



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Thursday, 2nd November 2022

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Present:

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

Law Officers

M. M. E. Pullum, Q.C. (H.M. Procureur)

People's Deputies

| | |
|----------------------|--------------------|
| S. E. Aldwell | C. J. Le Tissier |
| C. P. A. Blin | J. P. Le Tocq |
| A. H. Brouard | M. P. Leadbeater |
| A. Cameron | D. J. Mahoney |
| D. de G. de Lisle | A. D. S. Matthews |
| H. L. de Sausmarez | C. P. Meerveld |
| A. C. Dudley-Owen | N. G. Moakes |
| J. F. Dyke | R. C. Murray |
| S. P. Fairclough | V. S. Oliver |
| S. J. Falla | C. N. K. Parkinson |
| P. T. R. Ferbrache | R. G. Prow |
| A. Gabriel | L. C. Queripel |
| J. A. B. Gollop | P. J. Roffey |
| S. P. Haskins | H. J. R. Soulsby |
| M. A. J. Helyar | G. A. St Pier |
| N. R. Inder | L. S. Trott |
| A. Kazantseva-Miller | S. P. J. Vermeulen |

Representatives of the Island of Alderney

Alderney Representatives S. Roberts and E. A. J. Snowdon

The Clerk to the States of Deliberation

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

Absent at the Evocation

Deputies Y. Burford, T. L. Bury, L. J. McKenna (*indisposée*);
Deputy A. W. Taylor (*relevé à 9h 38*)

Business transacted

| | |
|---|-------------|
| Evocation | 2385 |
| Billet d'État XIX | 2385 |
| 1. The States of Guernsey Annual Budget for 2023 – Debate continued | 2385 |
| <i>The Assembly adjourned at 12.37 p.m. and resumed its sitting at 2.31 p.m.</i> | <i>2422</i> |
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| <i>The Assembly adjourned at 5.54 p.m.</i> | <i>2467</i> |

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCATION

Billet d'État XIX

POLICY & RESOURCES COMMITTEE

1. The States of Guernsey Annual Budget for 2023 – Debate continued

The States' Greffier: Billet d'État XIX – the continuation of the debate.

The Bailiff: Well, Members of the States, good morning.

5 We come to Amendment 6. Is it your wish, Deputy Soulsby, to lay Amendment 6?

Deputy Soulsby: Yes, sir.

10 **The Bailiff:** On that basis, we will call this now 22, if it were to be successful. But please do open on your amendment.

[Amendment 6.](#)

To insert an additional proposition as follows:

"20. To help alleviate the current housing crisis and better incentivise the use of underoccupied properties, to direct the Policy & Resources Committee to consider the options and issues in relation to introducing a 'room-to-let' annual tax-free allowance and/or other benefits for personal taxpayers who let a room, particularly for key workers, (other than in respect of HMOs (house in multiple occupation)) and to report back with recommendations no later than 31 March 2023."

Deputy Soulsby: Thank you, sir.

15 Just reading from the amendment it states:

Deputy Soulsby read out the amendment.

Sir, whilst the wording does not actually roll off the tongue, this is a very straight forward amendment that could potentially solve a real and immediate problem. Whether or not we can say

20 we have a housing crisis or emergency, I will leave others to debate. But the simple fact of the matter is that the lack of housing or housing that is affordable is proving to be a serious issue in recruitment, both in the private and public sector.

Now when it comes to the latter, it is putting incredible strain on HSC in particular. Whilst getting skilled health and care workers is an international issue, there are various things we, as a Government, can do to remove some of the barriers to getting the staff we need. These include building more key worker housing and action has been taken on that front, thanks to the combined effort made across the States and the GHA.

However, realistically nothing that has been started will come on stream for a couple of years at the earliest. Another option is what this amendment seeks to explore. The KPMG local housing market review, published in 2018 said there were 2,500 private owner-occupied households that had at least two spare bedrooms.

That report gave recommendations on how the state could assist those in under-utilised households who wished to move to more appropriate accommodation that might help alleviate the issues then and which have worsened now. The latest figures show that over 50% of households are living in properties with at least one spare bedroom and 30% with at least two spare bedrooms. Analysis of pensioner households with no children living with them shows that over 50%, that is over half, live in properties with at least two spare bedrooms.

So, really, there is untapped potential to house more people, even if temporarily. The question is how do we help encourage it to happen? This amendment does not provide a definitive answer although we believe that a tax-free allowance may be a solution. Other options may be having a service that makes it easy to match home-owners to those looking for a room. But we should not forget that many pensioners are asset-rich, occupying properties bigger than they need, but cash-poor. This could be something that will help them in their everyday living.

