to people: there are the retirement interest-only mortgages that they could take instead; and there are standard residential mortgages as well.

2315 Equity release is nice and cuddly. It is a cuddly term for debt and a very nasty kind of debt. Compound interest with high interest makes a nasty debt spiral for many people. It is something to be avoided, I think, at all costs – like pay day loans. It is far better to do your own equity release and move to a smaller property or in fact stay put.

2320 Given that older people are protected currently by customary law – you see, this is the point here. We have not adopted this particular measure of equity release in the past and you could say that older people have been protected by customary law. So why introduce this? There are several reports of people taking advantage of the old, of widows and the vulnerable in the UK. There are reports of companies undervaluing property significantly. Even where no malpractice, equity release mortgages with a 5.65% compound interest and other fees – the debt snowballs considerably. The interest rate is always higher on equity release mortgaging than elsewhere.

2325 So this is a release plan, if you like, for the over-55s. The loans are secured against your home. You do not pay interest on it. Instead the interest is accumulated and added to your loan. You do not pay interest, but the sum you owe can escalate far beyond what you borrowed, especially if you live long.

2330 The interest rates on equity release mortgages are generally much higher than traditional rate residential mortgages. But even at 5%, the cost of equity release quickly adds up. For example, if your home is worth £400,000 and you release 20% that is £80,000. At 5% the cost of the lifetime mortgage escalates to £84,000 from £80,000 in year one; £92,600 the third year and in five years it is already up to £102,000. In ten years, it is £130,000 and if you live 30 years then it is then up to 345,000, which is almost the original value of your property. So it soon wipes out the value of your home.

2335 This is why I have mentioned this so that people are aware of what this equity mortgage is all about and it is not an easy way out. It can be very expensive and there can be little left for your offspring to inherit at the end of the day.

2340 So sir, I would like to say that I am firmly for rejecting some of the Propositions in the Budget. And if I can just get the Propositions here, they would be: Proposition 22 which is the 10.2% escalation on residential TRP tariffs – I was going to say mortgages, because it is a mortgage to the Government essentially, which I have said many a time in here. Also Proposition 23, A, B and C; Proposition 24; also the 8.8 % increase over future years 2021 to 2025 – I just ask whether it is lawful, actually, to be committing a new States to these increases. But presumably, sir, it is something in words and not necessarily something that would be abided by, by the new Government in the future.

2350 There is one little hand-out to me here in this Budget and that is the outbuildings. It was in 2008, I think, but I came in with an amendment with Deputy Brouard seconding, I believe, where we found it was very unfair that the outbuildings to a main house that were attached were taxed in a different way from the outbuildings that were detached from the main building. And as a result we wanted actually all the outbuildings taxed at the same rate as the outbuildings, because the buildings attached were taxed at the same rate as the main building, despite the fact that they had nothing in them, and they were not used really for domestic uses; but the outbuilding was taxed at half. What we argued at that time was that it should all be half, both for the outbuilding that was attached and the outbuilding, detached.

2355 During the debate we found out that there were 4,000 of these properties across the Island, which meant in fact that 4,000 people, we felt, were paying too much tax. The argument from P&R

was, 'Well, we'd have to have all sorts of civil servants running around properties and doing surveys and all sorts of things – it would cost us too much!' So they did not do it.

2360 But 10 years later, everyone – it is in this Billet here! Thanks to some of the influence, I am sure, of Deputy Brouard, being on that noble Committee, P&R. (*Laughter*)

2365 So that is one little ... Of course, I would agree to Proposition 25, which is equating the two now and it is just a matter of everybody moving everything out of their outbuildings before the inspectors come along, because you have to actually apply in order to receive some reduction with respect to the TRP on those outbuildings.

Thank you, sir.

The Bailiff: Deputy Dudley-Owen.

2370 **Deputy Dudley-Owen:** Thank you, sir.

I will keep my comments limited to a couple of areas within this broad debate, as many of our colleagues have spoken during this marathon discourse, and I think that Deputy Prow has actually stood out in general debate so far, nailing key issues related to the whole process. His comments around the development of a sustainable fiscal strategy and needing to have the basis of the Budget is absolutely on point: that the Medium Term Financial Plan has not delivered the anticipated savings it originally designed and envisaged but has not been revised; and that they are seeking to review our fiscal plan but still ploughing ahead, building a budget for next year, effectively on a foundation of sand. This shows perhaps that we are lacking an ability to adapt and be flexible.

2375 Whilst I do not think that P&R have done a bad job in building this Budget, they have built it from the wrong base. I would like to see the revision of the Medium Term Financial Plan (MTFP) to have accompanied this Budget, which would have strengthened the basis from which we are working. It is a shame that the review of the fiscal policy framework will take, I think, far too long to deliver its results and will therefore continue to build on sand and must become more adaptable and flexible in order to fill the gaps, if the MTFP is not revised soon. I think this is a useful point to remind Members that the policy letter that is coming in January 2020 is not the review of the fiscal strategy itself. It is merely to kick-start the process with the terms of reference.

2380 So I am not trying to criticise the actual process because as acknowledged by the Members, it has actually been better than in previous years that I have experienced it – much more engaged with Committees and listening to what the Committees are looking for – but P&R Committee have continued doggedly with their set direction of policy, for which perhaps we can applaud their determination. But I wish they could have been more radical, more adaptable, shown more agility in meeting the failures of the MTFP. We are not in a strong place in terms of our Budget foundation and that is disappointing. I think that our ability to keep a strong hand on the financial reins is set to worsen unless we radically change our approach to fiscal policy, but also unless we remove some very significant flies in the ointment – for example, the haemorrhaging of public money to prop up losses in our national airline, which Deputy Ferbrache has spoken about briefly today, and others have as well; dealing with legacy issues around staffing terms and conditions, as noted in Proposition 1; and what in my opinion and some others' in this Chamber and also in the community, are the precipitous policy decisions made to support the Committee *for* Education, Sport and Culture for the build-out of our schools.

2390 One area, though, that I would like to put on record in more detail is around the biodiversity funding for the Committee *for* Environment and Infrastructure. This is specifically on the topic of governance. I have shared concerns with the Committee about governance relating to the existing biodiversity group and at the heart of this is that there is no political involvement in the group, no senior officer representation and that also, during the summer, there was an appointment to someone from the Community Foundation as chair without apparent rationale.

2405 I was concerned also to learn that the chair had been regularly rotated. Now this would be fine if it was between politicians but not amongst stakeholders and that is because the policy is owned by the States and as such, accountability is achieved via the chair and facilitation of the group. For

2410 the biodiversity policy to gain traction and therefore success, the group needs to develop into a slick, well-governed group with clearly identifiable workstreams feeding back into the policy aims. The precious time, knowledge and dedication of the stakeholders who are involved with this most important area of work must be utilised and well channelled.

2415 The securing of funding for green finance, biodiversity and the formation of the Climate Action Group gives an opportunity to review the current arrangement for the Biodiversity Group and to see how this will evolve with the secured funding. We all know that governance is a significant area of risk in the States and it needs to be checked. I welcome an update from Deputy Brehaut as President of the Committee in the near future, once the use of funding has been discussed, as to how things would be structured and what governance arrangements have been put in place to see this strategy through.

I am more than keen to see this policy succeed and want to support it in any way that I can.

2420 Other than that, sir, I am generally supportive of many of the Propositions as amended and with the exception of those related to TRP increases – I think those proposals are inequitable and structurally flawed for the same reasons outlined by Deputy Prow yesterday and Deputy Merrett earlier today.

I am, in addition, sceptical about Proposition 28 on equity release for the reasons detailed just now by Deputy de Lisle, but I realise that the legislation for this scheme would create the safe environment that he is concerned about and that would be required for this scheme to be successful.

2430 I cannot support Propositions 34 to 37 inclusive, which relate to Aurigny, whose losses I refuse to condone further by propping it up with public funds until we are better informed by facts and figures and the disclosure of detailed financial statements, as I have requested numerous times.

Thank you very much, sir.

2435 **The Bailiff:** Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir.

2440 Deputy St Pier opened this debate by saying it is his eighth Budget and I am ever so sympathetic towards P&R when it comes to creating budgets, because for the first four of those I was also very much involved. I remember it was with great trepidation we used to await the outcome of debates and amendments, but fortunately in the first four years or in the last term, they were all very manageable.

They are between a rock and a hard place, and all I want to focus on is a couple of areas which I think people are going to be very wary of in how to raise future revenue.

2445 Often TRP is compared with council tax in the UK, but they are very different. Council tax in the UK, if you just take it as a lump sum versus TRP, is higher. However, council tax in the UK pays for *inter alia* police, fire service and a whole load of social services. We pay for those through general revenue or through social security payments, so if you look at doing a strict comparison between the two, you have to apportion what we pay elsewhere. We pay TRP along with parish rates and we also pay to £5 towards picking up recycling and the other things are all paid for through general revenue or elsewhere, so they are not direct comparison. In fact for some people – and I have done the calculation – they actually pay more here than they would do in the UK! So please do not tell me the property taxes here are so much lower because the comparison is invalid.

2455 I want to just focus on GST and territorial tax. Territorial tax sounds fine. However I just want to point out that at the time of Zero-10 and towards the end of the last term, we were well informed by the Treasury section that we had made good, effectively, what had been lost through Zero-10 through two main sources: one was a very large increase in TRP for regulated companies. Some of the increases initially were *tenfold*, not 10% but 1,000%, and we now charge social security contributions of coming up to close to £150,000. They do not do that in Jersey; it is still forty-something. So Guernsey is becoming less competitive when it comes to employment in the higher

tax bands the higher income bands, which is precisely where our prime source of revenue is, in the finance industry.

So territorial tax would be fine if at least our main competitor, Jersey, was to go down the same route. If we did it on its own I think a lot of our businesses especially in the finance industry could move with a press of a button. Oh yes, they could – and it has happened in the past.

There has been a mention of GST but the report does not mention GST; it mentions consumption taxes. When we did the Personal Tax, Benefits and Pensions Review I did suggest that we could go down the route of certain specialised consumption taxes, because we already have them. We just call them duties. Duties on fags, duties on booze, duties on fuel – they are consumption taxes, whichever way you like to look at them.

We have a small area where there is some headroom in certain areas, where you could introduce sales taxes, shall we call them that, where they are not introduced at the present time. But if we kept everything as is, our social security payments on incomes are quite high, these very high TRP payments made by regulated companies in the finance industry. If you were to throw in consumption tax with territorial tax, we would be totally uncompetitive with our immediate neighbour. Totally. So what would be the result of that? Well, that is the problem.

So really, that was all I wanted to make the point on: when we go to this fiscal review in terms of reference, we need to be very careful about what we look at and to at least try and assess what the unwanted consequences might be.

As regards my intervention this morning, when I said to Deputy St Pier a point of correction: yesterday when we were debating the issue, we had already entered general debate and then this amendment came in front of us, which I found a bit irritating but there we go. My view was we were in general debate. I was not even going to speak in general debate but that kind of inspired me in the end, so I was pleased this morning when Deputy St Pier brought my name up because if he hadn't I would not have said anything now.

But what was then confirmed was that the comments I made were related to the amendment. I cannot remember exactly what I said, but I do remember the first two words, which were, 'Oh dear!' So at least it has given me the opportunity to talk in general debate without being challenged that I had already started yesterday, which I thought I had, but never mind.

As far as the Propositions, I am minded to support most of them. I am not saying I will not support some of them, but I am a bit wary of one or two and I just want to point one thing out that Deputy de Lisle said about these mortgages, equity release. He forgot to say that you do not have to pay them back normally, if we do the same as they do in the UK, until you are either in long-term care or until you have passed away. That is you have lost interest in it anyhow by that stage. *(Laughter)* Well, it's true!

And the really clever ones will take out the most they can, live as long as possible because the chances are that the insurance company providing it, when they sell your home, will make a loss. So there we go, but I do think it is a useful option and I will support it. There is no obligation to take it or do it. So it is a useful option.

Thank you, sir.

The Bailiff: Deputy Graham.

Deputy Graham: Thank you, Mr Bailiff. I shall be as brief as I possibly can.

As a one-term-only Deputy, this is my fourth Budget debate. At the end of the first one, a suspicion had planted itself in my head which, by the time we came to the second one, had grown almost to the status of a conclusion. Last year's Budget debate actually confirmed that conclusion and this year's has done nothing to detract from that. The conclusion is this: that I do not think there is any way that our seemingly insatiable appetite for spending can ever be satisfied by any one or any combination of the usual devices that come before us. We have all those rehearsed.

I do not use the term 'appetite' pejoratively; I think it is a genuine response to genuine stuff that needs to be done out there. We want to expand the white list of drugs made available here, at no

cost – that is going to cost, I think, as we were talking this morning, something like five million quid in the first year. If we chug along at that, it might even rise to £10 million or £12 million at some stage. These are big ticket items – and that is not even to go into the territory of the reform of primary care, and all sorts of other things that are coming along; secondary pensions and so on.

So there are some really big ticket items coming along and I just do not see that the conventional approach really can survive all that much longer. It depends on our ambitions, I suppose.

What are those devices? Well, let's just remind ourselves of them. One is that we grow the economy at a sufficient pace to do it. Now, I am a little bit sceptical about that and this is not really to look at our success in the economy in any way negatively. If we look at the economy's growth over the last five years, I think the average annual growth has been around about 2% to 2.1%. But balanced with that has been inflation, which again has been, over five years, an annual average of just below 2%; 1.8%, by my reckoning. Because so much of our revenue expenditure is formula led, I think to a certain extent we are always going to be treading water in terms of using growing the economy as a fiscal way out, in a way. I think at best, or in most years, growth in the economy can enable us to sustain the services that we are currently providing against inflation. But once you get into the territory of either expanding existing services or even taking on new ones, that is an altogether different ballgame.

A second device is efficiency savings. We have had a lot of discussion about that. It was amendment 9 – I cannot remember whether it was yesterday or the day before or even Tuesday, when Deputy McSwiggan spoke so convincingly – so convincingly that she won the day. But to put it mildly, I think probably we are either too sceptical to rely on efficiency savings to match the pace of the growing appetite or we are utterly dismissive of the prospect. I am actually neither of those. I think we are going to get there in the end. I can only speak from first hand, from the point of view of Education, Sport and Culture. We are pretty certain – in fact we are very certain – that there are annual savings of round about £2 million on offer for the new model of secondary and post-16 education. I have got a hunch it will actually be a little bit more than that, but we are pledging our reputation on £2 million. But that is not going to come on stream for a couple of years yet and in itself it does not really address these big ticket items. It is a small contribution and I think that is all that these efficiency savings are ever going to be. That is not an argument for not going on with them.

The third device is these sorts of miscellaneous tinkering at the edges – adding a bit onto fuel duty, tobacco duty and duty on alcohol; increasing TRP; introducing perhaps even new measures like paid parking. But again, we are not really talking about hugely significant sums there, although their impact on the individual of course is just that.

Another device is that box that I always think has got a label on it called 'those with the broadest shoulders' or 'those with the greatest ability to pay'. Now, we keep on, certainly in discussion, raiding that box but I am never quite sure who those people are in that box. I am reminded of a conversation I had with a married couple in a Castel kitchen just over a year ago. One member of the married couple was a police officer, another was a teacher. Now, that would have put their annual earned income round about £100,000 a year – it might even have been a bit more. And yet the conversation in the kitchen was not really one of woe and complaint but it was really painting a fairly realistic picture of what life could be like, even when you have got combined annual earnings of round about the £100,000 mark. They were telling me that they had lost their mortgage tax relief in recent years, and of course they have. They have had their family allowance starting to be taken away from them and they have had above-inflation increases in TRP to bear with. So the direct taxation thing is not always telling the whole story and they basically said to me, 'Where have we gone wrong? What did we do wrong? We are only just about managing. One of our children in two years' time will be going to university. Our earnings are at the level where we won't get any help from the States on that. Did we go wrong in buying our own house? Did we go wrong in having a couple of kids?'

They were offering this, really, as I mentioned, not in the manner of a complaint, but merely a straight statement of how reality can be for those with the broadest shoulders, as I think we think

of them. So I am reluctant to keep raiding that box and I just wonder whether there are the same number of people, every time we go back to it.

Another device is to say that for every new service we introduce, we will abandon one – we will stop doing something that up to now has been currently seen to be of value. I have to say in the nearly two years that I was on Home Affairs and in the nearly two years that I have been on Education, Sport and Culture, I cannot think of a single occasion where we have had the courage to drop a significant service so that we could take on a new one. I may be wrong and my colleagues may correct me by challenging me, but I cannot think ... and I just do not think it is a reliable device for generating sufficient income to pay for some of the big ticket items that are coming along.

So if those devices either individually or collectively are not sufficient, what are the alternatives? We have already had allusions to some of them. I have to say, as far as GST is concerned, I have always been a longstanding opponent of GST, partly because it is regressive but not just because of that. I have always thought that it is just too darned easy to press the button on GST (**A Member:** Hear, hear.) every time you get into a bit of difficulty and cannot face up to the discipline of watching your budget.

We are talking about big ticket items here in terms of revenue. In the United Kingdom, it is the third biggest source of tax income, after Income Tax and National Insurance. In Germany, it is 31% VAT – 31% of their tax income. In Jersey, I do not actually have the figures but I suspect it explains much, if not all of the difference between our 21% and their 26%. It is a tax – a tax is a tax – but there it is. GST, I think to quote Deputy Roffey, if it was the last resort – if that was the only way – he would be prepared to contemplate it, and I think the acid test, particularly in his case, would be to say, 'Look, if you were convinced that the only way you were going to enlarge the white list of drugs here, anywhere near up to NICE standards, was going to be through GST, which fork in the road would you take?' It is a difficult question.

But I do not think that GST should be the first port of haven on this particular one. I think Zero-10 – those of us who were around at the time, and I was, understood entirely the rationale for the Zero-10. I personally think it was really the only go-able option at the time. That did not make it any easier to sell, and I do commend Deputy Trott for his energetic attempts to get it through; and it got through, but we are now almost a decade on? Something like that, anyway. I do wonder whether it is not time to revisit that.

Was it Deputy Dorey said that perhaps the 10 bit can go up to 11 or 12? Well, I think we might tinker with that at our peril. But is there any reason why we shouldn't look at the zero bit? Until I started delving into this I did not realise the extent of the Guernsey companies or enterprises that are taxed at zero, here in Guernsey. Some of it surprised me and I would hope that when we come to the fiscal review, that will be ... Well, put it this way: let's look at corporation tax and if there is any way that the zero bit can be brought up to 10% in some areas, perhaps ... I think my understanding is that when the profits are distributed, they do then become liable for tax. But I suspect any decent company is going to be using that device to its own advantage.

Finally, could I just pass a few words over on this business of the ageing population – and I do feel I am perhaps specifically entitled to do so. It does depress me sometimes when it is only talked of as a headwind. I mean it is a headwind, but we should rejoice in it, certainly on the part of those who are going to be living a bit longer than they might otherwise have done but also is it not an opportunity? I really think there is an opportunity here for both the private sector and the state sector to think in terms of not only philosophically recycling my generation or the generation immediately below me, but actually doing something about it. I think there is a cultural problem here. I ask myself, I wonder when was the last time the States of Guernsey ever enrolled into the Civil Service as a fully paid up civil servant anybody over the age of 60? They may have done, but I doubt whether there are very many of them.

I really feel that we need a cultural change in order to make use of those people who are going to live on in increasing numbers beyond the conventional retirement age. They do not have to linger on in the jobs they have done for a lifetime, blocking the young from coming up and promotion

and that sort of thing; but really recycling is probably the best way of looking at it, in my way. I have been recycled a couple of times and it has been a great pleasure.

Looking back, I was sitting there listening to others and I was saying, going back to 2016, looking at where we are now in terms of budgets and so on, would I have settled then for what we have now? I think I do need to remind myself, and I have, that back in 2016, I think Deputy St Pier's first speech was to the effect that we were heading for a considerable budget deficit that year. That was one of the first addresses he gave, soon after we all formed up in April or May 2016. But by the end of the year, we actually found that we were in a budget surplus and we have been in that position ever since.

I do not think we can necessarily congratulate ourselves as a States on that. I think these things happen almost irrespective and sometimes despite what the States does, because I think the Island has an engine all of its own, in a way. But there is no mistaking the fact that Government can tweak and encourage and help development along. I believe – I am looking really at the top bench now – sometimes P&R exasperate me and individual members of it exasperate me more than some others. *(Laughter)*

I have to say, I really do think this States on balance has been extremely well served by P&R. I have been on two different Committees who have had two different experiences of it, but I stick to that judgement. On that basis, really, I think they have come up with a sensible Budget. It is not a dramatic Budget, there are one or two bits it that I am going to find a little bit difficult to go along with, but I do not think that will cause them any grief.

The Bailiff: Deputy Lowe.

Deputy Lowe: Thank you, sir.

This Budget is welcomed by the Committee for Home Affairs and in common with all committees it does not give us everything, but is realistic and in the handful of areas where a variation was needed, the two successful amendments address this.

I will begin by commenting on some of the more unusual items that feature in the Budget proposals. First is the Computer Emergency Response Team, commonly known and abbreviated to CERT. I reported on it in my last Update Statement to this Assembly. The value of this cannot be overstated and it is becoming a necessity for any modern jurisdiction if it is to respond effectively and efficiently to the rapidly growing threat from cyberattacks. The Channel Islands remain one of the few leading finance centres without such a facility, which places considerable risk on our international reputation.

Of course cyber threats are not limited to the business sector. This was evidenced two years ago, when the WannaCry virus hit the NHS in the UK, effectively crippling services in many locations with an estimated cost to the service of £93 million. The establishment of a CERT will see a one-off set up cost of £260,000, with an ongoing running cost of £465,000, which is Guernsey's share. These costs are primarily staff, with a personnel of two to three people based in each Island, overseen by a director. The staff will however be able to work across the Islands and, particularly in this sector, where a person is physically based to some extent is irrelevant. The costs are being shared with the States of Guernsey on a 50:50 split base. Commencement of the CERT in 2020 is of course dependent on approval of the Budget being put before this Assembly today.

I now turn to the Bailiwick Law Enforcement, which has faced a number of challenges during 2019 and in order to work within its 2019 pay budget. While I fully acknowledge that this is a sizeable increase of £520,000, it only manages law enforcement's baseline pressures of which roles need to be filled. It has also been necessary for us to agree with P&R a reversal of £250,000 of prior years' savings, which we set aside when there was an aspiration of being able to make some significant staff reductions within law enforcement. But the reality was that this could not be delivered without adversely impacting on the frontline services.

With this adjustment we are currently forecasting pay costs to come in on budget for 2019 but only by not recruiting and holding staff vacancies and thereby carrying significant levels of risk. We

are also having at times to reduce reception hours at the weekend. Without starting another debate, this just shows we do *not* have spare funds available.

2670 The Committee is pleased that P&R have recommended Law Enforcement receives the additional funding so it can recruit the staff that they so desperately need. We trust that we will not see any further last-minute attempts to undermine the decision to invest the extra £100,000 in professional development and training. We look forward to demonstrating to HMRC next month that the States supported the additional funds towards the recommendations happening.

2675 Keeping the Island safe and secure is not only the Committee's top priority, it is also one of the top priorities in the P&R Plan. Of course, law enforcement services are key to achieving this.

2680 The Committee is also encountering pressures within law enforcement due to Brexit and the additional workload is being picked up by officers in addition to their normal duties. Out of the £73,000 requested, £55,000 is being recommended by P&R as service development for new roles that will definitely be needed. However, until Brexit actually happens, we will not know for certain what the future service will need to look like. Therefore, until then, the real costs will not be known.

2685 It is important across the States for there to be periodic audits and reviews of services, and within Home Affairs we have developed a rolling programme for independent inspections of the various services, such as fire, prison, law enforcement and probation. The £61,000 requested within the Budget will enable these to be progressed. The year 2020 will see inspection of the Prison and Probation, both as distinct units but also in their increasingly defined roles as Guernsey's Offender Management Service. It is the intention that the Fire and Rescue, which was last inspected long ago in 2008, will be inspected in 2021. A regular programme will assist our staff and provide transparent and independent assurances about the service we give to our community. It is a win-win all round.

2690 The Committee has worked with all involved in the Joint Emergency Services Control Centre, known as JESCC, to realise the true cost of the service. We are in the final negotiations for two of the key stakeholders with a view to ensuring all parties are paying their fair and proportionate share of this joint facility.

2700 Now, there is a good news story. The prisoner numbers remain down. Therefore we are handing back £139,000 in 2020. Last year I reported in my Budget speech that the Committee was facing continual financial pressures caused by rising prison numbers and the fact that the prison was nearing capacity. A year on and the Committee has been able to return £139,000 to general revenue in respect of expenditure on prisoners that has not been required. This is another example of where Home Affairs have already handed back or are able to hand back when it is not required for the services it was given and that there is not a sofa somewhere that we can reach down the back of.

2705 The Committee has a savings target of £150,000 for 2019 and I am pleased to advise that we have actually been able to identify more than this, at £190,000. However, some of it will not be able to be banked until the 2020 accounting period. We have already banked £113,000 of savings so far this year, but the remainder of the target, whilst found, may not come in until in the New Year. The Committee is also looking at other alternative, lower cost accommodation for some of its services to make further savings on private rental. It is so painfully slow, it is unbelievable. In addition, it is looking at income streams for options to generate more.

2710 Sir, before I close, I just want to put on record that myself and my Committee and the staff do and will continue to work with P&R. We might have difference of opinion on amendments, (**Deputy Fallaize:** Ha!) but that is democracy. Snigger if you like, Deputy Fallaize, but that's democracy.

I look forward to moving on after today's debate and our next oversight board, working with the President and Vice-President of P&R, to make sure that we have the right and appropriate approach to keep this Island safe and secure. I would ask that the Assembly support the Home Affairs budget request and indeed look forward to the vote at the end.

2715 Thank you.

The Bailiff: Deputy Brouard, and then Deputy Tindall.

Deputy Brouard: Thank you, sir.

2720 I do not like praising other people for their speeches and it is particularly annoying that I have to do it for Deputy Trott, (*Laughter*) but I think he actually did an absolutely cracking speech this morning. We sometimes forget the place that we are actually living in.

2725 We have got some very good services. I know not all the services are available for everybody all the time, and for some people they miss out on it. We argue and complain about the 5% we get wrong and we miss sometimes the 95% that we as a society get right. So yes, it was absolutely spot on.

2730 I am just going to pick up, if I can quickly, on something that Deputy Merrett asked about – it is only because my machine will probably die if I do not keep feeding it with finger clicks! Deputy Merrett was talking about the review of the 1948 Agreement with Alderney and the use of themes, and what does that mean? It is basically some workstreams. This is the first time that it is in the public domain. I have only just seen it today because I did not know exactly what the staff had been working on from the point of view of the actual areas. So there are basically about nine workstreams and this is the first time Alderney is seeing it, the first time we as politicians are seeing – so just to give you some flavour of some of the thoughts.

2735 Workstream 1 is probably looking at transport, which includes the Airport, airlinks and sealinks. Workstream 2 –

Alderney Representative Snowdon: Point of correction – sorry to interrupt.

2740 Just to confirm I have not seen what you are referring to. I do not think the States of Alderney have seen it. I have not seen it yet.

Thank you.

Deputy Brouard: Thank you.

2745 Workstream 3 is education; workstream 4, taxation and social security and other fiscal matters. Workstream 5 is security, borders and policing. The next theme or workstream is demographics and population. Number 7 is legislative and regulatory alignments. Number 8 is economic development strategy and 9, governments and constitution. I am sure those will change but that, I hope, gives Deputy Merrett some flavour as to the sorts of areas where we are starting to put some meat on the bone.

2750 Deputy de Lisle was absolutely right with what he said about the dangers of equity release. For some people, it can be ... and the experience elsewhere has not been good. But for some people, it is exactly the right thing and for some people – those who have not got children or anybody that they wish to pass their funds on to, it may just be that very useful tool in the box to have.

I would just help along here on paragraph 6.92:

The Policy & Resources Committee is aware that there have been incidences in other jurisdictions of inappropriate selling of equity release mortgages and hence does not intend to enact the legislation to enable equity release mortgages to be offered until it is satisfied that there are appropriate consumer safeguards in place.

2755 So that I hope that helps. I had the same concerns and nervousness as David de Lisle and I think that is probably where my fingers slightly touched on the Budget.

Also, Deputy de Lisle mentioned the inequity with attached or detached buildings and of course it is not a panacea of solving it all, but again this Budget brings forward some pieces on that.

2760 I am not going to say a great deal because – and my apologies for not talking more earlier, like some of my colleagues – a lot of the arguments on the Budget from my point of view happened in Soldiers' Bay Room. That is where I spilt my blood, that is where I won or lost, where I guided or hindered, nagged and praised, and the result is some 40 Propositions. Now, I personally am unable to support one and a half of them. I will just mention them – so again it is that 95% that I am happy with; it is the 5% that we argue over.

2765 The first Proposition is Proposition 12, which I cannot support, which is to extend the 10% Income Tax to those operating an aircraft registry. There are not that many over here: there is only

one. From my point of view, we do already get a royalty from our partner, and having been part of the team of commerce & Employment that set up the Registry, I do feel we get our fair share of income from this operation already. I felt it was unfair and unnecessary to add them into the 10% tax. Now, I would happy not to be the sole *Contre*. So I am sure it will go through, but I will be speaking ...

The other half and it is probably the more important half in some ways – and again it picks up some of the things that Deputy de Lisle mentioned, and this manifests itself in Proposition 23, as further amended by Amendment 16. Again my fingerprints are on there as a member of P&R.

I am not able at this time to support the continued tiering of TRP which affects domestic buildings. Unfortunately the proposal is that we will now put tiering onto those buildings with a rating value between 200 and 499, which is of course on top of the 10.2 that is already proposed in the general domestic TRP Proposition that is coming forward.

So the reminder of the tiering will be an extra premium of 15% for those with properties of 200 to 299; 30% for those with 300 to 399 and a 45% increase for those with 400 to 499. So that is on top of the 10.2.

There is a proposal if the tiered TRP is not introduced to make up that shortfall in Proposition 23B, which I will be supporting, which further increases commercial TRP by 5%.

There is a reluctance to increase commercial TRP, but it will mean that TRP for domestic, in my world, will go up by 10.2 and in the commercial world will go up by 10%. So I think that is a fair way of discharging that.

I am also conscious that the people who are running businesses also usually live in houses somewhere. So what they gain on the swings they will lose on the roundabouts and *vice versa*. So I think the increase in businesses of over 5% more on top of the 5% making 10% is probably more acceptable than for some people in the 200 to 499, who will have possibly an increase of 55% in their TRP.

I will give way to Deputy Jennifer Merrett if I may, sir.

Deputy Merrett: Thank you, Deputy Brouard.

Just for clarity, is Deputy Brouard's view that he is not going to support Proposition 23, which means that if A and B are not carried, then we will not vote on C, which means there will be no funding for developments, as asterisked by his Committee?

In the policy paper, it does not say he is not supporting this Proposition at all. So I just want clarity from Deputy Brouard, if he would be so kind, sir, to clarify what he is not voting for and what he ... I asked the question already to Deputy St Pier and P&R, but if they do not pass, how could for example, the SS's policy paper then be funded if it is passed ...?

Deputy Brouard: Thank you.

This is exactly the dilemmas of a Budget. It is cutting cloth to what we have. That is the dilemma that we have and us as ladies and gentlemen and Deputies in this Chamber: we are having to make those tricky decisions. I am unable to support the introduction of tiering at this time for properties from 200 to 499. As a consequence of that, I will substitute those funds, reluctantly, by an increase of 5%, in my world, onto the top of those commercial businesses.

But of course, yes, Deputy Merrett is right: the way that the Proposition is worded, there will be then some parts which will be unfunded. But of course that does not prevent any Committee from re-prioritising those particular items, if they think that they are the best ones to do. But we cannot – I wish we could ... In my household, I cannot do everything. I just literally cannot afford everything that I would want. And some of things probably are very nice to have, but can we?

And this goes back to our debate that we are going to be having in January.

I just thank my colleagues for all the work, especially on P&R that we have had to grapple with these nettles, and for the staff for all the work they have put in. It is not a perfect Budget, but I think it is the Budget that we need.

Thank you, sir.

2820 **The Bailiff:** Deputy Tindall.

Deputy Tindall: Thank you, sir.

I would first like to start by giving a declaration of interest which I think would be relevant and that is the fact that I own property in both Guernsey and Alderney.

2825 I start, sir, with the Development and Planning Authority's budget. I do not intend to give a general update, you will be pleased to know, but it is an opportunity, as President, to thank the Planning Service, including Building Control. They are a great team of dedicated professionals, who have to deal with a lot of flak. They, like us, feel it personally when their actions are challenged, when they are called bullies, and when they are accused of unprofessional conduct. I have to say
2830 that Members here, sir, have shown their utmost respect to these officers and I thank them for that. I thank the officers who ably support the DPA for their dedication.

I also thank them for ensuring we are the only Committee who came in under the cash limit and continue to work hard to keep costs down and income at an appropriate level, in accordance with States' policies.

2835 So to the Propositions. Obviously I am grateful for the States' decisions in respect of Propositions 1, 7A and 10, and of course 38. Of course, these amendments I think are beneficial.

Talking of beneficial, I would like to add a comment about Proposition 14 – and this is increasing benefits in kind by 2.5% per annum – I personally do not think this goes far enough, and I think that benefits in kind, such as parking given to employees, should be looked into.

2840 I come to, in particular, Propositions 22, 23 onwards. I am extremely torn between ensuring the sorely needed service developments and the further burden on the taxpayers. But looking at the details we have been given, these services do not benefit everyone or even those who will be taxed; but they do benefit sectors of society that in all conscience I cannot deny. So other than the few extra words I pointed out earlier, I will support Propositions 22, 23A, B and C, and 24 to 26.

2845 With regard to Proposition 28, there has been a little bit of discussion, which I would like to comment on. I cannot see that the introduction of equity release mortgages is actually a budgetary measure. So I do not actually see it, and I do not see it as the dark omen that Deputy Prow forecast. Even if it was that intention, as a second direction, to enable fees for care to be paid, I think that decision will be back before the States and we can sort it out then.

2850 However, in the meantime, equity release mortgages are needed for other reasons and not just for homeowner planning developments. Equity release can be cheaper than downsizing. As Deputy de Lisle indicated, it allows people to stay in their homes. Some, like me, will also be able to access that equity in order to fund a pension – because I am not so concerned, having no children.

2855 He also talked about many elements of the 1980s UK versions, which were indeed pretty awful, but I refer Members to paragraph 6.92 of the Budget Report, which Deputy Dudley-Owen also referred to and reminds us of the issues and the need for customer safeguards, which will be in place although they may or may not satisfy Deputy de Lisle at that time.

Sir, the next Proposition I would like to talk about is Proposition 30. I know that the Assembly in my absence voted for an amended version of Proposition 30. I had an opportunity to speak the day
2860 before and my concerns over this remain. At this point, I also wish to apologise for not being in the Chamber this morning, although I was listening avidly to the debate, and in particular this P&R amendment, in respect of law enforcement training. Ironically, I was at a GFSC presentation on cyber security, which stressed the importance of training due to the level or lack of it of the appreciation of cybercrime. But an attendee, near the end, also raised the concern over the way in which the
2865 organisations of Guernsey, being the GFSC, Law Enforcement and the States, work together, and if there could be reassurance that this would be sufficient to resolve the issues raised.

The answer was: refer to CERT, the Computer Emergency Response Team, and that the said organisations work very closely together and will adapt to the needs identified. This Q&A reinforces my concerns over the amended Proposition 30, as it does not bode well. As Deputy Fallaize pointed
2870 out, the reason for the amendment was because Home Affairs did not feel that a pooled budget

was the right way forward and hence, in my view, was in effect rejecting a collaborative approach to dealing with this work, which is absolutely vital for our standing.

So, sir, not only that the amount of ... For me, therefore, I ask the question of whether or not this ... what would happen if this amendment was rejected. And so I am informed that the money would remain in the service development pot and remain for this use, but rather than a pooled budget it will be for P&R to decide how the money is allocated, once all the information is in. They will be the co-ordinating Committee.

For that reason I ask for a recorded vote on Proposition 30, because I am still not satisfied it is the right thing to achieve what we need to do as an Island to get the international standards that we have to adhere to.

Deputy Green, in Proposition 31, referred to paragraphs 8.8 and 8.9. I understand the States of Alderney support this. For example, if the revised Budget for 2019 proves accurate, they would have retained £72,835.

With regard to many of the following Propositions, I feel I should comment, as I do feel that they are worth making. I was reminded at lunchtime that there are no votes to be had from Alderney next year. This presupposes I will stand and also that what I have to say is seeking to gain approval because of that intention. I do not know yet and so will deal with this debate, this Budget, today on its own merits.

It also presupposes that my views are pandering to those in Alderney over those in Guernsey. I am a Guernsey Deputy, and whilst I have an interest which others do not have in Alderney – except my colleague Deputy Gollop – I do have one which is shared and that is getting the 1948 Agreement revisited in a fair and equal way, to treat the taxpayers in both Islands fairly, to get through the noise. (**A Member:** Hear, hear.)

At this point, sir, I was going to read a very short extract from a bit of a rant I sent to a few members of P&R – and of course this is just when the old computer decides to refuse to respond, so bear with me a second, while I just bring it up. Of course I have put in the wrong password three times now, so that might not help!

Here we go. This just sums up how I see the position: 'There is also another problem as I see it and that is the convoluting of various issues – the PSO, the 1948 Agreement, Aurigny and now air routes. Instead of nibbling at the edges, bringing in a bit of this and a bit of that, open and honest conversations about the issues involved need to be had so that everyone is in the loop, not just part of it, to be able to get a resolution of worth. The longer this drags on, the worse the rumours and the expectations, both here and in Alderney, of course, and the longer it will take Alderney to do something – or indeed for any of us to do something. But to ensure a reasonable outcome, all must have the relevant information to feel empowered and have a basis of trust, like any negotiation.'

So it is ironic that Deputy Brouard indicates the themes being discussed, which have only been identified today and we are told Alderney has not seen yet. This just confirms my concerns, although indicates some form of progress.

So, sir, Members will be pleased that I am about to finish. I have to say that I agree with many who have raised the problems faced by Guernsey to raise revenue sufficient to pay for the services the people want and deserve. Roll on January's debate, as it will certainly be meaty and hopefully not as long.

I want to also applaud all Committees for the hard work which has resulted in this Budget and in particular P&R for its co-ordination and for finding its way through the goo – as SpongeBob SquarePants apparently needs to do in the Battle for the Bikini.

Thank you, sir.

The Bailiff: Alderney Representative Roberts.

Alderney Representative Roberts: Thank you sir.

A bit longer than I normally speak for, but not too long.

I spoke yesterday on proposed rises to alcohol and tobacco and that our successive Governments have killed the goose that laid the golden egg that drew thousands of tourists to all of the Islands. When people go on holiday, they drink more and now they find those things in Spain and Europe. It is not only the sun that decides their destination; of course the cost of travel is also a factor, but successive governments in all our Islands over the years have used tobacco and drink as a cash cow and killed our old golden goose. You want to try the costs of travel out of Alderney and then you'll moan!

But money has to come from somewhere and we have to find money from somewhere to fund education, our fine health service and fund drugs, new to the market, that are provided everywhere else, including Jersey. But please listen to what I have to say. It is also a travesty that these drugs are not yet available here, but that is for a later debate, and it is now deferred.

Sir, maybe we should look closer to home and stop spending unnecessary money on unnecessary projects. I have listened to many Deputies in this Assembly voicing concern over the last year and I agree. I agree with these wise statements from within this Assembly. We simply cannot tell the older members of the community to tighten their belts and then indulge in our own spending sprees.

Some people in both Islands are genuinely struggling. We must not forget them or let them down. TRP seems to go up and up, and more concern needs to be centred on the elderly, along with the lower Income Tax families, for Guernsey is an expensive but fairly taxed society, despite TRP hikes. But you come to Alderney and you will see the difference in costs, pushed up by struggling businesses that try to eke out a living every day, so rises in TRP will heavily impact in 2020, even if this tax is due to be repatriated soon.

Proposition 32 refers to our Gambling Control surpluses to continue to be transferred to our capital account and rumblings in Alderney that this will be retrieved in time from our very limited home earnings. Look, let's not suffer convenient amnesia on this. Just listen to the name: Alderney Gambling Commission. It started in Alderney against opposition from Guernsey many years ago.

Sir, the real cost of Aurigny is not as my friend, Deputy Queripel quotes as £100 million in the last 10 years. It is correct but I believe that is underestimating the value. Since Aurigny was purchased, it has cost the taxpayer of Guernsey possibly some £200 million. If you work back to the very start, I am sure that data could be compiled with a little detailed research and perhaps even more.

And yes, Alderney's air service is diabolical. That is recognised by many people in the Guernsey States too. I am aware that plans are afoot to reduce it further. We will fight that with vigour and with resolve.

Deputy Brehaut, I am not attacking the company. I hope this Assembly will now join me in congratulating the staff of Aurigny for the amazing service they give us and they are the greatest company asset of all. I only attack the running of Aurigny and the rundown of service in Alderney. It is not only what the Alderney economy will lose; it is what the Guernsey economy will lose, for that is as sure as golden eggs a false economy.

Now, Alderney is Cinderella and we need to find her a slipper – but that is another battle for another day. Alderney gambling operation estimates in Guernsey have proved some £18 million in indirect earnings in Guernsey. I am sure my good friend Deputy Trott will dispute that and attack me for saying so, but that is okay. That is fine, that is his opinion. He is a fine Deputy, who I have great respect for. He is yet to buy me a beer. *(Laughter)*

I haven't finished yet.