There are also benefits, particularly when it comes to health and care workers, where an eye can be kept on those who are elderly home-owners living on their own. Of course, there will in today's world be issues that need to be considered, such as knowing that the owner and the tenant are suitable for such an arrangement. Certainly this really should not be an issue for key workers such as health and care staff, who will have had enhanced DBS checks anyway. In any event, this should not be an insurmountable problem. Where there is a will there is a way and I would hope everyone agrees with me that given the housing situation, to mix more metaphors, we should not be leaving any stone unturned.

In the interest of transparency, I think it is fair to say that where in Rule 4(1)D it says there are no financial implications, that really should read no direct financial implications and I fully accept there will be resources required to do the work. I apologise for that. That was because the amendment, I was trying to get it through at the last minute and making sure I could get the cut, so that is why it is not in there. But I fully appreciate that there will be staff resources needed to look at this.

So, in summary, this is an amendment that, whilst not being the silver bullet, may help contribute to alleviating the current crisis and at least until we have sufficient other housing coming on stream and other policy initiatives that start bearing fruit. So I ask Members to support this amendment.

60 **The Bailiff:** Deputy St Pier, do you formally second the amendment?

Deputy St Pier: Yes, I do sir.

65 **The Bailiff:** Deputy Taylor, is it your wish to be relevéd?

Deputy Taylor: Yes, please, sir.

The Bailiff: Thank you very much, we will mark you as present.

70 **Deputy Vermeulen:** Point of order, sir.

The Bailiff: You cannot raise a point of order when nobody is speaking, Deputy Vermeulen.

Deputy Vermeulen: It goes to the amendment, sir.

75

The Bailiff: Well, you can either make a speech on the amendment now if you want to, but as nobody is speaking you cannot make a point of order. You have missed your opportunity.

Deputy Vermeulen: Thank you, sir.

80

The Bailiff: Deputy Taylor.

Deputy Taylor: Thank you, sir.

If no one else is standing, sadly I have to pop out to an optician –

85

Deputy Vermeulen: Point of order, sir.

The Bailiff: What Rule has Deputy Taylor broken?

90

Deputy Vermeulen: Sir, it is more about the debate and I am trying a Rule 24(6), sir.

The Bailiff: That is not a point of order.

Deputy Vermeulen, if you wanted to invoke Rule 24(6) to ask me whether or not this amendment goes further than the original Propositions –

95

Deputy Vermeulen: That is what I wanted to ask you, sir.

The Bailiff: Well, you have missed your opportunity because I have called Deputy Taylor and Deputy Taylor is already speaking. (**Deputy Vermeulen:** Thank you, sir.) If you do not understand what it is that you are trying to ask for then you need some assistance with the Rules. I am sure Deputy Meerveld would be happy to help you.

100

Deputy Vermeulen: Thank you, sir.

105

The Bailiff: Deputy Taylor.

Deputy Taylor: Thank you, sir.

I would probably extend that offer to Deputy Vermeulen for a bit of assistance with the Rules, as well.

110

Really, I could see no one else was standing, so I thought I would just stand and indicate I do wish to support this amendment. Sadly, I do have to pop out for an emergency optician's appointment, so I might miss the vote, but this to me feels an entirely sensible amendment. I think the outcomes hopefully that could come from this would be really good and they are simple solutions that we should be looking for in the Island. So I thank Deputy Soulsby for bringing this amendment and Deputy St Pier and hopefully it is a very quick debate and we can get the vote done in the next five minutes.

115

Thank you.

The Bailiff: Deputy Blin.

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Deputy Blin: Thank you, sir.

Again, like Deputy Taylor, it is very straight forward, very easy, but a point to bear in mind that under STEP there are limitations to where you can live and this is the one year that re-occurs. So

125 this will only be valid for either MTEPs, because open market will be separate, so it would need
some consideration and I would appreciate someone like Deputy Prow to clarify on that.

Thank you, sir.

The Bailiff: Deputy Oliver.

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

This is finally something I can get behind but I brought a similar thing to this, apart from the tax-free exemptions to HAG, and I have said that this would be a simple solution to actually solve some of our housing problems and it would be something that we could actually bring in now. Not the annual tax-free allowance but we could actually say to people, 'If you have a spare room, can you please think about actually renting it out?'