The Bailiff: Are you giving way?

Deputy Mooney: I would just like to know where Deputy Roberts gets his figures from – that £18 million – because that figure isn't anywhere near it in relation to Guernsey.

Alderney Representative Roberts: Yes. I will elaborate on that.

2975 But while he continues to criticise his sister Island of Alderney's losses, he refuses to criticise Aurigny for their own losses.

Back to the Gambling Commission and I hope this will answer my good friend, Deputy Mooney. I got the answer from my Civil Service in Alderney, ref. the States of Guernsey historic accounts.

Deputy Trott: I am grateful to my friend for giving way.

2980 Sir, I too have been very critical of Aurigny's losses because I think that they can be explained in a number of ways, some which seem to me to be completely irrational.

I am not critical of Alderney. What I do is explain just what a fantastic deal the citizen of Alderney gets at the expense of the Guernsey resident taxpayer. That is all I do.

2985 **Alderney Representative Roberts:** Thank you, Deputy Trott. Thank you very much.

Back to the Gambling Commission and its contribution. And I got these figures from my Civil Service, ref. the States of Guernsey historic accounts.

2990 The gross economic contribution figures stand at: in 2018, £28.7 million, which comprises £5.4 million in respect of Alderney and £23.3 million in respect of Guernsey; 2017, Alderney £5.4 million, Guernsey £23.3 million, including £1.68 million and £1.4 million in personal Income Tax and social security contributions on both years. That is £54.7 million in two years created from an Alderney company.

2995 Add to that 2019, approximately, you could say another £30 million on top of that. We have almost paid for Aurigny; and we have paid for our airport deficit over the years with our idea! So Alderney *does* pull its weight. If all of you looked at this with honesty, it really has.

Alderney and its innovations, old and new, are never recognised and Alderney should be invested in. The whole Bailiwick gains together if we stay together. We continue as the inventor of the Islands, with ambitious ideas and innovations. The trouble is we do not patent them.

3000 The financial relationship is being reviewed soon and that itself is worrying to me and relates to the 1948 Agreement. Ever since the Agreement was signed in 1948, we have been the same family. You took us into your house and we thank you for it – wholeheartedly. We all thank you for it, sir.

When the Agreement was signed a long time ago, I do not really know if my good friend, Peter Ferbrache's signature was on it. It may well have been. (*Laughter*) I am not sure if he remembers!

3005 So, stay together as friends and relations that we are, without one or two throwing stones at Alderney constantly. To quote Mr Lester Queripel, with one of his beloved Beatles songs: 'We can work it out'. So be reasonable is the [*inaudible*] with good rhetoric and handshakes.

Thank you, sir.

The Bailiff: Deputy McSwiggan.

3010

Deputy McSwiggan: Thank you, sir.

I sound more and more like the Corbynista that Deputy Brouard wrongly believes me to be, every time I stand up and speak about solidarity!

3015 I think the thing that was so miserable in yesterday's debate, to me at least, was what felt like a failure of solidarity. So I hope Members will forgive this sad little speech, because the heart really went out of me after that.

3020 I thought there was some poignancy in Deputy Leadbeater's interjection this morning, defending the Committee *for* Home Affairs' amendment to get funding for staff training. The poignancy that was there was when he said, 'Don't you think we have looked at everything else that we could possibly do? Don't you think that we see this as a burning priority and as a risk if we fail to address it?' Deputy Green, earlier in the debate, had reminded us that an independent report had been critical of the States for effectively failing to address this gap before now.

3025 What I wish we had managed to consider, in the context of the Merrett-Hansmann Rouxel amendment, is that question of wider context. Don't you think every Committee has been through a process of looking at the needs within its service provision, what needs to be addressed now, what

cannot wait any longer, what cannot be reprioritised otherwise; and the things that have made it through the rigour of challenge at senior staff level and the rigour of challenge at Committee level and through into the budget requests, whether funded or otherwise, are those things which Deputy Leadbeater defended so passionately in respect that his own Committee, which are absolutely critical in terms of the need for them to be addressed? And don't you think that there is some merit in addressing them when the need has been identified so there is no need for us to get to the point of an independent report telling us we really should have sorted it out sooner? It is absolutely right: once we have been told we need to sort it out, we really cannot step back from it. But goodness me! Do we want to be getting to the brink every time?

The poignancy for me of Deputy Leadbeater's speech was that while he saw that in respect of his own Committee, we did not have that cross-Committee solidarity to recognise that each of us will have been through that process.

No, I am not giving way – we need to hurry up with this debate. I am going to say my last few words and I am going to sit down and we will move on.

Each of us has been through that process and we could have stuck together, and tried to put together a Budget that would have worked well for the whole of the States of Guernsey and for the services that we are providing for this Island. So, in light of that failure of solidarity yesterday, I am asking for just a little bit more solidarity today when it comes to the vote on the TRP proposals. I understand the concerns of my colleagues who feel that TRP is ... no, I am not going to say it is completely regressive but it can have a regressive effect. It is certainly not proportionate in the same way that that Income Tax is proportionate.

I understand those concerns but I ask those colleagues to reflect on the fact that the alternative to these TRP proposals this year is significantly more regressive, significantly more destructive, as Deputy Tindall said, to those who face the most disadvantage in our community. We are left either with options for funding those proposals that are more regressive yet or failing to provide those services altogether. So I ask Members to find that last bit of solidarity and to support Proposition 23 in full.

In closing, sir, having challenged P&R throughout the last four days, it would be churlish of me not to end with a thank you. It was not right to say that these amendments are an unfortunate by-product of a more visible and inclusive process this year; they were sort of the point. The States as a whole needed better understanding and better involvement in the Budget-setting process in order to have intelligent and meaningful engagement with what ultimately comes forward and to make the kind of ethical judgements and weightings that we have given to the proposal before us and to come up with what may or may not be better ways forward, but to engage with the meat of it.

I think the process has been so much better this year than it has been in previous years. I hope it has been documented and I hope the areas for improvement have been recognised so that it can be and offered and improved again for the new States next year. But thank you very much for taking that on board and for offering us a vastly improved approach this year.

The Bailiff: Alderney Representative Snowdon.

Alderney Representative Snowdon: Thank you, sir.

I would just like to give some background to item 32, just so Members are aware of what actually Alderney spends that money on that we get from the Gambling Commission. It goes into Alderney's capital programmes which is mainly funded by the money from the Alderney Gambling Control Commission (AGCC), which funds projects such as the Connaught Care Home extension for this year, harbour pontoons, crane replacement, coastal defence at Corblets, cliff erosion at the Cutting and York Hill, Fort Doyle sewerage improvements, and the Water Board stand-alone filtration plant.

I am just trying to highlight really how important that money is for our General Services Committee to actually implement important projects of infrastructure upgrades to the Island. Those

projects up to add up to £3.5 million and they are the major projects that will hopefully be taking place in 2020.

There are some other smaller projects that will be taking place which are about £2 million, so in total there should hopefully be a spend of £5.5 million in upgrading important infrastructure on the Island.

I think the issue comes at a later date, maybe with a different Assembly, if Alderney were to see a decrease in that revenue, there would be an issue of how we fund projects going forward, or infrastructure upgrades that the Island desperately needs. So I just want everyone to be aware that that money is being used very wisely and very much appreciated by the AGCC.

Another example of a project that was done actually a couple of years ago with funds from the AGCC was the Nunnery, which is a Roman fort in Alderney, where the building was upgraded internally and is now an ABO centre and heritage asset for the Island. So if you take that as an example, that is a fantastic way to get visitors and groups to come to the Island, again from money used from those funds.

It was quite interesting to hear Mr Roberts's information about the £55 million from gross economic contribution during 2017 and 2018. I am sure Mr Trott would agree that is a vast sum of money and hopefully the States of Alderney can give more clarification in the future about these funds into the Bailiwick.

Going to item 33, just to give some background on the States of Alderney transfer of £300,000 to the Alderney Economic Development Fund, again that is actually crucial for a wide range of projects to help Alderney to go forward and improve our infrastructure, such as digital connectivity, superfast internet connection, the summer sea ferry, which brought 4,300 people with a 12-seater boat to the Island, Civic Pride, Visitor Product and also the Marine Forum Plan. As you know, we are trying to do lots of different things with our marine assets, whether that be renewable or environmental, so that is really important for us as well.

Touching on the PSO situation – which I do not really want to touch onto at all, that is for a later debate – but I think it is important that this process ... It is unfortunate that it is now delayed; it would be better if it was not delayed, but obviously we cannot do anything about it. Economic Development will be visiting next week so hopefully we will have a bit more progress on what is happening with that.

The only thing is that the uncertainty that it is causing the Island is extremely damaging, I think, to people that want to travel to the Island because now we hear that you cannot book a ticket after 29th March. So hopefully those issues will be addressed and move forward soon, but that is really damaging the Island as we are trying to get new visitors and bounce back as well.

I think it was it was in the debate earlier – or maybe yesterday; it has been a long debate – but the Aurigny benchmarking efficiency recommendation report. It would have been useful if that had come out before the PSO because it offers I think for Alderney different options. I do not know enough about the ATR situation, but there seem to be recommendations in there that may have been more beneficial if we knew about them before, rather than after going into the PSO process. But we are at the stage that we are at the moment.

Touching on a few other points, I think it was highlighted by Deputy Merrett about the 1948 Agreement on page 72. Just to confirm, myself, Mr James Dent, Chairman of P&F, and David Earl are the working group for the States of Alderney. I have not yet seen the report that Mr Brouard referred to, but I hope to see a report about that sometime soon.

Just touching on a little bit the exchanges before lunch with Deputy Trott, through you, sir, about all the Aurigny losses and everything: I think the situation has definitely got out of control and it is unfortunate that the Alderney people ...

Sorry, I give way.

Deputy Brouard: Thank you very much for giving way.

It is not so much a report, but these were just the themes that our staff are working on in conjunction with the staff in Alderney as I understand it. There is no report at this stage. Those are just some of the elements that they think would be worthwhile pursuing.

3130 Thank you.

Alderney Representative Snowden: Thank you. I look forward to the items or bullet points that you have got, sometime.

3135 Just going back to Mr Trott's maths earlier that we had: obviously, those losses are totally unacceptable. However I do not think it is the Alderney people that should be blamed for it all. The Alderney people seem to be blamed for these losses sometimes through statements or reports, when it is nothing to do with the Alderney people. I think they just want a service that is delivered.

3140 I would actually like to take you back to 2014 – and I am happy to be corrected because I was obviously not here, but some of you may have been – when the Assembly chose to switch from the Islanders and Trislanders to the Dorniers. I believe the losses then were £900,000 and I think I believe this Assembly was told that with the Dornier fleet, losses would decrease to £800,000. I presume that is why the support – £100,000 saving, fantastic. Something has obviously gone considerably wrong, if that information is correct, for the situation that we have got in now. So more likely, we would be better off looking at the history, rather than trying to blame Alderney for something that

3145 is out of our hands at the moment.
I think the rest of the debate about the PSO will come obviously in February, if that is our new target date. But thank you for listening.

3150 **Deputy Leadbeater:** Can I invoke Rule 26(1), please, sir?

The Bailiff: Can anybody who has not yet spoken and wishes to do so stand in their place. I just see Deputy Gollop standing. Do you wish to proceed with Rule 26(1)?

3155 **Deputy Leadbeater:** Please, sir.

Several Members: Ah!

The Bailiff: I put to you then the motion that debate be closed. Those in favour; those against.

Members voted Contre.

3160 **The Bailiff:** Deputy Gollop may speak. Debate is proceeding!

Deputy Gollop: ... *[Inaudible]* I voted *Pour* myself!

3165 We had a few speeches in the last hour or so that have sort of drifted northwards to Alderney and I obviously have an emotional and, to a certain extent, financial connection with the Island of Alderney. I believe that the States should work together more in this Budget and beyond to ensure that the framework for aviation transport, connectivity and services in Alderney remain the equal of Guernsey. I would say, through you, sir, to Deputy Trott and other Members that Guernsey is a fortunate community in many ways, as indeed he would be the first to say, in that we do not have what I am afraid ... I will get controversial here – if you are a London and South-East taxpayer, you are to a degree subsidising your cousins in Northern Ireland, Scotland, Wales and perhaps northern

3170 England, with regional or other kinds of aid, and perhaps, we have to see that, as we are a Bailiwick, we have to all pull together and there can be circumstances in a few years' time when Alderney is suddenly an economic powerhouse again. But that is another story.

3175 I am going to support much of this Budget. I would say, though, that we had an interesting speech, I think, from Deputy Fallaize but from others too, on pages 108 and 109, when they looked at the source of States revenues and the so-called percentage of gross income of taxation.

Of course that is quite crude because you are just looking here at an individual annual income, your liability, your social security contributions and so on. Actually of course, there are other taxes and charges. I would argue – and therefore I am not enthusiastic – that the smoking charges and the drinking charges not only affect the economy to a degree but they act as regressive on people who are aficionados and not addicts of those elements. The same applies to a certain extent to people who have to drive a lot for family, disability or commercial reasons.

You do see this pattern whereby the percentage of gross income goes up to a high of 25% or 27% and then drops for the better off. That is why I do not want to presume too much for the January fiscal debate, it is not the time or the place now, but I think Members have to consider very carefully the situation.

Deputy McSwiggan made us chuckle when she did tried to disabuse the notion of some of the perhaps more fiscally conservative colleagues that she is a Corbynista. But I am a bit of a Corbynista and a Cassandra, and I have to say I do not think we are really on the same planet at the moment as the United Kingdom, because you are seeing a crazy election contest going on there which could go in any which way but loose. And both of the parties, whether it has got a Conservative or Labour label on, are talking about borrowing money to pay for infrastructure and services and are believed to be looking at 31% to 43% of GDP in taxation. We are delivering almost as well – in fact, better in some areas of the National Health Service and transportation links and so on – on half that.

So in a way I should do three cheers for Policy & Resources and the entire States. I cannot understand why there is this constant conversation in Guernsey social media that we are losing our way and that we are being really heavily taxed. I assume it is not just a communication issue, but it is also a media issue and it is also that the tax burden, as many Members have pointed out, appears to be disproportionate. That I think is one of the lessons on pages 118 and 119 that we have to address.

I would argue – just to be even more controversial – that Policy & Resources, without realising it fully, have been following what amounts to a left-of-centre tax strategy for a long time and if they drew more insight from the history of Conservative taxation, we would be in a very different place today. But I will leave my reasoning for that to another occasion.

Going on to the Propositions, I will struggle to support some of them. I would like separate votes on the alcohol and tobacco taxation. I am not happy about all of the TRP package, but I will have to support Proposition 23, not only to maintain essential services, but I think the idea that we can have a semi-hypothecated, pick-and-mix Budget, whereby you only get delivery of services accorded to be essential if Members vote in a particular way, is a political development to be deplored, and that is one of the downsides of Proposition 23. (**A Member:** Hear, hear.) And of course it is written in two halves just to make it more confusing. (**A Member:** Yes.)

I do not want to see Aurigny withdraw services overnight on routes. I think we have had certain benefits from Open Skies and the competition but perhaps, as Deputy Dory pointed out, we have perhaps subsidised local business people and travellers as much as we have tourists. But is that a bad thing? I certainly would not want to see Aurigny face financial jeopardy or risk being put into administration, like one or two other airlines over recent times.

I will not overstretch this analogy, but if Aurigny was a football team and was having mixed results, playing away and playing at home, or flying away, I think people would perhaps in that world be seeing a change in the manager or the coach, but there you go. I mention that just in passing.

But I also think that I am likely to not vote for Propositions 34 and 35 because it may well be that we would be better off having a debate in the States of Guernsey before the new year, specifically on Aurigny – maybe part of it *in camera*; maybe part of it as a workshop – and exploring why we are where we are, what the real costs are and what the way forward is. I think that would be better because in some ways this debate has gone airborne rather too frequently, when we actually have a much more strategic look on the ground to do.

But with those many reservations, I think we have to grin and bear it. But I have been disappointed with some of the contributions to the wider debate, because I do not think we can

put out the message again that we have to look at more and more efficiencies before looking at revenue raising because you might as well ... I was once, when I was a toddler, excluded from the school because allegedly I misbehaved and the head teacher or deputy head teacher said, 'Well, he can come back when he's ready.' I was four at the time and I still would not have gone to school at 54-plus! *(Laughter)* So if we wait until we are ready, when all the efficiencies and transformational giants have been done, we will be neglecting real infrastructural issues and real service developments, such as the NICE drugs.

So we have got to get on with things and we have got to have unpalatable debates about which tax rise and which tax package is worse. Although I would say on occasions ... Deputy Graham made a very thoughtful speech about people who are in need, but they are on a £100,000 a year and they would be paying more tax in the UK. It is interesting when you do the research he has done, as I have done to a lesser extent, you do see what proportion of UK revenues comes from consumption taxes. All of this needs to be put into the mix and we cannot have it both ways. We cannot have the penny and the bun. We cannot complain about a lack of services and also complain we are taxed too much.

So I look forward to the next round of this debate.

The Bailiff: Deputy St Pier will reply to the debate.

Deputy St Pier: Sir, it has been an extraordinarily long debate. Even in my wildest nightmares, I did not anticipate that with half the number of amendments as last year we would manage to still be speaking at this point. I do not know how much more the day has shortened since we began this debate on Tuesday.

Much of the general debate has focused on some general commentary around the Budget and some issues and I do not intend to respond to much of that, because I think time is moving on. But I will respond I think to some of the questions and forgive me, I will jump around a little bit in seeking to do so.

Deputy Roffey started with a comment around the outbuildings, Proposition 25. As Deputy de Lisle said, this was a response by the Policy & Resources Committee to the anxiety that was expressed last year in the Budget debate and it was expressed in the context of 'If you continue to hike TRP rates, you have to acknowledge and deal with this anomaly. It didn't matter so much 10 years ago when the numbers were much smaller. It matters more now. Please go away and do something about it.' It is in that context that we have looked to do so. Deputy Roffey is right that the original system was designed because it was intended to be much simpler and to enable a view of the properties from above, the surface area, without having to worry about what was going on inside the building. That is complicated by this amendment, but P&R were convinced that it was an appropriate response, recognising the increasing burden of TRP and therefore distinguishing between those that outbuildings which are attached and detached, depending on what is actually going on inside that building – in other words, whether it is habitable or not – was an appropriate response and we hope that this Assembly will agree with that through Proposition 25. The emphasis, the responsibility will be on the homeowners to liaise with the Cadastre in relation to that issue.

Deputy Roffey also referred to the escalator at Proposition 24. The idea of us presenting this at this stage: it is not of course strictly necessary for the 2020 Budget but the rationale was to provide some certainty. So this is, as Deputy Dorey said, part of the response to the Personal Benefits, Pensions and Tax Review in 2015 which resolved to double the real value of domestic TRP over 10 years. This simply seeks to deal with it in one go and end the annual uncertainty about what the rates may be, so everybody has that certainty.

Deputy Green was rather critical about how we had got into this position and said it should have been dealt with earlier this term and that played to a theme that a number of people had, which was to rubbish the Medium Term Financial Plan and there was a little bit of – these words were not used – 'I told you so' type approach to this. But the Medium Term Financial Plan has anchored some

of the thinking around the building of the Budgets of the last three years and I will refer back to Deputy Dudley-Owen's comments a little bit later.

But we have had to reflect the changes that have taken place. In other words, that revenues have been greater, but in particular for 2020 the additional spending requests of £27.9 million could not have been anticipated. They have not been anticipated by anyone in this Assembly in any budget debate in the last three or four years. What has been challenged is the quantum and speed of savings that might be achievable, and a number of Members spoke to that, but not in relation to the speed and quantum which the pressures on spending within the system and certainly not to the level of £27.9 million of additional spending requests for 2020. So I do think that Deputy Green was perhaps being a little bit harsh in the context of that development over the last few years.

He asked a question, why we were not offering tax incentives to a new industry, in particular in relation to the proposals for the taxation of cannabis. Sir, we have no objections to this from those that are active or interested in this industry; it is a high profit margin industry. We did indicate our intent to bring this to the Assembly last year. It does again provide certainty for all before the industry gets going. There is no suggestion that this is a barrier. It is an entirely appropriate response, we believe, and it does not require tax incentives. There are many good reasons why people would want to be located on the Island, not least of course physical security as well.

The question of the logic of the change in relation to the States of Alderney position to a grant rather than a cash limit, I think that was really a reflection of the nature of the relationship between the two Governments. The States of Alderney is not a committee of the States of Guernsey and that brings a different relationship. Therefore a grant felt like a more appropriate reflection of the nature of the relationship.

Deputy Parkinson was the first to raise the question of Zero-10 and the question of corporate taxation. Deputy Dory raised it as well in relation to whether the 10 could be 11 or 12; and Deputy Graham spoke to that as well. I am going to return to that right at the end, in terms of the scale of the challenge that we face in the future.

Suffice to say that I think corporate tax clearly will be within the scope of the review. That has been indicated. That is reflected in the Budget Report. That is likely to be reflected in the terms of reference which we will bring in the January policy letter. However, the scale of the challenge is such that notwithstanding how much the corporate tax, that revenue has been recovered by the changes to Zero-10, notwithstanding the additional increases in corporate TRP, I do not think that that will be the silver bullet, either. I think it will be a contributor, no doubt, but we need to understand the scale of the challenges we have ahead of us.

Similarly in relation to, for example, parking charges: last time parking charges were looked at, I think they had raised £350,000 or something of that order.

Deputy Lester Queripel said that he was going to vote against the Propositions relating to Aurigny. I would urge Members to have particular caution in relation to Propositions 34 and 35, which is in relation to underpinning the credit facilities for Aurigny. We have to be careful that we do not place that business or its management in a position where they are effectively unlawfully trading and therefore we end up in an insolvency position. That would undoubtedly be very unhelpful and require some kind of action by the States of Guernsey. So I would not urge Members to follow Deputy Lester Queripel in relation to Propositions 34 and 35.

Deputy Prow questioned the releases back to the capital reserve and in particular the bund – the sum that has been put aside for the bund at the Airport, which is why that capital vote is still open. It is a long term legacy issue. We simply cannot ignore the fact that that expenditure is going to be required. At some point that fund will have to be re-opened and the contents moved and dealt with. But importantly that volition has been taken into account in looking at our requirements. So I think the point is understood and well made, but I think in relation to that particular project it is probably very much more the exception than the rule and certainly Policy & Resources have made quite an attempt over the last couple of years to try and run round and close capital votes that had been open for a number of years. I think the point that Deputy Prow made was a valid observation

3330 that perhaps there were some things that should have been closed off earlier that had not been. So that point is duly noted.

Deputy Fallaize, in relation to this question of delegated authorities, obviously I am grateful for his general commendation of the Budget, but he did question whether the delegated authorities were overly controlled. I think here there is undoubtedly a balance to be struck. He is in the middle
3335 of a significant capital project, obviously the transformation of secondary education and post-16 education, with significant delegated authority granted by this Assembly. That was a subject of significant challenge and debate in this Assembly. Whilst understandably the Committee *for* Education, Sport and Culture will want that process to be expedited and have as few barriers as possible, there are many others in this Assembly who all want P&R to exercise a considerable
3340 amount of due caution and rigorous process in relation to the exercise of that delegated authority, so that something is not railroaded through, as some may see it, without proper scrutiny. So I can understand his frustration at the moment, because of where he is with his Committee's key capital project. But I think actually, the Assembly as a whole will expect us to exercise due care in relation to that project as well as others.

3345 Deputy Ferbrache raised the question of his innovative idea. Whilst it did not of course progress to any debate or even a vote, he should take credit because actually that did produce a review of the correct rates of TRP for office accommodation and that has led to a programme of change in relation to office accommodation, beginning of course with advocates as a result of his innovative suggestion, then subsequent extensions including the proposition then in today's Budget Report
3350 as well. So I think the idea, his comment, that we all need to be innovative is well made and was actually reflected by the story. He and Deputy Kuttelwascher did not produce that particular concept, but it was a product of their challenge, if you like.

Deputy Merrett, I am going to come back to the question of the types of property that are over 400, other than to note that in the Budget Report it is 2.5% of properties. If the TRP proposals are
3355 not approved, then there is a question of what happens. I am going to talk a little bit more about that at the end in relation to Proposition 23, because that clearly is a key Proposition, before Members vote.

Deputy Brouard, I think, has dealt with the question of the thematic review.

Deputy de Lisle challenged the question of equity release. I think it is unfortunate that he kept
3360 linking equity release with TRP. I think it is inconceivable that people will be seeking to release equity from their properties in order to pay their TRP bills. This is about long-term care. This is about families making choices about the standard of support and care that they may want for the elderly members of their family. Proposals will come back to this Assembly as Deputy Dudley-Owen said in her speech. There will be plenty of opportunity for proper scrutiny and proper controls to be put
3365 in place. Deputy de Lisle may not want to ever access an equity release, but there are many people in our community who may well benefit from the opportunity to have that flexibility, and I think it would be wrong for us to deny that opportunity if it will help some members of the community. So I think it is appropriate that we do proceed with that investigation and bring proposals back to the Assembly for the Assembly to consider.

3370 Deputy Dudley-Owen described P&R as having this dogged adherence to the Medium Term Financial Plan and no flexibility. With respect, I think that is just simply not correct. The Medium Term Financial Plan envisaged service developments of £3.5 million a year. This Budget has accommodated service development of £5.4 million a year. This Budget has accommodated £20.9 million of additional funding, so I think if we had doggedly stuck to the Medium Term
3375 Financial Plan and said, 'We collectively have failed to deliver the savings and we have over-delivered on the revenue so maybe we won't collect any more revenue, and either way we are simply not going to meet all of this this demand for the £20.9 million', I think the accusation that we have been dogged will be valid. I think we have tried, as perhaps Deputy Fallaize said, to be as accommodating and as flexible as we can within some considerable constraints upon us.

3380 Sir, I am coming towards the end, but I do just want to address one or two other points before we get to the question of the Propositions.

Deputy Parkinson made the very valid point that his budget had been frozen and his Committee of course is the one that is charged with growing the size of the cake, I think was the phrase, for consumption by others. However, of course the Future Guernsey Economic Fund was put in place precisely to support the growth in the economy and a significant investment has been made into that fund. So I do not want to lose sight of the fact that we are continuing to make provision for the growth in the economy and of course we welcome, as we do every year, bids from the Committees, including Economic Development, as they see fit to support their work.

Deputy Merrett asked whether the fiscal framework debate in January would or could provide additional funding for the Committee for Employment & Social Security. The answer to that is no. The policy letter we are preparing is going to concentrate on the significant strategic and long-term issues which I will touch on a minute. It will not be a second budget. It is not an opportunity to provide additional funding.

Then in relation to the types of property, we have managed to identify a few so those that are over 400: a unique property with an iconic tower and stunning 360-degree views across the north of Guernsey. This particular property has 0.77 acres of ground, four bathrooms, five bedrooms, lounge, kitchen, conservatory, tower room, double garage. We have another one here, with 430 TRP units, £1.195 million, five bedrooms, four bathrooms, three receptions, one garage, 4,000 square feet of accommodation. 'It will appeal to the discerning purchaser seeking a very quiet, high-quality family home.' *(Laughter)* Then a £995,000 property in St Peter's, 492 units, five bedrooms, one bathroom, two receptions, one garage, over an acre of land, granite outbuildings, three large barns, carport, laundry, store room and pig sties. So I hope that gives Deputy Merrett some thought for where she might want to go viewing over the weekend. *(Laughter)*

Sir, I think the final thing is that I said I would go back to Deputy Roffey, who was the first to initiate this discussion of the long-term challenges we face. Many others picked up on that and clearly January will be the time for that and we will be recommending that of course we need to look at the tax structure and a tax structure that is capable of raising the revenues, even if it never necessarily needs to be implemented to its full extent.

If we think about our fiscal framework at the moment, we are currently spending, as we have said several times during this debate, about 21% of our economy is in the public sector. The fiscal framework provides for 2%. If we imagined ourselves spending 24% or 25 % of our economy, that would add somewhere between £84 million and £118 million to the public ... It is the size of the public sector and in the context of the total public sector spend, including Social Security being around £750 million or so, that means roughly a 10%, 12% or 13% increase in the size of Government spending. So that actually is not a huge ... You can think of circumstances, pressure on pensions, long-term care, some of these issues you can see – over a period time, not next year, but you can see it over a period of time – requiring some significant sums of money and therefore just to give you get the scale of what would be required if we needed to raise that £84 million to £100 million, that would mean a headline rate that would need to increase by between 6% and 9% or it would mean higher earners rate for those earning over £50,000 between 48% and 60%, if we think that we are only going to tax high earners. A broad based GST of between 8% and 12% – these are alternatives – or an increase of between 350% and 500% in all domestic and commercial TRP rates.

So I mention that because I think it just helps set the scale of the challenges and therefore the limitations on our current tax base, and the fact that these are some very difficult challenges, but we should not underestimate the scale of some of these things that will form the subject of the rationale for the January debate. But as Deputy Dudley-Owen said – she was absolutely right – managing expectations, as I hope I did when I opened the debate, to make the point that that debate is about setting the terms of reference and setting the fiscal framework. We will not be in a position to make the detailed decisions around the future of our tax base at that meeting, but certainly putting things such as the corporate tax base within that scope of that review is very much what it is envisaged and has been the subject of this debate and the Propositions.

Sir, finally in relation to the Propositions, obviously we encourage Members to support them. In relation to Proposition 8A, I am afraid the Policy & Resources Committee simply ... The States has

signalled its assent to Proposition 8A through the amendment. We remain opposed to it, sir, simply because we just cannot get comfortable that this is the appropriate way to access the use of the Budget reserves. So we would like a separate and recorded vote and encourage Members to vote against Proposition 8A, but if Proposition 23 is perhaps the key one that people need to understand what they are voting on and the implications of how they vote. So if Members turn to Proposition 23, this is the amendment that was inserted as the first amendment. Members will have the opportunity to vote *Pour* or *Contre* against each of A, B and C. In order to keep the Budget balanced, you need to vote for either A or B. Deputy Brouard has indicated that he is going to vote against A but in favour of B, and he is doing that, as he explained, entirely to keep the Budget balanced.

So Members need to make that choice and they may regard it as an invidious one, but that is the one that they need to make if they wish to keep the Budget balanced.

If Members wish to meet the additional service development requirements set out with an asterisk in Appendix 6, including the heartfelt plea from the Committee *for* Employment & Social Security in relation to the uplifting of the benefit limitation, then they need to vote for A, B and C. If only A or B pass, then C will not be put to the Assembly. That is my understanding.

So with that, sir, I hope there is some clarity on the Propositions. I thank everybody for a lengthy four days.

The Bailiff: Deputy Brouard.

Deputy Brouard: May I have a separate vote on Proposition 12, sir?

The Bailiff: Yes.

What I have done is I have tried to keep a note of the Propositions where Members have suggested separate votes. Nobody as far as I know has suggested a separate vote on any of Propositions 1 to 8 inclusive.

Deputy Laurie Queripel: Proposition 4, sir.

The Bailiff: Oh, sorry, you request one on Proposition 4.

Deputy Laurie Queripel: And Proposition 9 as well, please, sir.

The Bailiff: Well, we will have a separate vote on Proposition 4.

Deputy Merrett: I asked for a separate vote on Proposition 7A.i, sir. I would also ask for some advice from HMC regarding that.

The Comptroller: Sorry, sir, I did not quite catch that.

The Bailiff: No, neither did I. A separate vote on 7A.i. And then what did you say, Deputy Merrett?

Deputy Merrett: I asked when I spoke if HMC could just confirm my understanding that if that Proposition does not pass, there is no reason that Guernsey Finance could not do a business case for development, as any other applications, which the Development Fund would need in any regard, sir.

The Comptroller: Sir, I think, through you, Deputy Trott has offered to respond to that. He has probably got more of an idea than I have.

The Bailiff: Okay.

Deputy Trott: I very nearly asked Deputy Merrett to give way when she asked this question earlier.

3490 The truth is nothing will happen, in the sense that the bid will still go in and it will go through the mill. The difference is and fundamentally the States would be seen to be withdrawing its near unanimous support for this initiative as a consequence, so I would implore States' Members to stick with their previous decision which has already been widely communicated by the promotional agency and has been extremely well received by the United Nations in particular. *(Interjections)*

3495 **The Bailiff:** Deputy Merrett.

Deputy Merrett: Thank you, sir. But I would still like a separate vote on that.

3500 **The Bailiff:** You would like a separate vote on Proposition 7A.i.
Deputy Roffey?

Deputy Roffey: Is the time to request individual votes, sir?

3505 **The Bailiff:** Well, I was just trying to deal with the first 11 Propositions.

Deputy Roffey: Okay, I was going later on. I will hold my peace.

3510 **The Bailiff:** Yes, I have got notice of some later on, but I think we can take 1, 2 and 3 together.
Can we take 1, 2 and 3 together, Deputy Lowe?

Deputy Lowe: Absolutely you can, sir, but I need to declare an interest on 23A before we get to it.

3515 **The Bailiff:** Okay. So Propositions 1, 2 and 3, those in –

Deputy Leadbeater: Sir, can I just declare an interest when it comes to Proposition 11.

3520 **The Bailiff:** Okay.
We will vote on Propositions 1 to ...
Deputy de Lisle.

Deputy de Lisle: I would like to make vote on 22, 23 –

3525 **The Bailiff:** Yes, we will come to that. *(Laughter and interjections)* I have got a note of that. I am trying to deal with 1, 2 and 3! *(Interjection by Deputy de Lisle)*
We will vote on Propositions 1, 2 and 3. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.
Now we will have a separate vote on Proposition 4. Those in favour; those against.

Members voted Pour.

3530 **The Bailiff:** I declare Proposition 4 carried.
We can take Propositions 5, 6 and 7 but not 7A. But I think we can take 5, 6 and 7 together: those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

We will have a separate vote on Proposition 7A.i. Those in favour; those against.

Members voted Pour.

The Bailiff: It is carried.

3535 Proposition 7A.ii: those in favour; those against.

Members voted Pour.

The Bailiff: Carried.

Proposition 8 we need to take separately. Those in favour of Proposition 8; those against.

Members voted Pour.

The Bailiff: Carried.

Proposition 8A –

3540

A Member: Sir, could I have a recorded vote, please, on Proposition 8A, considering how close it was this morning?

The Bailiff: Yes, a recorded vote on Proposition 8A.

There was a recorded vote.

Carried – Pour 21, Contre 15, Ne vote pas 3, Absent 1

POUR

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Ferbrache
Deputy Kuttelwascher
Deputy Gollop
Deputy Lester Queripel
Deputy Leadbeater
Deputy Mooney
Deputy Le Pelley
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Graham
Deputy Green
Deputy Dudley-Owen
Deputy de Lisle
Deputy Prow
Deputy Oliver

CONTRE

Deputy Tindall
Deputy Brehaut
Deputy Parkinson
Deputy Le Clerc
Deputy Trott
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Langlois
Deputy Soulsby
Deputy Roffey

NE VOTE PAS

Deputy Hansmann Rouxel
Deputy McSwiggan
Deputy de Sausmarez

ABSENT

Deputy Tooley

3545

The Bailiff: The votes on Proposition 8A are 21 in favour, with 15 against and three abstentions. I declare Proposition 8A carried.

Proposition 9, we will have a separate vote. Those in favour; those against.

Members voted Pour.

The Bailiff: Propositions 10 and 11, I think we can take together. Those in favour, those against.

Members voted Pour.

The Bailiff: I declare them carried.

3550 Then a separate vote on Proposition 12. Those in favour, those against.

Members voted Pour.

The Bailiff: I declare it carried.

I think we can take 13, 14, 15, 16 and 17 all together. Is that correct? Propositions 13 to 17: those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

3555 Deputy Gollop requested a separate vote on alcohol and tobacco. So that is Proposition 18, on page 14. We vote then on Proposition 18: those in favour, those against.

Members voted Pour.

The Bailiff: I declare it carried.

3560 There is then a draft Ordinance; that is Proposition 19 which I think gives effect to Proposition 18. Those in favour, those against.

Members voted Pour.

The Bailiff: I declare that carried.

I think we can take Propositions 20 and 21 together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

3565 Proposition 22 – a separate vote.

Deputy de Lisle: A vote, please, sir.

3570 **The Bailiff:** And you would like a recorded vote, Deputy de Lisle. A recorded vote on Proposition 22, to agree that domestic and land TRP tariffs shall be increased by 10.2% with effect from 1st January 2020.

There was a recorded vote.

Carried – Pour 21, Contre 18, Ne vote pas 0, Absent 1

POUR

Deputy Ferbrache
Deputy Tindall
Deputy Brehaut
Deputy Parkinson
Deputy Le Clerc
Deputy Trott

CONTRE

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Kuttelwascher
Deputy Gollop
Deputy Lester Queripel
Deputy Leadbeater

NE VOTE PAS

None

ABSENT

Deputy Tooley

Deputy St Pier	Deputy Mooney
Deputy Stephens	Deputy Le Pelley
Deputy Fallaize	Deputy Merrett
Deputy Inder	Deputy Meerveld
Deputy Hansmann Rouxel	Deputy Lowe
Deputy Graham	Deputy Laurie Queripel
Deputy Green	Deputy Smithies
Deputy Dorey	Deputy Paint
Deputy Le Tocq	Deputy Dudley-Owen
Deputy Brouard	Deputy de Lisle
Deputy McSwiggan	Deputy Prow
Deputy Langlois	Deputy Oliver
Deputy Soulsby	
Deputy de Sausmarez	
Deputy Roffey	

The Bailiff: Proposition 22: there were 21 votes in favour, with 18 against. I declare it carried. That brings us to Proposition 23A, where we have a separate vote. Those in favour; those against.

Some Members voted Pour; other voted Contre.

The Bailiff: I believe that is carried.

3575

A Member: Sir, could I have a recorded vote on that?

The Bailiff: You would like a recorded vote, yes.

There was a recorded vote.

Carried – Pour 21, Contre 16, Ne vote pas 2, Absent 1

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

3580

The Bailiff: On Proposition 23A there were 21 in favour, with 16 against and two abstentions. I declare 23A carried.

Proposition 23B: there is a request for a recorded vote on 23B.

There was a recorded vote.

Carried – Pour 36, Contre 1, Ne vote pas 2, Absent 1

POUR

Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Gollop
Deputy Parkinson
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Dudley-Owen
Deputy McSwiggan
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver

CONTRE

Deputy de Lisle

NE VOTE PAS

Alderney Rep. Roberts
Alderney Rep. Snowdon

ABSENT

Deputy Tooley

The Bailiff: So the voting on Proposition 23B was: 36 in favour, with 1 against and two abstentions. I declare 23B carried.

As both A and B have carried, we now vote on Proposition 23C. Those in favour, those against.

Members voted Pour.

3585

The Bailiff: I declare it carried.

We have a separate vote on Proposition 24.

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

3590

The Bailiff: A recorded vote on Proposition 24.

There was a recorded vote.

Carried – Pour 18, Contre 21, Ne vote pas 0, Absent 1

POUR

Deputy Ferbrache
Deputy Tindall

CONTRE

Alderney Rep. Roberts
Alderney Rep. Snowdon

NE VOTE PAS

None

ABSENT

Deputy Tooley

Deputy Brehaut	Deputy Kuttelwascher
Deputy Parkinson	Deputy Gollop
Deputy Le Clerc	Deputy Lester Queripel
Deputy Trott	Deputy Leadbeater
Deputy St Pier	Deputy Mooney
Deputy Stephens	Deputy Le Pelley
Deputy Fallaize	Deputy Merrett
Deputy Hansmann Rouxel	Deputy Meerveld
Deputy Graham	Deputy Inder
Deputy Green	Deputy Lowe
Deputy Dorey	Deputy Laurie Queripel
Deputy Le Tocq	Deputy Smithies
Deputy Brouard	Deputy Paint
Deputy McSwiggan	Deputy Dudley-Owen
Deputy Langlois	Deputy de Lisle
Deputy Soulsby	Deputy de Sausmarez
	Deputy Roffey
	Deputy Prow
	Deputy Oliver

Deputy Roffey: Sir, while you are waiting for the result of that, can I request a separate vote on 25?

The Bailiff: Yes.

3595

A Member: Sir, in the same vein, can I ask for a recorded vote on Proposition 28?

The Bailiff: A recorded vote on Proposition 28? Okay.

So the voting on Proposition 24 was: 18 in favour, with 21 against. I declare Proposition 24 lost. Some people are questioning that, Greffier?

3600

Deputy de Lisle and other Members: It is correct, sir.

The Bailiff: It is correct – 18 in favour, 21 against. Proposition 24 is lost.

3605

Deputy de Lisle: Some people would like to see ... *(Laughter)*

The Bailiff: A separate vote on Proposition 25. Those in favour; those against?

Some Members voted Pour; other voted Contre.

The Bailiff: I think that is carried, but if anybody would –

3610

A Member: Sir, a recorded vote – lots of people did not vote.

The Bailiff: You want a recorded vote?

3615

A Member: Yes, please.

The Bailiff: A recorded vote on Proposition 25.

There was a recorded vote.

Carried – Pour 19, Contre 20, Ne vote pas 0, Absent 1

POUR

Deputy Ferbrache
Deputy Tindall
Deputy Brehaut
Deputy Parkinson
Deputy Trott
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Fallaize
Deputy Laurie Queripel
Deputy Graham
Deputy Green
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Dudley-Owen
Deputy McSwiggan
Deputy de Lisle
Deputy Prow

CONTRE

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Kuttelwascher
Deputy Gollop
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Le Pelley
Deputy Meerveld
Deputy Inder
Deputy Lowe
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Paint
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Oliver

NE VOTE PAS

None

ABSENT

Deputy Tooley

The Bailiff: The voting on Proposition 25 was 19 in favour, with 20 against. So I declare it lost and I did call it wrong, unless any votes changed in the meantime.

3620 Proposition 26: those in favour, those against.

Members voted Pour.

The Bailiff: I declare it carried.

3625 That brings us to Proposition 27, which is to approve the draft Ordinance entitled 'The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2019', and Deputy St Pier just needs to explain.

3630 **Deputy St Pier:** Sir, yes, because of the decisions of the States to support Proposition 23B but reject Proposition 24, we now need to rewrite the Ordinance to change the Schedules. So I suggest if we could defer a vote on Proposition 27 until that has happened, which hopefully can happen later in this meeting, sir.

The Bailiff: So what I will put to you is that we defer that to later in the meeting and it may be until after we have dealt with the ESS uprating report. Those in favour; those against.

Members voted Pour.

3635 **The Bailiff:** We will defer Proposition 27 then.
We will have a recorded vote – that was the request – on Proposition 28.

There was a recorded vote.

Carried – Pour 32, Contre 7, Ne vote pas 0, Absent 1

POUR

Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Gollop

CONTRE

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Lester Queripel
Deputy Lowe
Deputy Paint

NE VOTE PAS

None

ABSENT

Deputy Tooley

Deputy Parkinson	Deputy de Lisle
Deputy Le Clerc	Deputy Prow
Deputy Leadbeater	
Deputy Mooney	
Deputy Trott	
Deputy Le Pelley	
Deputy Merrett	
Deputy St Pier	
Deputy Stephens	
Deputy Meerveld	
Deputy Fallaize	
Deputy Inder	
Deputy Laurie Queripel	
Deputy Smithies	
Deputy Hansmann Rouxel	
Deputy Graham	
Deputy Green	
Deputy Dorey	
Deputy Le Tocq	
Deputy Brouard	
Deputy Dudley-Owen	
Deputy McSwiggan	
Deputy Langlois	
Deputy Soulsby	
Deputy de Sausmarez	
Deputy Roffey	
Deputy Oliver	

The Bailiff: Proposition 28: 32 votes in favour and 7 against. I declare it carried.
Proposition 29 needs to be amended, as Deputy St Pier will explain.

3640 **Deputy St Pier:** Yes, sir, because of the decision of the States to support Proposition 23C, that increases the overall cash limits. So I would like to propose a motion that the figure in the Proposition becomes £432.975 million.

The Bailiff: Deputy Trott, do you second?

3645

Deputy Trott: Yes, I do, sir, thank you.

The Comptroller: Sir, can I point out: in that case I do not think it quite works, because it will not be as set out in paragraph 7.3 of the Report.

3650 Could I suggest through you, sir, that again that might be deferred, just so we get it absolutely right. I think it is a very important number.

The Bailiff: Yes, well, we already deferred Proposition 27 –

3655 **The Comptroller:** Through you, sir, if Deputies St Pier and Trott are happy with that?
(Interjection)

The Bailiff: Okay, so I put to you then the Proposition that the voting on Proposition 29 be deferred. Those in favour, those against.

Members voted Pour.

3660 **The Bailiff:** We will defer that.
Proposition 29A: those in favour, those against.

Members voted Pour.

The Bailiff: I declare it carried.

Proposition 30: there is a request for a separate vote. Those in favour., those against.

Members voted Pour.

The Bailiff: I declare it carried.

3665 I think we can take 31, 32 and 33 together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare Propositions 31 to 33 carried.

Now, Propositions 34, 35, 36, 37, we have had requests for separate votes. I do not know if any of those ... So we will take them one at a time.

Proposition 34: those in favour?

3670

Deputy Lester Queripel: Sir, I did ask for a recorded vote, please.

The Bailiff: Right – on Proposition 34, is it, Deputy Queripel?

3675

Deputy Lester Queripel: Yes, sir, I need clarification, actually. I did ask for Propositions 34, 35, 36 and 37. But what happened to the original Propositions 36 and 37? They are not on. *(Interjections)* Have I missed something along the way?

Deputy Dorey: They were amended by amendment 4.

3680

The Bailiff: They have been amended, Deputy Queripel.

Deputy Lester Queripel: Right. So the Propositions dealing with the maximum of £5 million – it was the £5 million, wasn't it, in Propositions 36 and 37? Those have been replaced.

3685

Okay, so all I need now then is a recorded vote, please, on Propositions 34 and 35.

The Bailiff: Can we take those two Propositions together or do they need to be separate?

Deputy Lester Queripel: You could take them together, sir.

3690

The Bailiff: Does anybody require a separate vote on 34, separate from 35? No?

We will take Propositions 34 and 35 together then, as a recorded vote.

There was a recorded vote.

Carried – Pour 33, Contre 6, Ne vote pas 0, Absent 1

POUR

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Parkinson
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott

CONTRE

Deputy Gollop
Deputy Lester Queripel
Deputy Le Pelley
Deputy Meerveld
Deputy Dudley-Owen
Deputy de Lisle

NE VOTE PAS

None

ABSENT

Deputy Tooley

Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy McSwiggan
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver

The Bailiff: Yes, Deputy McSwiggan?

3695 **Deputy McSwiggan:** Sir, in the hope that you might be about to say that can take the remaining Propositions together, might I ask for a five-minute adjournment between this and the next Item?

The Bailiff: Yes. After we voted on all these Propositions, just a short comfort break?

3700 **Deputy McSwiggan:** Yes, please.

The Bailiff: Yes, that might be welcome by some.

Voting on Propositions 34 and 35 was: 33 in favour, with 6 against. I declare them carried.

3705 Can we take Propositions 36 and 37 together, or do they need to be separate? (**Two Members:** Agreed.) We will take Propositions 36 and 37 together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

And then Propositions 38 and 39, I think we can take together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

3710 Apart from the two Propositions that we have deferred, that concludes the debate on the Budget. I put to you then the Proposition that we have a 10-minute recess. Those in favour; those against.

Members voted Pour.

The Bailiff: We will come back at 10 to five.

*The Assembly adjourned at 4.40 p.m.
and resumed at 4.52 p.m.*

Procedural

The Bailiff: Before we resume, a few Members have asked me whether we are going to be dealing with Billet XXII today, which is the Billet issued for the 6th November meeting. I am not expecting that we are going to get around to that Billet. What I am assuming is that we will finish off the business for what was the 5th November meeting, with the uprating report from the ESS; we will then have the two votes that have been deferred; that completes the Budget debate and then there is just one other item that we do need to deal with, and that is the Schedule of Business for 27th November meeting and that requires a technical proposition just to bring it forward to 5th November meeting from 6th November meeting.

But that is all I am expecting that we will do: the ESS report, the two outstanding votes and, as I say, approving the Schedule for 27th November meeting.

POLICY & RESOURCES COMMITTEE

**The States of Guernsey Annual Budget for 2020 –
Debate continued –
Proposition 29 carried as amended**

The Bailiff: I understand we can deal with one of those deferred votes. Amendment 21 has been circulated. Do Members have it in front of them? It just substitutes a new Proposition for Proposition 29 with the adjusted figure and the removal of the words that the Comptroller pointed out. So we will deal with amendment 21, proposed by Deputy St Pier, seconded by Deputy Trott.

Deputy St Pier.

Deputy St Pier: Yes, sir, just a minor typo there. The full stop in the middle of the number should, of course, be a comma, but subject to that, sir, that simply follows the decision that the States have made.

[Amendment 21:](#)

For Proposition 29 substitute the following proposition:

"29. To approve the cash limits for ordinary revenue expenditure for 2020 totalling £432.975 million as set out in the table below and the revenue expenditure budgets on pages 138 to 158

The Bailiff: Deputy Trott, do you second that?

Deputy Trott: I do, sir, I rise to formally second.

The Bailiff: It is £432,975,000 or is it £432 billion, 975 million? I think it is millions rather than billions, wishful thinking maybe! *(Laughter and Interjections)*

We will leave it with a full-stop, as drafted. Deputy McSwiggan, did you wish to say anything?

Deputy McSwiggan: I just need to check with Deputy St Pier, if it is alright, sir, as I understand the table, none of the cash limits of the Committees have changed from what is already included in the Budget and the additional funding is that bottom line of the table that says Service Developments at £6.25 million, if that is correct, then ...

The Bailiff: Anyone else?

Deputy St Pier, for the record, has confirmed that is correct. That may not have been picked up by the microphones.

So we vote on amendment 21. Those in favour; those against.

Members voted Pour.

The Bailiff: That substitutes the new Proposition. We now need to put the vote on Proposition 29. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried, and the revised TRP Ordinance is still being worked on, so that will be produced later, hopefully.

Greffier, that brings us to the ESS policy letter.

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

**II. Non-contributory benefit rates for 2020 –
Propositions carried as amended**

Article II.

The States are asked to decide:

Whether, after consideration of the policy letter entitled 'Non-contributory benefit rates for 2020', dated 7th October 2019, they are of the opinion:

- 1. To set the income support requirement rates at the rates set out in Table 1 of that policy letter, from 10th January 2020.*
- 2. To direct the Committee for Employment & Social Security to commission an independent analysis of the baskets of goods in order to update the minimum income standard for Guernsey and to submit the findings to the States no later than the date of submission of the policy letter on non-contributory benefit rates for 2021.*
- 3. To set the benefit limitation for a person living in the community at £850 per week, from 10th January 2020.*
- 4. To set the benefit limitation rates in relation to people not living in the Community at the rates set out in rows 3 and 4 of Table 4 of that policy letter, from 10th January 2020.*
- 5. To note that the Committee for Employment & Social Security will return to the States with a policy letter addressing the future of the earnings disregard before the end of the political term.*
- 6. To set the maximum rent allowances at the amounts set out in Table 6 of that policy letter, from 10th January, 2020.*
- 7. To set the amount of the personal allowance payable to people in Guernsey and Alderney residential or nursing homes who are in receipt of income support at £36.00 per week, from 10th January 2020.*
- 8. To set the amount of the personal allowance payable to people in United Kingdom hospitals or care homes who are in receipt of income support at £55.21 per week, from 10th January 2020.*
- 9. To set the supplementary fuel allowance paid to income support householders at £29.66 per week, from 25th October 2019 to 24th April 2020.*
- 10. To set the rates and annual income limit for severe disability benefit and carer's allowance at the rates and limit set out in Table 7 of that policy letter, from 6th January 2020.*
- 11. To amend the scheme for free television licences so that it is free of charge to all households in Guernsey and Alderney in receipt of income support where one resident has reached pension age, in line with the increasing pension age.*
- 12. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.*

The Greffier: Article II, the Committee for Employment & Social Security, Non-contributory benefit rates for 2020.

The Bailiff: Debate will be opened by the President, Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir, and thank you to everybody after what has been a long four days, I will try and keep this as brief as I can.

I am pleased to present the Committee's proposals for non-contributory benefit rates for 2020. These are the benefits which are paid for through general revenue. I have been involved as a member of the former Social Security Department last term and President of the Committee for Employment & Social Security this term, and this will be my eighth uprating report, and sadly my last. (**A Member:** Shame!)

Sir, we are proposing to increase non-contributory benefits by the June 2019 RPIX figure of 1.9%. I have already spoken during the Budget debate about the benefit limitation but I think I still just need to clarify and justify the decisions that we have made.

The benefit limitation is the level of a family's income, combined earnings and benefits above which no further benefit can be paid. In 2019 it was set at £750 a week. We have to battle endlessly against the misconception that we are paying £750 per week to lots of families, but in fact it is very rare. The great majority of families have earnings or benefits of other kinds. Income Support is topping up these other sources of income, up to the limit set by the States, and I ask Members to take note: 97 of the 130 households currently capped by the benefit limitation have at least one working parent. The Committee is proposing that the cap is increased to £850 because, as I have already said, there are 130 families who are not receiving the income that not only do they need, but which the States previously agreed that they need. At the moment, parents are being forced to decide whether they feed their children or pay their rent, and we wonder why rent arrears are on the increase.

I would also like to dispel the myth that it is all made up of large families. It is not, 63 of the 130 families who are currently restricted by the cap have just two or three children. I do not think that these are excessively large families. (**A Member:** Hear, hear.)

Our proposal would cost an additional £275,000 and I am pleased in the Budget debate that Proposition 23 was passed in its entirety and we have now the funding for that 1.9% increase, and increasing the benefit limitation.

But there are other things in our uprating report, and that is work requirements for single parents with young children. Work requirements were introduced in 2014 for all Income Support claimants of working age, unless they are exempted or deemed to have met the requirements set out for them. Exemptions include those with a severe disability, people with substantial care responsibilities and single parents with young children. At the moment, the work requirement for single parents is activated when their youngest child reaches age seven, and it is reasonable for the individual's circumstances, and usually starts at 20 hours per week. Once the child has reached age 14 the parent is expected to be able to work full-time. We have looked at what other jurisdictions do and the age is three to four years old for universal credits in the UK, in Jersey it is also aged three to four, to align with the free nursery places offered to children the year before they start primary school. The Committee agrees that it is appropriate to expect a parent to seek work once their youngest child is in full-time education, so once they have reached the age of five. It is anticipated that the impact of this change would be minimal as many of the 110 claims affected by this policy change will already be working. It is hard to quantify the savings that this change will generate but we believe that it is justified on social policy grounds alone. While it is not a requirement to seek States' approval for this decision, I hope that Members are in support of this decision.

Family Allowance: I would like to mention that the Committee is proposing that the Family Allowance rate is frozen at £14.20 per week, per child, for 2020, which would save general revenue about £160,000 compared with uprating by RPIX. This is because we are still progressing a resolution to investigate the feasibility of reallocating some of the Family Allowance budget to Children's Services, instead of paying out of universal benefit.

We are working with the Committee *for* Health & Social Care and the Committee *for* Education, Sport & Culture to develop a proposed lift of services and we are working with the Policy & Resources Committee on how we would be able to withdraw Family Allowance from higher earners to fund the services, if that were to be the will of the States. We are aiming to bring a policy letter back to the States in the next few months setting out the proposals.

Sir, TV licences: another subject that has been reported in the media lately is the scheme to provide free TV licences to people over 75 and to Income Support claimants over 65. Firstly, as our pension age starts to rise from next year, we will continue to align the free TV licences for Income Support claimants with pension age rather than continue to pay at age 65. However, the main point that I want to make about TV licences is that they were working with Policy & Resources' External and Constitutional Affairs to get the best possible outcome for Guernsey residents, as the rules for

3820 eligibility are being changed in the UK. From 1st September 2016 we closed a free TV licence scheme
to people who turned 75 after that date. The BBC has announced that it will close the scheme from
June 2020 for everyone except those aged over 75 who are in receipt of a pension credit. This
decision does not automatically extend to Guernsey. However, P&R is working with the BBC and
3825 the UK to extend the relevant parts of the UK's 2003 Communications Act so that the BBC can fulfil
its commitment for funding the over age 75 concession for Guernsey residents too. A policy letter
to that effect will be brought to the States before the end of this term.

Sir, I think it is probably best if I draw to a conclusion. There are some technical aspects of this
speech but I am happy to take questions.

Thank you, sir.

3830 **The Bailiff:** There are two amendments, both proposed by Deputy Fallaize and seconded by
Deputy de Sausmarez. We will take amendment 1 first.

Deputy Fallaize: Sir, I think to save time we could run them together.

3835 **The Bailiff:** If you are happy to run them together and Deputy Le Clerc is happy they are run
together?

Deputy Le Clerc: Yes, we are, sir.

3840 **Deputy Fallaize:** I can speak to both of them quite easily, sir.

The Bailiff: Thank you. Well, amendments 1 and 2 then, Deputy Fallaize.

3845 **Deputy Fallaize:** Thank you, sir.

First of all, I regret Deputy Le Clerc saying that she is not standing again at the election. (**Several
Members:** Hear, hear.) I think she has been an outstanding President of Employment & Social
Security and I would like to thank her and her Committee for the advances made, particularly in
social welfare policy during her term as President.

3850 I think my speech can be a little bit shorter than it might otherwise have been. I believe the
Committee for Employment & Social Security is content not to oppose these amendments.

I also need to thank Deputy Ferbrache because in a way my involvement with sufferers of
mesothelioma and their families had a little bit to do with Deputy Ferbrache in the beginning, or at
least with the firm of advocates of which he was the senior partner previously, because it was they
3855 who first contacted me and asked me to meet with a sufferer of mesothelioma and his family and
introduced me to them and to the case for compensation schemes. Now that was actually quite a
long period of time ago, some years ago, but that was how I first became involved in this issue.

I know that Members know this, but for the sake of adding some background and context to the
amendment, mesothelioma is a rare form of cancer which forms in thin tissue around internal
3860 organs, more often than not but not always of the lungs and chest wall, it is invariably terminal. The
average age of diagnosis is around 65 and the life expectancy at diagnosis is around one to two
years. Mesothelioma is also almost always eminently preventable by adequate working practices
because the overwhelming cause of mesothelioma, indeed the only known cause, is exposure to
asbestos.

3865 Governments across the western world have introduced schemes of financial assistance for
sufferers of mesothelioma caused by exposure to asbestos. A scheme was established in Jersey
recently. Guernsey should have established a scheme years ago, and to me it is unimaginable that
the States should want to delay it any longer when the case for a scheme is clear and when it could
be set up reasonably easily, inexpensively and plainly in practical terms at no detriment to other
3870 services.

The Committee *for* Employment & Social Security anticipates that the annual cost of the scheme would be approximately £100,000. This is a reliable expectation based on the costs of very similar, indeed almost identical schemes, in operation in other jurisdictions. And the Committee has confirmed to me that it does have the staff resources available to put in place the necessary administrative – and possibly ultimately legislative, but perhaps not in the immediate future – changes which would be necessary. The issue for them is accessing the funds that would be necessary actually to pay for the scheme once it was up and running, but they are able during 2020 to allocate the resources necessary to put in place the scheme. One of the reasons for that is because, although it is unfortunate that Jersey has gone ahead of us and has made another leap forward in terms of social policy progress in advance of Guernsey, the advantage of them going first as it were is that Guernsey can more or less replicate their scheme which, of course, makes the administrative setup of it very much easier than it would have been otherwise.

The difference between my two amendments – and I thank Deputy de Sausmarez for seconding these amendments – is whether the States wishes to set up the scheme with effect from 1st July 2020 or 1st January 2021. Now, given that we are so close to 2020 and we were just debating the 2020 Budget, I thought that if I was proposing this scheme to start in 2020, albeit halfway through the year so it would not cost £100,000, then I ought to identify a source of funding for it and that is why I am suggesting that transferring £100,000 from the 2020 Capital Reserve allocation to the Committee *for* Employment & Social Security is a reasonable thing to do in order to get this scheme up and running.

Now, the States has just approved the transfer of £40 million to the Capital Reserve, in practical terms making £100,000 – and it would only be up to £100,000 in the first year – available from the Capital Reserve for this purpose. It would have no effect on capital projects, if I thought it would, given my own Committee's demands on the Capital Reserve I would not be proposing that, but clearly in practical terms it would not have any detrimental effect to the allocation of capital, so that is the first amendment, and I hope the States will be prepared to put the scheme in place from 1st July 2020.

If they are not prepared to do that then I am putting forward a second amendment which would establish the scheme from 1st January 2021 and, because the Budget for 2021 is 12 months away now I think it is not unreasonable if the States want to put the scheme in place from that date to ask the Policy & Resources Committee to make allowance for that in the cash limit of the Committee *for* Employment & Social Security when they present a Budget in 12 months' time. But I hope the States will be prepared to vote in favour of the first amendment to get this scheme up and running in nine months' time.

The scheme in Jersey which can, as I say, be more or less replicated in Guernsey, is based on a payment of a lump sum of anything between £14,000 and £92,000 to the sufferer or the sufferer's family, depending on the age of the sufferer, and it would be reasonable to introduce that sort of schedule of payments in Guernsey.

One could say well how would you know what is the cause of the mesothelioma? I was going to say 'happily' but that is not really an appropriate word to use in this context. But it is possible to make a reliable assessment that mesothelioma has been caused by asbestos so that is one of the reasons why it has been possible, relatively easily, to set up compensation schemes in other jurisdictions because you do not have long periods of trying to establish what caused mesothelioma because the only known cause is exposure to asbestos. So it would not be difficult to establish the criteria for qualification for the compensation scheme.

Now, sir, if anything, the case for a scheme is stronger in Guernsey than in many other places which have had schemes for many years because there is clear evidence that back in the 1970's and 1980's in particular, Guernsey delayed regulating asbestos in the workplace long after there was a growing body of evidence to indicate that it was extremely hazardous and indeed possibly fatal. Some workers in Guernsey went on being casually surrounded by asbestos unnecessarily for years and without knowing the risks, and I think this strengthens the obligation on the States to establish

a scheme without delay, and publicly funded schemes of this nature are perfectly commonplace. In fact, we are one of the few places in the developed world which does not have one now.

3925 Sadly, we cannot put right as a Government the lax regulations of the 1970's and 1980's but we can provide those who are now suffering from those lax regulations with some peace of mind. And when I have met sufferers of asbestos very often that is the primary concern, it is not so much their own fate but it is what happens to their families when they die as a result of their asbestos related diagnosis. For those people – and we are not talking about vast numbers of people here, we know from the statistics collected in other jurisdictions that although exposure to asbestos was quite
3930 commonplace in the 1970's and 1980's actually the rates of those who eventually develop mesothelioma is relatively low, thankfully, but – it would provide them with some peace of mind.

Typically, mesothelioma develops sometimes 30, 40 or 50 years after exposure and that creates a particular problem in terms of industrial injury because many of the employees that are then with a different employer or have retired, or actually in many cases in Guernsey, as it happens, the
3935 employer is no longer operating in business and that means that workplace insurance or other industrial injury insurance are particularly difficult routes for mesothelioma sufferers.

Sir, I do not think I need to labour this case any longer, particularly at this hour. I think the case for the compensation scheme is very clear. The Committee for Employment & Social Security does not oppose it, they are able to get it set up for 1st July 2020.

3940 I ask the States to vote in favour of amendment 1, and that if for some reason, sad though I think it would be, the States did not vote for amendment 1 at the very least a vote for amendment 2.

Thank you, sir.

[Amendment 1:](#)

To insert a new Proposition 13 as follows –

"13. To agree that with effect from the 1st of July 2020 there shall be a statutory scheme of compensation for persons resident in the Bailiwick who have been diagnosed with diffuse mesothelioma following exposure to asbestos in the Bailiwick; and to direct the Committee for Employment & Social Security to develop any legislation and policies necessary to establish such a scheme, which shall be along the lines of the mesothelioma compensation scheme recently introduced in Jersey; and to direct that in 2020 the cost of the scheme shall be funded by reducing that year's transfer from General Revenue to the Capital Reserve by a sum equivalent to the estimated cost of the scheme, notwithstanding the Resolutions in relation to the Capital Reserve made by the States on P.2019/104, or by any other means agreed by the Policy & Resources Committee and the Committee for Employment & Social Security; and to direct that in subsequent years, i.e. from 2021 onwards, the Policy & Resources Committee shall make provision for the estimated cost of the scheme when proposing the Cash Limit of the Committee for Employment & Social Security as part of the annual Budget process."

[Amendment 2:](#)

To insert a new Proposition 13 as follows –

"13. To agree that with effect from the 1st of January 2021 there shall be a statutory scheme of compensation for persons resident in the Bailiwick who have been diagnosed with diffuse mesothelioma following exposure to asbestos in the Bailiwick; and to direct the Committee for Employment & Social Security to develop any legislation and policies necessary to establish such a scheme, which shall be along the lines of the mesothelioma compensation scheme recently introduced in Jersey; and to direct that from 2021 onwards the Policy & Resources Committee shall make provision for the estimated cost of the scheme when proposing the Cash Limit of the Committee for Employment & Social Security as part of the annual Budget process."

Deputy Leadbeater: Can I invoke Rule 26(1) please, sir?

3945

The Bailiff: We need to have it formally seconded. Deputy de Sausmarez, do you formally second?

Deputy de Sausmarez: I do, sir.

3950

Deputy Leadbeater: Now can I invoke Rule 26(1) please, sir?

3955

The Bailiff: Rule 26(1), yes. It is slightly unusual to guillotine a debate before it has really started, but yes. Those who have not spoken and wish to do so please stand in your places. There are four standing. Do you wish to go ahead?

Deputy Leadbeater: No, sir.

3960

The Bailiff: No.
Deputy Le Clerc, do you wish to speak at this point?

Deputy Le Clerc: Yes, sir, I will.

3965

Just to say thank you to Deputy Fallaize. I know that he has worked really hard on this and I do apologise to him and to a gentleman who will know who he is out there, sir. We have not been as fleet of foot as we should have been on this. We were waiting for the Jersey scheme; we have got the details of the Jersey scheme. We are not opposing this, in fact I can actually say that we have got a paper coming to our Committee next week about this and we hope to bring a policy paper in full to this Assembly early next year.

3970

If amendment 1 fails we will, I expect, have quite a large input into next year's Budget preparation and, of course, we will push really hard to get the funding from 2021 but we would hope that we would be able to find the funding from somewhere or P&R would help us find the funding from somewhere to start this, probably, as Deputy Fallaize says, halfway through next year.

I would ask Members to support this.

3975

The Bailiff: Deputy Lester Queripel.

Deputy Laurie Queripel: Sir, thank you.

3980

I applaud Deputies Fallaize and de Sausmarez for laying these amendments. I fully support the intention but I am in need of clarification on a procedure for funding the scheme as set out in amendment 1.

I say that because in the amendment we are told the following:

... to direct that in 2020 the cost of the scheme shall be funded by reducing that year's transfer from General Revenue to the Capital Reserve by a sum equivalent to the estimated cost of the scheme, notwithstanding the Resolutions in relation to the Capital Reserve made by the States ...

So, sir, what that means is we are being asked to agree to suspend the Rules to allow that to happen. I may have got that wrong, sir, but this is the area where I am in need of clarification.

3985

I had considered laying an amendment that sought to increase the Fuel Allowance and when I looked into it I was told the following by our States' Treasurer, who I would like to thank actually for her input and her consideration. In her reply to my enquiries, the States' Treasurer told me this, 'The general revenue position for 2020 is break even and therefore any increases in expenditure would lead to a deficit position, unless the additional expenditure was covered either by the commensurate increase in income or a reduction in expenditure elsewhere. Therefore an amendment to the Budget for the funding is needed as well as an amendment that seeks to increase the Fuel Allowance.'

3990

It seems to me, sir, that Deputy Fallaize has managed somehow to surmount that by structuring the amendment in the way in which he has structured it, but this is where I am in need of

clarification. Because whilst this would mean that general revenue would then retain the money for the fund, general reserve would then be deficient, or I might have got that the other way round, but the wording tells us that would be dealt with by our agreeing to suspend the Rules.

I understand that, but what I do not understand is when that money is left in general revenue it will result in a new total sum being held in general revenue. So when it is eventually taken out of general revenue to fund the scheme, won't the equivalent amount of money need to be put in from somewhere else or a service cut? That is where I am very confused because of the information I was given by the States' Treasurer in relation to my amendment I was considering laying.

I appreciate, sir, I might be missing a fundamental point somewhere along the line; I hope I am because I very much want to support this amendment but if it means a service is going to be cut somewhere else then I am not sure that I can. Unless Deputy Fallaize can tell us he has identified a superfluous service, of course, somewhere within Government.

I am also concerned about some of the other wording in amendment 1, where we are told:

... or by any other means agreed by the Policy & Resources Committee and the Committee for Employment & Social Security;

I am concerned about that because will that mean that ESS will need to cut funding from one of their current benefits to fund the scheme? I am sure I have made a fundamental error somewhere along the line, sir, and I am sure Deputy Fallaize will allay my concerns when he responds and I am sure he will also allay my confusion.

In closing, sir, I ask for a recorded vote when it goes to the vote, please.

Thank you.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

Just a couple of very quick questions. It is similar to Deputy Lester Queripel. Are you trying to fund a revenue –?

The Bailiff: Through the Chair.

Deputy Brouard: Through the Chair, sorry, sir.

Is Deputy Fallaize trying to fund an ongoing expense, because obviously there will be some people who come forward immediately and then there will be some people who come forward as circumstances go forward, to take funds out of Capital Reserve for basically a revenue issue because we sometimes get a little bit confused between the two and sometimes I am told I cannot touch this pot and another time, when somebody else comes along, they have got a magic key and they can unlock capital when I cannot when I need it for revenue. So I am just worried about the precedent that we might set here.

And the other one, which is probably more fundamental, and I think I will be supporting this, but what I have struggled with in my own mind is a little bit more information as to why this particular disease of asbestosis as opposed to other cancers or industrial injuries. If you could give us the rationale behind ... I appreciate he is saying that it has happened elsewhere but I do not know the reasons why elsewhere they have introduced it just for this specific ... when there are other people who may have injuries that have been caused through work or through just practice generally, that would be very helpful to me.

Thank you, sir.

The Bailiff: Deputy St Pier.

4040 **Deputy St Pier:** Sir, it is the end of a long four days and I hesitate to be the one to stand and oppose this amendment or these amendments but I am afraid I will do so. Mesothelioma is a dreadful disease, of that there is no doubt whatsoever, but I do not think this is the right approach or methodology for adopting such a scheme.

I have the greatest admiration for Deputy Fallaize in moving this amendment at this time.
4045 **(A Member:** Hear, hear.) This is an issue on which he has campaigned and even from within the Committee and, as the President of the Committee for Employment & Social Security has herself said, they are slightly frustrated, almost embarrassed, at the fact that they have been unable to bring anything to the States.

As Deputy Lester Queripel has said, the mechanism which Deputy Fallaize has chosen is, in
4050 essence, an opportunistic one on the back of this uprating report. The first amendment, amendment 1, is reopening the 2020 Budget that we have just closed. And effectively it is a direction to reduce the transfer to the Capital Reserve in order to fund this. I think this also identifies – and I shall speak further to this in general debate – why actually the uprating report and the Budget should be debated together. This is £60 million of general revenue expenditure that is dealt with in the
4055 uprating report, it is going to be dispensed with in a mere fraction of the time of the Budget and yet is a very significant part, 14%, of our overall spending.

If this had been part of the Budget debate this would have ranked alongside the biodiversity amendment; it would have ranked alongside the funding for home and the training budget and we would have had, no doubt, a debate about it.

4060 So I certainly cannot support amendment 1. Introducing it from 2021 is marginally better because it does not reopen the 2020 Budget and that has, of course, been acknowledged by Deputy Fallaize in lodging it. But I still cannot support 2, and I do it for this reason: because this is genuinely making policy on the hoof. This is exactly the sort of policy making which Deputy Fallaize would oppose if he was not moving this amendment himself. *(Interjection)*

4065 We have no details of the Jersey scheme, we have had the scantiest details provided by Deputy Fallaize and Deputy Le Clerc. I do not know how many people will be eligible for this, how many are likely to benefit from it. I do not know what period of residency they will have to have had in the Island. Will they have to have worked in the Island? Will they have to have contracted this while they were here? Will their dependents receive it if they die? These are all details which appear in the
4070 Jersey scheme. Apart from a very few people who may be more familiar, and Deputy Fallaize will be one of those, the rest of us have not got a clue, have not got a foggiest clue.

We should have more information that is contained in the policy letter which the Committee for Employment & Social Security have said they are going to bring to us in the New Year. It should be dealt with in that way and it is that policy letter that should contain the direction to P&R to manage
4075 this in the 2021 Budget if that is the way to go.

So I am really sorry, because it seems such a churlish thing to oppose such an amendment in respect of a relatively small sum for such a dreadful disease. I have got no idea – the £100,000 itself is covered off in one line in the uprating report. It feels like a finger in the air, there is no supporting evidence before us. I am afraid this is really poor policymaking and has to be opposed on that
4080 ground, and I am sorry to have to be the one to do it, sir.

The Bailiff: Deputy Roffey.

4085 **Deputy Roffey:** I apologise that I did not stand up when you asked who intended to speak because I did not intend to speak but I just want to make a couple of comments here.

In a way, of course, Deputy Brouard is quite right, there is a certain irrationality about taking one type of cancer caused by an industrial situation and saying that this one should have a special scheme of its own where others did not. For instance, you could have bar staff who have never smoked a cigarette in their lives but worked before we gave them the protection that we so rightly

4090 did – I wonder who led that, but no, who so rightly did a number of years ago – and then developed lung cancer and say, ‘Well, this was purely down to my job, I have also got a horrible condition, why should I and my loved ones not have the comfort of a scheme?’ The logical side of me says that and the other side of me says but just about everywhere else in the civilised world has brought this in and we know that, in fact it would have been before us by now if it had not been for the staff shortages. We know that ESS are going to propose such a scheme. I cannot conceive in my own mind that this States would say no to it.

4100 So, despite all the logical arguments for consistency that can be made, I intend to support today on the hoof because I am absolutely positive if we did not do it on the hoof and we waited for a detailed policy letter it is exactly what we would have done, so I am going to support one of Deputy Fallaize’s proposals today.

4105 However, I do take the point of Deputy St Pier, just before our five- or 10-minute break we all voted to put £40 million into the Capital Reserve. Now we are being invited to open that up and take £100,000 back out. Deputy Fallaize is absolutely right, in the great scheme of things you know what is in there at the moment, putting £39.9 million in instead of putting £40 million in will not make a difference, but he has opened a gateway here, a gateway which will inspire, I think, many others in future. Is it 10 minutes after we voted to put £40 million in that we can still reign it or is it two months after or three months after all of the spending and things that we want to do, do we say, ‘Look, there is lots of money actually in the Capital Reserve that we have not spent, we will go and try to spend it’?

4110 So even though I am completely in favour of this sort of scheme unless ... I hope that during the year a funding mechanism can be found to bring it in earlier than 1st January 2021 because I do not want to wait. So I think that ESS and P&R should be working together to try and find something, and it may be in a very short policy letter brought by ESS, to find a way of bringing it forward more quickly and opening it up because I know that if I had asbestosis and I was listening to this debate I would be saying stop arguing about technicalities and just bloody well get on with it! (**Two Members:** Yes.) And that is what I think we ought to be driven by. But still I cannot think that it is right, we are asked to actually undo the decision that we made just half an hour or an hour ago.

4120 So I am going to vote for amendment 2, not because I am saying it should wait until the beginning of next year, because I think that with good will and good intention it can be brought forward a lot more quickly than that, but I think that funding mechanism needs to be found between ESS and P&R, hopefully even before July of next year, in order to bring it further forward.

4125 But I cannot support amendment 1 because I think it is just a harbinger of what will be to come with everybody, and we have all got them, schemes that, ‘Maybe I should bring forward the funding of NICE funded drugs that are going to save an awful lot of people’s lives and extend their lifespan and say the £10 million is there sitting in the Capital Reserve and we should take it out.’ I just think, sorry, I cannot do that, it is just the wrong way to do it but it is not because I do not want to bring it forward, and I think we should try and bring it forward.

4130 As a backstop we should pass amendment 2 which will insist that we find it by the beginning of next year but that is not my target date. My target date is much sooner than that and I think that with goodwill between the two Committees that can be brought forward a long way.

The Bailiff: Deputy Kuttelwascher.

4135 **Deputy Kuttelwascher:** Sir, my apologies as well, I thought I might have been a lone voice but apparently not.

4140 This £100,000 is of some concern because earlier on Deputy Fallaize said that the levels of compensation payable to individuals could be up to £92,000 so that would compensate one person and yet we hear we do not know how many persons might be coming forward. So the £100,000 is not a cap, it could easily be a million, and I think this needs some further evaluation. Therefore I, like Deputy Roffey, prefer the second amendment, I think that is going to be the safest way to go to glean the necessary information as to what it actually might cost.

Thank you, sir.

The Bailiff: Deputy Ferbrache.

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Deputy Ferbrache: Sir, I take a different view to the last two speeches. I fully appreciate the point well made by Deputy St Pier about process but another of his committees in a different context said at lunchtime today we should trust committees; we should trust them when they come forward. And Deputy Le Clerc has said her Committee can deal with this in early course and they would have dealt with it if they did not have all the other pressures upon them.

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Now, we all agree she has been a splendid President of her Committee and her Committee have done a very good job in trying to alleviate some of the poverty concerns that we have got in this Island. So there is no reason to delay because I imagine that the detail will be put forward and I trust that the detail will be put forward which will be broadly along the lines of the Jersey system, which will set out how long you have got to be resident, what age you have got to be, what considerations have got to take place etc. Also I imagine that Deputy Fallaize, who revels in, he almost bathes in procedure in relation to such matters would, if he could, have brought it as part of the general Budget process but he could not because it had been part of this particular policy letter and therefore ... But we have had these papers at the same time as we had the Budget papers and we knew that there was a possibility that if this was passed it might take £100,000 out of £40 million capital money, whatever it is called. So I do not really think we should have any difficulty in voting anyway other than in favour of amendment 1.

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This has been too long in the coming, I am very glad that somebody has brought it forward. It may be, as Deputy Kuttelwascher has said, there could be lots more and £92,000 is the maximum for one claim and you might have two, three, four or five claims in a year – well you might. But look at the amendment, look at the wording of the amendment, it is talking about £100,000 so it is capped at £100,000 and over the next year – or it will be, the appropriate procedure will be – I am assuming that the detail will be worked out and it will be brought forward in the 2021 Budget, the Budget for next year, as part of the overall sums that you need to consider for your cash sums you need to carry out your policies under your particular committee.

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So really, if there was good reason for process I would follow it. I fully respect the speech made by Deputy St Pier but we should be doing something now for these people and I do not see any reason to delay it beyond 1st July next year.

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Deputy St Pier: Point of correction.

The Bailiff: A point of correction from Deputy St Pier.

Deputy St Pier: Sir, I am sorry, I did not wish to interrupt Deputy Fallaize, but I am conscious that – (*Interjection*) Sorry, Deputy Ferbrache, I am tired, sir, as I am sure we all –

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Deputy Ferbrache: We do look alike! (*Laughter*)

Deputy St Pier: I am conscious, that points of correction do need to be raised before the speaker has finished, sir, and Deputy Ferbrache said it is capped at £100,000; it is not capped and I think it is just important that that is understood.

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Deputy Ferbrache: I accept that. It is just in the explanatory note, my apologies, sir.

The Bailiff: Deputy Tindall.

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Deputy Tindall: Thank you, sir.

Again apologies, I did not think I would stand, but for me there are a couple of things here. It does feel that it could set a precedent, but why not?

4195 It does not feel wrong in the sense that, as Deputy Ferbrache highlighted it, the way in which it has been dealt with for me feels a bit *déjà vu* in respect of the amendment that Deputy Gollop laid in the Budget in the sense that he laid an amendment, our Committee was told, 'Let's get a briefing paper on the subject', we identified that it was possible in respect of an investment levy. Unfortunately on that occasion that was not accepted by the States. I hope this is accepted by the States.

4200 We have had the President – a very able President – identify that this is very likely going to be brought forward anyway. I happen to feel equally that I respect what the President has said and I feel comfortable with that. I also feel very much that this is something that has been delayed and for me, I understand the idea about whether or not it should be now or in 2021 and I feel that maybe that was perhaps one of the reasons why the two amendments were laid to give that possibility an airing, and I know Deputy Fallaize would have considered all the niceties and may wish to comment a little further in his closing as to if that was a concern of his about reopening the Budget. But as far as the fact that it is not a fixed amount it is an estimate, again, I feel confident in the way in which the President herself has supported it, having been very careful with the money that she and her Committee have looked after.

4210 So for me I am more than content to accept the word of the President and the contents of the briefing paper we have not seen and to carry on with this particular scheme.

Thank you, sir.

The Bailiff: Deputy Gollop.

4215 **Deputy Gollop:** Sir, thank you very much.

The Bailiff: Your microphone.

4220 **Deputy Gollop:** Yes, sir.

I first came across this issue really through the work that Deputy Fallaize had done as a constituency Deputy in raising it to the board and in the press and TV features. They did a feature on sufferers in both Jersey and Guernsey. And there has been a degree of, I think, great sympathy from the public and empathy too, to quote Deputy Tooley, but the empathy is the way we need to go with the money and the compensation.

4225 I think that it is long overdue and it does not do Guernsey's reputation too much good to see Jersey and the UK perhaps ahead of us here. I think we have been caught a little bit in the issue that the uprating report is divided into two parts, it is not part of the Budget at the moment and the asbestos compensation scheme was not the main line of the benefit, it is a discrete issue but it is one that has been raised. And that is why the paragraph on page 21 of our report is relatively brief. It is proposals for a compensation scheme for people with mesothelioma – I cannot say it, even!

4230 But what I would say is I used to say, I think it was to Deputy Roffey and other Members when I first sat on the then new Scrutiny Committee and on housing with the late Deputy Jones, for example, and people used to say, 'Why aren't you consistent?' and I would say I do not have to be consistent. And I think that is even more the case for Members of the Chamber rather than perhaps people shaping us. I think a greater goal than pure consistency or consistency of process is getting things done and moving things forward. Or as Deputy Hansmann Rouxel says in her passionate support for disabled people generally and issues especially, move the story on and if we keep on saying, 'Well we have not done it in this way' ... In some ways probably Deputy St Pier in Policy & Resources set themselves too high a standard of governance because does one really think certain presidents of America or prime ministers of the United Kingdom really think of all the consequences of everything before they do something or announce a policy? (*Laughter and Interjection*) No way. Okay, that is where we are at.

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But I really stood actually, not only to support this and the Committee, but actually to give a little bit of insight to what some of the other Members were saying about the kind of thing we are looking at and how we came up with a finger in the air of £100,000.

The Jersey scheme is already published. The details were published in short form on 12th August 2019 by someone well known to most of us from the sporting challenges that Investec and Deputy Le Clerc, Deputy Lowe and others have organised over the years, Deputy Judy Martin, Deputy Le Clerc's opposite number for Social Security. Basically it is islanders suffering from diffuse mesothelioma, a disease related to exposure to asbestos, will be able to apply for a one-off lump sum compensation payment from October 2019. Additionally close relatives ... who have died from the disease will be able to claim the compensation. I will not go into all of it, but the gist of it is the eligibility criteria on Jersey is: for 18 years or older; you have to have been resident in Jersey for the last five years; have a diagnosis of the condition from a consultant in Jersey; claim within 12 months of first diagnosis; and have been exposed to asbestos-containing materials.

A close relative would be: ordinarily resident in Jersey for the last five years; be a relation of the deceased sufferer; claim for a sufferer who was eligible for the scheme on the date of their death; and claim within one year of the deceased sufferer's death. The compensation is based on the age of the sufferer and will range between £92,259 for an individual aged 37 and under, but age is split I am afraid, Deputy Graham, to only £14,334 for an individual aged 77 and over, so it is on a scale. I will not go into it anymore but I think you get the position of what it is like and no doubt –

I will give way to Deputy Le Clerc, who doubtless has more information than myself.

Deputy Le Clerc: Yes, sir, I have actually just opened up our policy paper for next week. Just picking up on what Deputy Gollop has just said about the age range, it is on a sliding scale, so if you are aged 37 you are much younger and therefore you get a larger reward, if you are older then it is much less. There are some statistics in our paper and it is actually saying that the majority of successful applicants, based on payment schemes from the UK, is that the majority of applicants are aged between 65 to 69, 70 to 74 and 75 to 79, so I just think we need to be mindful that the payments of £92,000 are going to be very few and far between. It does take many years to get this diagnosis. So actually we are going to be looking probably at the smaller payments.

I think Jersey were anticipating approximately five payments per year maximum, perhaps more in the first one or two years as people would apply for the scheme, but after that it would begin to tail off. So I hope that gives a bit more proportionality to some of the discussion.

Thank you.

Deputy Gollop: Thank you very much.

I do not think I will be saying any more except if you look at the costs of the range of the States, at the work of politicians and their senior officers, you will generally see in some cases, anything to do historically I am afraid with waste charges there have been variations in the delivery on what was estimated, perhaps for good reasons, we see this with airlines and things. But I think most Members would agree that Employment & Social Security estimates are usually on the button or just a few fractions out. The quality of our advice is such that you can trust, I think, what has just been explored by Deputy Le Clerc.

The Bailiff: Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Thank you, sir. Very briefly, I do think we should get on.

It worries me when we start having debates that rely on process over common decency and sense. I fear that our minds might have been twisted by the long debates on the Budget and I understand the decisions that appear to have been made and some which do not make sense. I would not want Members to not vote for amendment 1 and give some relief to members of our community who have been waiting for this for too long.

The Bailiff: Deputy Paint.

Deputy Paint: Sir, I will be very short.

4300 **The Bailiff:** You are very short. *(Laughter)*

Deputy Paint: There was an incident when I was first in the States, somewhere between 2008 and 2012, when there was something very similar that happened. One word I said – we lost but it does not matter – it is compassion. Now, I know Deputy Le Clerc is a very compassionate lady and
4305 I would trust Deputy Fallaize so I think that we should accept this, let them get on with it, and agree about the details later. So they will have my vote.

The Bailiff: Deputy Tooley.

4310 **Deputy Tooley:** Thank you, sir. I will keep my shoes off so I can be confident of being even shorter than Deputy Paint!

Just to focus on what we know: we know that this is a terrible condition; we know that the rest of the world, the rest of the civilised world really, has done something about it; we know that we are going to do something about it in the relatively near future. But 'relatively near future' for
4315 sufferers of a condition like this can be a lifetime. Let's not delay to a point where it is too late to make a difference for these individuals.

Thank you.

The Bailiff: Deputy Trott.

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Deputy Trott: Sir, I am an old fashioned policy maker. I do like to make decisions based on evidence, evidence-based decisions. And, in my experience, when we do not make evidence-based decisions things go wrong.

So I have just asked myself a few questions based on the comments of Deputy St Pier. The first question I have asked myself is who will qualify? Everyone with the disease? Apparently not. Will
4325 every Guernsey resident qualify? Apparently not. Will everyone with it get the same amount? Apparently not. How much will it cost? Well, no one knows, and will the benefactors be alive or dead? Not sure. That is not the basis for good policy making and Deputy St Pier was quite right to make that point and I endorse what he said and wish to be aligned with those comments.

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The Bailiff: Deputy Lowe.

Deputy Lowe: Thank you, sir.

I am glad Deputy Trott is sitting down and indeed Deputy St Pier because I agree with both of
4335 them. For me, we say so much, 'Well, you have got to have good governance', you cannot have good governance unless you have actually got a paper with all the details before you, that is good governance. To make a decision without any information of detail in front of you is not good governance.

We have already heard some extra things this afternoon, thank you Deputy Le Clerc, who could
4340 add something else into the debate. That is the sort of thing we need on a paper.

Home Affairs Members will know sitting in here there are no verbal reports that come to Home Affairs, it has to be a paper and it has to be a decision on information before them, and that for me is good governance and it is a practice I have put in place when I got elected as President. We stopped all the verbal decision making.

4345 So for me this is very difficult because this is hearts and minds, isn't it? If you are voting against your being awful to somebody who has a serious illness and I really feel ... nobody wants to be in that position. But equally, we also have, and it is during this term but some who were in last term

will know, we have campaigned strongly for the cystic fibrosis people who are desperate for those drugs, and indeed that has just been approved again in the UK and indeed in Jersey. Now we have not gazumped that by bringing an amendment to say, 'Well it looks like it might go through, let's get that drug because we have many sufferers in Guernsey with cystic fibrosis.' And again it goes down to how do we deal with trying to help – and we all want to help people who are seriously ill, absolutely. There is not one of us in this Assembly who would not want to do that. But equally, I am uncomfortable making a decision without that information in front of me and equally if I thought that it was the opportunity where we could get the drugs for those with cystic fibrosis and other serious illnesses that we have not been able to under the NICE list that we could actually do that as well. But again, we have to make sure we get those reports which Health & Social Care and Employment & Social Security are doing their best to be able to bring something forward for us for consideration, that is the right time to do it.

So again, and I am sorry to keep mentioning cystic fibrosis, but it is one I have real concerns about because they have been campaigning for so long and yet we are still not there yet, otherwise we could have actually brought an amendment to the Budget, or to any other report that we can tag on. I just think we have to be very careful. Even though I really want to do something I think I personally can only make decisions if –

Do you want me to give way, Deputy Soulsby?

Deputy Soulsby: Thank you, Deputy Lowe.

Just on the cystic fibrosis front, an agreement has been reached between the NHS and Vertex Pharmaceuticals in the UK. I think everybody knows that the cost is too high for the NHS there and NICE would not give it a technology appraisal but I can confirm, if Members do not know already, that we are in negotiations ... well, not in negotiations, we are working to find the information out so that we can see whether we can bring in Orkambi to the Island.

Deputy Lowe: I thank you for that and again when we have got that information the decision will be made when that information is before us. So I feel awful if I am going to be voting against this because I really want to help somebody if they are not particularly well and seriously ill but equally I do need the information before me because to vote on something without those details is not my way. I really do think governance applies here.

The Bailiff: Deputy Langlois.

Deputy Langlois: Thank you, sir.

Anybody who works with the construction industry, as I did, will know of people or know people who suffered from mesothelioma. The two I am thinking of cruelly died within a couple of years of their retirement. This has been going on for a long time. If there is any good news about mesothelioma it is that the more rigorous protection which is required when dealing with asbestos has been in place now for over 20 years, almost 30 years, so it is not something which is going to grow and grow in size in terms of compensation.

Also, the Jersey proposal is a compensation scheme of last resort. It is only if there is no other method of getting compensation from the employer or the employer's insurance scheme and that is really why some people queried why this particular disease, it is because of its extraordinary long latency period that very often, as others have pointed out, there is no other resort other than public money for compensation. But it is only a relatively modest lump-sum payment, and I will be supporting this.

Of all the speakers, I think Deputy Roffey got it right, I think his compromise – given that ESS will be considering a paper on this next week – of using amendment 2 as a backstop to whatever we will bring to the States in the form of a policy letter, with the idea that we will in consultation with P&R try our damnest to bring something in a lot earlier, more in line with the timeline on amendment 1, I think that would probably satisfy everybody. We would not be setting a precedent

4400 of raiding the Capital Reserve an hour after we had agreed the Budget, so I will be following Deputy Roffey and supporting amendment 1, confident that ESS will be bringing something. (**Several Members:** Two.) Two, sorry, did I say one? I meant two. I cannot believe I made that mistake; maybe I am suffering from something!

4405 Thank you for correcting me. I will amend my support for an amendment to amendment 2, confident that ESS will be bringing a policy paper to the States shortly.

Thank you.

The Bailiff: Deputy Merrett.

4410 **Deputy Merrett:** Thank you, sir.

I have a quick question for Deputy Fallaize because it does say in the amendment, and I will read it:

... to direct the Committee for Employment & Social Security to develop any legislation and policies.

4415 Now surely that legislation will come back before the States. So it will come back before the States and go to the Legislation Review Panel and that will have to happen, I am assuming, before the compensation scheme as statutory can actually even proceed, that is my assumption.

4420 So if Deputies are concerned about legislation or what it consists of it will come back before us and actually as Members we are meant to scrutinise legislation – just to put it out there –we are actually meant to ask any questions to the Committee before we vote on it and I am very aware that in this particular term and I believe in many others, I do not know, but I will answer the problem that I know about, we do have a tendency of just nodding it through assuming that the Legislation Review Panel (LRP) have done the work for us. Well I do not nod these things through and I do read that but is that the case, will this development legislation come back before the States to be enacted? Because that is how I believe it works. So that is one question for Deputy Fallaize.

4425 And, of course, now we obviously will have extra funding so I am appreciative of that but ... so yes, that is aligned to the States but actually are the Law Officers aligned to be able to draft –?

Oh, I will give way to Deputy ... I have not my got my glasses on, but I am sure it is Deputy Le Clerc.

Deputy Le Clerc: I am Deputy Le Clerc, It is I, Le Clerc.

4430 Just to clarify to Deputy Merrett, sir, I think Deputy Fallaize has put in a statutory scheme but we would be hoping that we might be able to get an interim scheme up and running whilst we get a statutory scheme up and running.

4435 I would also like to point out that the Jersey scheme was a loan which was the reason why it was not able to be done through their insurance funds as our insurance funds. So it would be granted as a loan because if people are able to claim from insurers then the loan would be repaid back as well. And there is some indication that some people are successful against insurers, and there was an insurance scheme actually in the UK, and they are successful in claiming that back and they would then be expected to repay that loan. So I think we are anticipating it would be set up as a loan, we would like to do an interim scheme whilst we set it up on a statutory basis, and I hope that helps Deputy Merrett, sir.

Deputy Merrett: I have to be honest, it has not. It has not because I thought we were agreeing with effect a statutory scheme, I did not realise it was an interim one and then at a later date they will be setting back in legislation.

4445 Thank you for the interjection but I look forward to Deputy Fallaize explaining to me because Deputy Fallaize knows my terminology and my words and hopefully he will be able to speak to me in a way that I can actually understand.

Thank you very much.

4450 **The Bailiff:** Deputy Fallaize will reply.

Deputy Fallaize: Thank you, sir.

Deputy Lester Queripel asked whether we were in a position where I was asking the States to suspend the Rules of Procedure. Now, I must confess, and I say this respectfully, I did not follow all
4455 of the logic of his argument here but I will do my best to try to reply to his point.

I think the material point is there is no effect on general revenue in my amendment 1; I am proposing that the money which would need to be available to get the scheme up and running during 2020 is transferred from the Capital Reserve to the cash limit of the Committee *for* Employment & Social Security, that is perfectly within the procedures of the States. If the States
4460 want to make a Resolution directing that should happen then they can make a Resolution directing that that should happen. The thing is set out perfectly transparently in the words of the amendment.

He asked about the wording 'by any other means' agreed by P&R and ESS in amendment 1 and the reason for that is because in the event that the two Committees are able to find an alternative means of funding, either before 1st July or after 1st July even, possibly, then they would be at liberty
4465 to use that alternative means to fund the scheme rather than requiring a transfer from the Capital Reserve. So that is what is meant by the words that Deputy Lester Queripel has asked about.

I am happy to give way to him if I have not answered satisfactorily.

Deputy Lester Queripel: Sir, I thank Deputy Fallaize for giving way.

4470 He said there will be no effect on general revenue or did he say there will be no effect on Capital Reserve? I think he said no effect on general revenue but that is not true, that is not the case. The words specifically say:

... to direct that in 2020 the cost of the scheme shall be funded by reducing that year's transfer from General Revenue ...

So that means that general revenue will have more money left because you will be leaving the sum you need for the scheme in general revenue. (*Interjections*) Will you not?

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Deputy Fallaize: No, you would not.

I thought what Deputy Lester Queripel meant when he said, 'Would there be any effect on general revenue?' was a reduction in the amount allocated to general revenue. Yes, quite obviously, I am suggesting ... So what happens at the moment is that there is money transferred annually from
4480 general revenue to the Capital Reserve. I am suggesting that £100,000 less be transferred from general revenue to the Capital Reserve and the £100,000 that is not transferred be transferred to the cash limit budget of the Committee *for* Employment & Social Security.

I do genuinely apologise to Deputy Lester Queripel if the wording in the amendment is anything other than clear, but as I read it it is very clear, and I think the effect of it is very clear.

4485 I am happy to give way to him again.

Deputy Lester Queripel: Sir, I do thank Deputy Fallaize for giving way.

This is a crucial point to me. If you are transferring money from general revenue to Capital Reserve but leaving the sole equivalent in general revenue you are having an effect on general
4490 revenue because you are leaving more money in there, you are leaving that equivalent sum. This is where I need clarification but it needs to be clear to me.

This is what I said in my speech: I do not understand when that money, that £100,000 is left in general revenue because it will result in a new total being held in general revenue. So when it is eventually taken out of general revenue to fund the scheme, the equivalent amount of money will
4495 need to be put back in from somewhere else or a service cut to make up the shortfall. That is what the States' Treasurer told me, sir. I might have been misunderstanding what she told me but my concerns have not been allayed, sir. I need those concerns allayed to vote in favour of amendment 1. If I cannot have those concerns allayed I am afraid I cannot vote in favour of amendment 1.

4500 So can Deputy Fallaize please explain in much broader terms what this ... and he himself, sir, admitted that the wording in the amendment is not clear so can he make that clear, can he make it clear, sir?

Thank you.

4505 **Deputy Fallaize:** I think I said I thought the wording was clear, but I apologise if it was not clear to Deputy Queripel.

Deputy Lester Queripel: Well, it isn't!

4510 **Deputy Fallaize:** Okay, I respect that and I will try again because I want him to vote for it. General revenue is not a fund, general revenue is just a term – perhaps it should not be given capital letters, I do not know! (*Laughter*) – it is just a term that is used to describe the income that is coming into the States and is then being allocated to various committees so that they can provide the services they need to provide annually through their general revenue account or cash limit budget.

4515 So I can absolutely promise Deputy Lester Queripel and even those Members who are not in favour of the amendment for other reasons would, I am sure, be able to vouch for this, that the actual effect of the wording of the amendment is that £100,000, which would otherwise be in the Capital Reserve, would be transferred to the cash budget of the Committee for Employment & Social Security in order that they can get this scheme up and running. There is no other effect to any other part of the States' Budget, including too anything which is or is perceived to be general revenue.

4520 Now, I hope that that has given Deputy Lester Queripel some assurance but I will ... (**A Member:** Ah!) I do not mind what time we stay until (*Laughter*) so I am happy to give way to Deputy Queripel.

4525 **Deputy Lester Queripel:** Sir, I thank Deputy Fallaize for giving way and I am amazed that some of my colleagues are laughing at my concern. This is a genuine concern and if I am going to vote in favour of amendment 1 I have to have those concerns allayed. So laugh as much as you want, but my concerns need to be allayed for me to vote in favour.

4530 **Deputy McSwiggan:** Point of order, sir. Deputy Fallaize has given what explanation he can to Deputy Queripel's concern. We have entered the area of tedious repetition. I apologise for the bluntness of that.

The Bailiff: Deputy Fallaize did give way to him; it is his right to do so.

4535 **Deputy Lester Queripel:** Sir, Deputy Fallaize did give way to me and I thank him for that but also some colleagues are laughing at my concern. I would ask them to pay a bit of respect, sir. I do not laugh at their concerns, thank you.

4540 Sir, as I said, the States' Treasurer told me that the general revenue position for 2020 is break even and therefore any changes will either lead to a deficit or to a surplus, so if this deficit, the additional expenditure would need to be covered by an increase in income from somewhere else, by a reduction in service somewhere I am afraid, sir, I am sorry to labour the point and I would really appreciate it if Deputy Fallaize could go back to the beginning as it was almost before and explain, because I do not understand why it says in the amendment the wording in the amendment:

... a sum equivalent to the estimated cost of the scheme, notwithstanding the Resolutions in relation to the Capital Reserve made by the States ...

4545 So I am confused, I do not think I am the only one that is confused; perhaps I am the only one that is brave enough to admit it but I am confused, I am concerned. I need those concerns allayed otherwise I am afraid I cannot vote for amendment 1.

4550 **Deputy Fallaize:** Well, you see, the problem is by continuing this exchange, although I am rather keen to get Deputy Lester Queripel's vote, I think I risk losing all the other votes (**Two Members:** Yes.) of Members who might vote with me. I will try one more time to answer his question, but I will give way to another Queripel who may be better placed than me to answer.

4555 **Deputy Laurie Queripel:** Sir, I am grateful to Deputy Fallaize for giving way.
I think it can be explained in a different way. As far as I understand it, £40 million was meant to be transferred from general reserve – (**Deputy Fallaize:** General revenue.) sorry, general revenue to the Capital Reserve. Now, £39,900,000 will go to the Capital Reserve and £100,000 will go from general revenue to Employment & Social Security to fund the scheme. Is that correct? That is to me the logical way of explaining it.

4560 Thank you.

Deputy Fallaize: Yes, that is a much better explanation. Now, is Deputy Lester Queripel satisfied with that explanation?

4565 **Deputy Lester Queripel:** Sir, no, I am not satisfied with it. (*Interjections*) I thank Deputy Fallaize for giving way, sir. He did ask me if I was satisfied so I stood to answer the question! (*Laughter*) No, sir, I am afraid I am not satisfied but I will vote in favour of amendment 2.

4570 **Deputy Fallaize:** Okay, right, I am sorry I was not able to answer Deputy Lester Queripel's question satisfactorily.

Now, Deputy St Pier and Deputy Trott opposed this. I am pleased actually that I have laid a motion before the States which has reunited Deputy Lowe and Deputy St Pier and Deputy Trott (*Laughter*) so that it is –

4575 **Deputy Lowe:** It was not a divide between us, sir.

Deputy Fallaize: Oh, I see! That was a friendly moment was it? (*Laughter*) It has achieved something if nothing else.

4580 Now, the problem is with Deputy St Pier's analysis. He let the cat out of the bag, he said that the States could not vote positively on these amendments because they did not have all of the details of the scheme and then Deputy Trott later on came and supported his President and listed a load of exaggerated and quite fatuous questions saying, 'We do not know whether people who would receive the benefit will be sufferers or will it be their families or what will be the amount that they receive and how long will they have to have lived in the Island?' Well, what the amendment actually asks, I am talking about number one but the same applies to number two, it asks the States to agree that there shall be a scheme and then:

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... to direct the Committee for Employment & Social Security to develop any legislation and policies necessary to establish such a scheme ...

4590 Deputy St Pier and Deputy Trott might be uncomfortable allowing a committee to get on with the kind of work that is in its mandate without setting up a whole load of onerous processes so that that committee has to prove to the Policy & Resources Committee that it can be entrusted with that work, but I think Deputy Ferbrache was right when he said this is simply a matter of trust. All that is being asked for in the amendments is the agreement that the scheme should be set up and that the money will be available to Employment & Social Security to set it up.

4595 I do not think Deputy St Pier and Deputy Trott need to know all of the very fine details of the scheme. I think it is enough that the Employment & Social Security Committee will know all the fine details of the scheme and can be trusted to set up a sensible and responsible scheme.

I will give way to Deputy St Pier.

Deputy St Pier: Sir, I am grateful to Deputy Fallaize for giving way but he must concede surely that the normal process for this Assembly in giving instructions to its draftsman is it would do so on the back of a policy letter that the States has considered and understands what the policy is in order to enable the legislation to be drafted.

Two Members: Hear, hear.

Deputy Fallaize: Well do you know, actually – I will give way in a moment – that can be disproved very easily with reference to the previous debate because the States have voted in favour of providing money for all sorts of new service developments for which there is virtually no detail whatsoever in the Budget Report. It is just that they appear in a long list of items on a single page of the Budget, but because the States have said, ‘Okay we accept that if committee X is putting that forward they must have applied some diligence to it and they have responsibly decided how the scheme would run and how the new service development would operate in practice we will provide them with the finances to do that.’ There is no difference materially between that and what is being proposed here. So I think this is essentially a matter of trusting the Committee *for* Employment & Social Security to come up with the details of the scheme.

If it is a legislative scheme – and Deputy Le Clerc has spoken of how it might be a scheme in law, it might be a scheme in policy – as Deputy Merrett said, the legislation would have to come back to the States for approval which would set out the details of the scheme and at that time the States could take a view on whether they wanted to vary any of the details of the scheme.

So I think it can be perfectly well explained and I have to say I am very disappointed in Deputy St Pier and Deputy Trott for not being prepared even to support amendment 2. None of the questions that they ask, which I think are not legitimate questions in any event – I am not giving way at the moment – none of them apply to amendment 2, and yet they are not even prepared to support amendment 2 and I think that that is very disappointing, but alas I am not surprised.

Deputy Brouard asked why a scheme for mesothelioma? And that is a very reasonable question. There are some particular reasons which apply to mesothelioma. One is to do with the lax regulations for which previous States’ administrations were at least partially responsible. So the suffering to that extent, there could have been measures put in place which would have improved workplace regulations and some of the people now suffering would have been protected and that obviously was an obligation on the States which they did not successfully discharge. It is very easy to establish a causal link between asbestos exposure and mesothelioma, which is generally much harder in cases of industrial disease. There is the issue of latency, as Deputy Langlois referred to, as there is typically such a long lead-in period between exposure and the disease developing. But the fourth reason, which I think is probably the most compelling reason here, is actually really this scheme could be paid for out of the Guernsey Insurance Fund because this is an industrial injury and industrial injuries are typically paid for out of the Guernsey Insurance Fund.

Now, if it was paid out of the Guernsey Insurance Fund, Deputy St Pier and Deputy Trott would not have any of the details that they want before the States because the Committee *for* Employment & Social Security would just get on with it under their very wide terms of delegated authority. Deputy Le Tocq is agreeing with me, but the problem here for the States is that the advice, as I understand it, that was made available to Jersey, and certainly the advice that was made available to me from the Committee, was that these schemes should not be set up and paid for out of States insurance or state insurance funds because of the potential to establish liability on the States, and we do not want to do that. Therefore we cannot run a compensation scheme funded out of the Guernsey Insurance Fund and that is why it needs to be funded from general revenue, and it needs to be seen in that context. That is the advice that was made available in Jersey, that is the advice that is being made available in Guernsey.

I am very happy to give way to Deputy Le Tocq.

Deputy Le Tocq: I thank Deputy Fallaize for giving way.

4650 He has now raised an issue which has further complicated things and I think just underlines the argument why we need to have more information. It seems to be contrary advice; it is the States paying for it in both ways. I agree with him in terms of industrial injuries currently and, on the record, I am going to support amendment 2, but I still think he is undermining the argument that we have not got enough information to do this fairly substantial thing that would be on the hoof.

4655

Deputy Fallaize: I will give way to Deputy Lowe.

Deputy Lowe: Thank you, because I would appreciate you to expand just on that really because if you are saying the advice you have been given is that it should not come out of the Insurance Fund because it could leave the States liable, it is States' money; it does not matter which fund it comes out of it; if the States are actually making payment the same would apply, surely. So could you explain to me the advice that you have been given on what is the difference between out of one fund and another?

4665 **Deputy Fallaize:** I will give way to Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir.

My understanding is that that would be the reason why we give a grant or give a loan rather than give a payment because of your not accepting liability. So that was another reason why we would do it as that grant loan facility rather than as a payment.

4670

Deputy Fallaize: Yes, it is so as not to set it up as an insurance scheme which would establish liability. If it is set up in the way that Deputy Le Clerc suggests it cannot be funded from the Guernsey Insurance Fund because the legislation underpinning the Guernsey Insurance Fund does not permit that.

4675

The problem is that if we subject ourselves to the kind of processes which Deputy St Pier suggests and delay, because that is the inevitable effect of doing that, you just end up delaying the introduction of these things, we risk being in a position – because we have already delayed far beyond most developed jurisdictions – where we establish a mesothelioma compensation scheme at the time when there are no victims of mesothelioma left alive. That is where we are going to end up if we do not actually get on with this.

4680

Deputy Tindall asked why I laid two amendments and she alluded to the reason. I hope the States vote in favour of amendment 1, but I recognised that some Members would not who might vote in favour of amendment 2; and I want to try to get some agreement in place that a mesothelioma compensation scheme is going to be established.

4685

I think it was Deputy St Pier who said it was an opportunist attempt to set up a scheme. He is right. I am trying to use this opportunity which exists in the annual uprating report to set up a scheme. It might be procedurally opportunist but it is morally right and I think that that argument should trump the concerns that Deputy St Pier set out.

4690

Sir, I do not think there are any other questions that were asked. I think that it is right to establish a scheme, it is long overdue, it is necessary and we must, in my view, make this step in terms of workplace protection and social policy protection which almost all of the rest of the developed world has done. We have not yet and we have an opportunity. Without causing any detriment to any other services, without causing any detriment to any other committees, we have an opportunity to do this and I think we should do it via amendment 1 but if not via amendment 2.

4695

Thank you, sir.

A Member: Can I have a recorded vote please, sir?

4700 **The Bailiff:** We will have a recorded vote on amendment 1, proposed by Deputy Fallaize, seconded by Deputy de Sausmarez.
Deputy Prow.

4705 **Deputy Prow:** Just a point of order, sir. Deputy Oliver has informed the Greffier to use a proxy vote. I am just concerned that perhaps the one remaining listener on the radio (*Laughter*) might be confused if that is not explained.

4710 **The Bailiff:** Well, what I have suggested to the Greffier is that when somebody is exercising a proxy vote that he calls out, 'Deputy Oliver acting by her proxy,' or whichever the Deputy might be so that it will be quite clear that it is the vote of the absent Deputy but people will not be surprised if in this instance it is a male voice that calls out the vote. (*Laughter*) So hopefully that will be clear as part of the voting process.

4715 **Deputy Prow:** Thank you, sir.
As usual you are way ahead of me!

There was a recorded vote.

Not Carried – Pour 17, Contre 17, Ne vote pas 0, Absent 6

POUR

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Ferbrache
Deputy Tindall
Deputy Tooley
Deputy Gollop
Deputy Le Clerc
Deputy Merrett
Deputy Fallaize
Deputy Laurie Queripel
Deputy Hansmann Rouxel
Deputy Green
Deputy Paint
Deputy McSwiggan
Deputy de Lisle
Deputy Soulsby
Deputy de Sausmarez

CONTRE

Deputy Kuttelwascher
Deputy Parkinson
Deputy Lester Queripel
Deputy Mooney
Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Lowe
Deputy Smithies
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Dudley-Owen
Deputy Langlois
Deputy Roffey
Deputy Prow
Deputy Oliver (Via Proxy)

NE VOTE PAS

None

ABSENT

Deputy Brehaut
Deputy Leadbeater
Deputy Le Pelley
Deputy Meerveld
Deputy Inder
Deputy Graham

The Bailiff: Well the voting on amendment 1 was 17 in favour, with 17 against so under the provisions of the Reform Law I am required to declare the vote lost.

So we move to amendment 2. Those in favour –

4720

Deputy Lester Queripel: Sir, I did ask for a recorded vote in my speech.

The Bailiff: You did on amendment 1, I did not realise you had asked for it on amendment 2.

Deputy Lester Queripel: No, sir, I said on the amendments, please, in my speech.

4725

The Bailiff: I am sorry, I did not hear the 's' on it. I thought you were just talking about amendment 1. *(Laughter)* We will have a recorded vote on amendment 2.

There was a recorded vote.

Not Carried – Pour 32, Contre 2, Ne vote pas 0, Absent 6

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

4730 **The Bailiff:** The voting on amendment 2 was 32 in favour with 2 against, I declare it carried. That brings us to general debate, Deputy St Pier.

Deputy St Pier: Thank you.

4735 I just wish to raise a number of things which were included in the Policy & Resources letter of comment. The matter of the unfunded provision for benefit limitation, of course, has been dealt with through the Budget process and in particular the passage of 23c in the Budget debate so the Policy & Resource's Committee's concerns and objections in relation to that, the provisions in this Policy Letter do fall away as a result.

4740 I emphasise again we do, I think, have to find a way in which this £60 million of general revenue spending, 14% of the total Budget is debated and considered and given the same level of scrutiny and the same level of debate as the rest of the general revenue budget. I think things have improved and we are very grateful to the Committee for Employment & Social Security for their engagement in allowing the change in procedures that have happened that enabled the debate to be conducted

in the same day, in the same debate, in the same meeting. I think all of that is helpful but I think it does highlight the necessity to continue to find a way in which they can be debated together. (**A Member:** Hear, hear.)

The final two matters. The review of the basket of goods to support the Income Support rates, that is noted in our letter of comment. Clearly that could potentially have Budget implications which will need to be planned for, I guess for 2021 and beyond, and I merely note that for the record.

And finally a repetition of our comment towards the end of our letter that the winter fuel earnings disregard and benefit limitation work that the Committee for Employment & Social Security have been unable to do because they are stretched in other areas, really to emphasise that we are keen to assist in expediting that work. We do think it is important that that is done because we think there will be policy changes with consequence impacts on the general revenue budget that would need to be considered. So we are keen to support that work and I would encourage Committee for Employment & Social Security to engage with Policy & Resources to enable that work to be expedited, sir.

With that, I have no further comment on the policy letter. Unfortunately I have to depart for an engagement but I would otherwise be supporting all the Resolutions, sir.

The Bailiff: Deputy McSwiggan.

Deputy McSwiggan: It may not be necessary, sir. Can I move Rule 26(1)?

The Bailiff: Rule 26(1). Will anybody who has not spoken and wishes to do so please stand? Three, four people are standing, do you wish to continue? Oh, five people are standing, do you wish to continue? I put to Members the motion that debate be closed. Those in favour; those against.

Some Members voted Pour; others voted Contre.

The Bailiff: I believe that is carried.

Deputy Lester Queripel: A recorded vote, please, sir.

The Bailiff: A recorded vote on the guillotine motion.

There was a recorded vote.

Not Carried – Pour 15, Contre 14, Ne vote pas 2, Absent 9

POUR

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Kuttelwascher
Deputy Tindall
Deputy Gollop
Deputy Mooney
Deputy Stephens
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Green
Deputy Le Tocq
Deputy Dudley-Owen
Deputy McSwiggan
Deputy Langlois
Deputy Soulsby

CONTRE

Deputy Tooley
Deputy Lester Queripel
Deputy Le Clerc
Deputy Trott
Deputy Merrett
Deputy St Pier
Deputy Fallaize
Deputy Lowe
Deputy Laurie Queripel
Deputy Paint
Deputy Dorey
Deputy Brouard
Deputy de Lisle
Deputy Roffey

NE VOTE PAS

Deputy de Sausmarez
Deputy Prow

ABSENT

Deputy Ferbrache
Deputy Brehaut
Deputy Parkinson
Deputy Leadbeater
Deputy Le Pelley
Deputy Meerveld
Deputy Inder
Deputy Graham
Deputy Oliver

The Bailiff: The voting on the guillotine motion was 15 in favour, with 14 against and two abstentions, I declare it carried. So Deputy Le Clerc will reply.

4775

Deputy Le Clerc: Thank you, sir.

I will keep it brief, but I did just want to respond to Deputy St Pier's comments with regard to debating the policy papers together. My personal view is that there should always be some tension between a Social Policy Committee, such as ESS and the Policy & Resources Committee and I fear that if it was debated together then we would lose something.

4780

In addition, if 23 had not passed in the Budget debate we would have had to lay an amendment to our own policy paper if ... under the current Rules we would not been able to do that because it would be the P&R policy paper. So those are the sort of discussions that we would need to have to enable, I think, the present committee to agree to the debate taking place together.

4785

Deputy St Pier talked about the review of the basket of goods. That is *really* important for us to have that repeat exercise. I think there have been some changes in the cost of living. I think the make-up of those basket of goods will change because it was some while ago that Loughborough did that review and then SWIBC amended that review. I think it will also be really good for the work that we are doing on in-work poverty because I think actually it will also give some idea of what standard of living we should be providing to those people in work. So I think it is an essential piece of work.

4790

With regard to the final comment in the Policy & Resource letter, I was slightly bothered by what Deputy St Pier and others put in the letter regarding providing resources, because actually year after year after year – and it was actually when I was on the Social Security Department as well – we asked for a resource to look at winter fuel. Because we know that the standard of some of the houses, the GHA properties are absolutely built to the highest standard and with energy savings there and actually I think people that are living in those are subsidising their way of living rather than using all of the benefit that we pay every week on actually fuel, there is no need.

4795

Whereas there are some very old social housing properties and actually with the new Income Support system we can provide some benefits to those people not even in social housing properties. So I think it could be reapportioned to where the most need is and perhaps in being used to provide funding for upgrading of properties with insulation.

4800

So it is a shame that he mentioned that but, as I say, the winter fuel, we will have a resource now to look at that because I do think there are some savings to be made and perhaps actually that money used better.

4805

Sir, I would just urge everybody to approve the report. It is been a long day, I thank you for your patience. It will enable us to do the necessary IT upgrades in a timely manner and do the manual adjustments that we need to do.

Thank you once again.

4810

Deputy Merrett: Could I have a recorded vote, sir, on all the Propositions.

The Bailiff: Alright. There were 12 original Propositions and Proposition 13 has been added as a result of the successful amendment 2. Unless anybody requests a separate vote on any of them I will put all 13 to you together and Deputy Merrett has requested a recorded vote on all 13 Propositions.

4815

There was a recorded vote.

Not Carried – Pour 29, Contre 1, Ne vote pas 0, Absent 9

POUR

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Kuttelwascher
Deputy Tindall
Deputy Tooley
Deputy Gollop
Deputy Lester Queripel
Deputy Le Clerc
Deputy Mooney
Deputy Trott
Deputy Merrett
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Dudley-Owen
Deputy McSwiggan
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver (Via Proxy)

CONTRE

Deputy de Lisle

NE VOTE PAS

None

ABSENT

Deputy Ferbrache
Deputy Brehaut
Deputy Parkinson
Deputy Leadbeater
Deputy Le Pelley
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Graham

The Bailiff: Well, the voting on Propositions 1 to 13 was 29 in favour, with 1 against, I declare them carried.

Procedural

4820 **The Bailiff:** The amended TRP Ordinance is, I understand, on its way. Mr Comptroller, do you want to say anything about that?

4825 **The Comptroller:** Sir, it is on its way. I had not anticipated that Deputy St Pier would go because he is proposing the actual amendment. So may I suggest I can arrange it now that perhaps Deputy Trott and Deputy Le Tocq would be prepared to propose and second? We will just amend the document, and it should be ready very shortly.

POLICY & RESOURCES COMMITTEE

**Schedule for future States' business–
Approved**

The States are asked to decide:

Whether, after consideration of the Schedule for future States' business, which sets out items for consideration at the Meeting of the 27th November 2019 and subsequent States' Meetings, they are of the opinion to approve the Schedule.

The Bailiff: Fine. Well, while we wait for that we could just deal with the schedule of business for 27th November meeting. *(Interjection)* We voted on that, that has been done.

4830 There is just a technical point that the schedule of business was part of the agenda for 6th November meeting and, of course, we have not yet convened Billet XXII, I think it is. So as a pure technicality there needs to be a motion to suspend the Rules of Procedure so that we can then vote on the schedule. One had been drafted. To save paper, I do not think it has actually been circulated. It was proposed originally by Deputy St Pier but I suspect now it will be proposed by Deputy Trott and seconded by Deputy Le Tocq.

4835 It is a very simple amendment, it is in two parts. The first part is to suspend the Rules of Procedure to the extent necessary to permit the Proposition set out below to be considered and the Proposition below is:

Whether, after consideration of the Schedule for future States' business, which sets out items for consideration at the Meeting of 27th November 2019 and subsequent States' Meetings, they are of the opinion to approve the Schedule.

4840 So it is just the normal wording that you see on the Schedule. Deputy Trott, do you confirm that you are proposing the motion to suspend the Rules and that Proposition?

Deputy Trott: I do, sir, for the reasons you explained.
Thank you.

4845 **The Bailiff:** Deputy Le Tocq, are you seconding?

Deputy Le Tocq: I second it, sir.

4850 **The Bailiff:** So I put to you first of all the motion to suspend the Rules of Procedure to the extent necessary to permit that Proposition to be considered. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that carried.

We then come to the Proposition of whether to approve the schedule. I have not been notified of any amendments, but Deputy Trott, do you ...?

4855 **Deputy Trott:** Only to say, sir, that the business for 27th November is relatively light, notwithstanding there is, as Members will know, a requête, and when one aggregates the business for 6th November it should look like a fairly normal States' meeting at the end of the month. Time will tell, sir!

4860 **The Bailiff:** Deputy Roffey.

Deputy Roffey: Sir, I am willing to vote blind but you said after consideration of the schedule, I have not considered it because I have not seen it.

4865 **The Bailiff:** I thought the schedule had been circulated to Members as normal as part of the business for 6th November meeting. I have certainly received a copy. It is P&R who circulate it. It reached me and I am not the most technically savvy of people so I suspect it has reached others.

4870 **Deputy Lowe:** I think we usually have it electronically and on our tops here. We have had it electronically but we have not had it placed here, or I have not got mine in front of me but I saw it electronically.

The Bailiff: Okay, so we vote then on the schedule. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

**The States of Guernsey Annual Budget for 2020 –
Debate continued –
Proposition 27 carried as amended**

4875 **The Bailiff:** The only thing outstanding then is the amended TRP Ordinance. Do we have a time estimate as to when that might be with us?

4880 **The Comptroller:** Sir, I understand that the press is running and it is being printed off as an amendment, and I am told five minutes.

The Bailiff: Deputy Trott.

4885 **Deputy Trott:** I would ask, sir, that you do not adjourn the States for five minutes because I fear that there is a possibility that we may not be quorate when we reconvene afterwards. So I suggest we just talk amongst ourselves (*Laughter*) and wait for the amendment to arrive at our desks.

The Bailiff: Deputy Roffey.

4890 **Deputy Roffey:** Sir, while we are waiting for the Schedule to arrive can I say that somebody expecting a long evening left a Twix on my desk. I have no idea whose it is, sir, if they want to claim it, it is here!

4895 **The Bailiff:** Okay, well we will just wait then until the Schedule arrives.
Members, the amendment and the –
Order!

The amendment and the draft ordinance have now been circulated so can I suggest people resume their places and they may well want just a few minutes to cast their eye over it and then as soon as that is done we can move to the Proposition and we can close this meeting.

4900 Are Members just chatting? There seems to be a lot of general conversation. Can I take it that Members are happy now to proceed to deal with this amendment?

So the amendment says it is proposed by Deputy St Pier but as you know he has had to leave so it is to be proposed by Deputy Trott and seconded by Deputy Le Tocq.

Deputy Trott.

Amendment 22:

For Proposition 27, substitute the following proposition:-

"27. To approve the draft Ordinance set below entitled "The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance 2019" and to direct that the same shall have effect as an Ordinance of the States."

4905 **Deputy Trott:** Thank you, sir.

This amendment is as a consequence, Members will remember, earlier of the Assembly voting for all of Proposition 23 and the rejection of Proposition 24. So I have had an assurance that the technical staff at the Policy & Resources Committee are content that it is accurate and, assuming that the Law Officers are able to so confirm, sir, I would hope that we can move to a vote on the amendment forthwith.

4910

The Bailiff: Was Proposition 25 also lost?

The Comptroller: It is also addressed in the Ordinance as well, sir, yes.

4915

The Bailiff: So that is addressed?

The Comptroller: It is addressed, yes.

The Bailiff: It is addressed 25, as well as 23 and 24. This has been drafted by the Law Officers and, as I understand it, checked at officer level within P&R, is that correct?

4920

Deputy Trott: Sir, I can confirm that, yes, precisely.

The Bailiff: Deputy Le Tocq, do you second the amendment?

4925

Deputy Le Tocq: I so do, sir.

The Bailiff: Does anybody wish to debate it? No, so we go to the vote on amendment 22. Those in favour; those against.

4930

Members voted Pour.

The Bailiff: That has carried and that has substituted a new Proposition 27, so we now vote on Proposition 27. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that carried.

Thank you, Members, for staying and completing the business. We will now close the meeting.

4935 Thank you.

The Assembly adjourned at 7 p.m.