135 Now, I came up with a barrage of reasons why, actually, the States could not be seen to be facilitating this and I was really quite deflated about it. Then I went away and I said, 'No, we can still do this, do not worry.' Then I came up with insurance, we would have to make sure that the person where doing this had the correct insurance. Then I was told also DBS checks, who would do that.
140 There was no estate agents that could. I said, 'Do not worry about estate agents. Estate agents would see a market and they would slip in quite nicely and be able to DBS check them and they could make sure they are vetted to suit the person.' Sort of like, not dating, but match the correct person up.

I was still told, 'No, actually, it is a bad idea, Vicky.' Go back into your box, kind of thing. So I am happy to see this but I am also quite sceptical that I do not want to waste resources and I think this might be knocked back quite quickly, once it gets to the Law Officers, saying there are too many hurdles to overcome.

But in a housing crisis, I just think when we are looking to build a house, you have got to go through architects, planning. Then you have actually got to find the builders. Then when you have got the builders. Then when you have got the builders you have actually got to get the material. Then it is a roughly 12-18 months lead-in before actually anybody can get in.

So you are literally talking about a two-year period. So we are in the situation now, we have got these rooms available now, that can be – and Deputy Soulsby outlined all the facts and figures, which I did look into when I was looking at it – and the figures are astonishing. Even if 10% do that, that is still roughly 22 houses, 22 people that it could potentially house.

Now, when you have got Deputy Brouard having so many staff that need housing they are talking about renting hotels out, anything possibly to house some staff, this might be a quick, easy solution but we still might have a lot of legal matters to get over it. So, just to warn people.

Thank you.

160 **The Bailiff:** Deputy Dyke.

Deputy Dyke: Thank you, sir.

I congratulate Deputy Soulsby and Deputy St Pier for bringing this Amendment 6. I think it is a good idea and I congratulate them particularly for recognising the fact that I keep hammering home that, if you want more of something, you do not tax it. I may remind them of this in future debates!

Having recognised that, I think it is a very good idea. Deputy Meerveld raised a possible problem and Deputy Oliver raised some possible issues, which I do not think are insurmountable. I think we should be able to sort those out. So, I think it is a very good idea. We should be able to actually do it quite quickly. I do not see why it should be delayed too long, those pieces of research can be done quite quickly and we should be able to bring it in quite soon. So, I think it is a very good idea. It is impossible to say how well it will work but it is bound to work at least a bit and it may work a lot. A very good amendment. I will support it.

Thank you.

175

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir.

180 I will be supporting the amendment as well, I think it is a very good idea. It is something that has
come up as a feature of possibly Guernsey's housing market that we have quite a large number of
homes, which have got spare bedrooms, and a lot of that will have been people who have perhaps
retired or are empty nesters, where children have bought houses, family houses, and children have
since left and they have spare capacity.

185 Making using of that during a housing crisis would be extremely useful. We have this very acute
housing crisis. We do have, just as Deputy Dyke mentioned, Health & Social Care are very keen to
find anywhere that we can put people up so anything that adds to that would be useful. It was also
something, this idea of over occupation of houses that are larger than people need, something that
came up when looking at things like property tax, or TRP increases.

190 If have a large number of people who are asset rich and cash poor and perhaps potentially one
of the solutions or ways that could alleviate that in the event that TRP rises, as it does very slightly
with this Budget and may rise in future, is that people who wish to stay in a house that is much
larger than they need, could look at some financial contribution that could be letting out spare
rooms. Many people feel they have an attachment to the house, they do not want to downsize.
Another alternative is to simply let out rooms and that can provide a benefit to people who need
195 it.

I sympathise very much with Deputy Oliver's recounting of the hurdles that people had placed
in the way of looking at this in the past. I am sure that they can all be overcome very simply and
there are ways around this that need to be found. So I shall be supporting this amendment.

Thank you, sir.

200

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

205 I share Deputy Oliver's frustration on this one because it was she and I both who were talking
about this right from the first meeting of the Housing Action Group near the start of this term. Just
really, by way of a response, Deputy Oliver is quite right to recount some of the hurdles that were
cited but, in response, we did put forward evidence of schemes where this already works in the UK,
some of which were specifically at health and care workers and some of them, in fact, go a little bit
further than just a room for let and have arrangements where, for a small few hours of additional
210 help around the house or whatever, there were subsidised rents and all the rest of it.

It was very interesting. These schemes are up and running already. They do seem to be effective.
I give way to Deputy Oliver.

215 **Deputy Oliver:** The study was actually done in Bristol with, I think it was 20 student nurses living
in elderly people's houses.

220 **Deputy de Sausmarez:** Yes, that is one such scheme. Actually that is copied from a model that
is quite well-established in I think it is Denmark. So these schemes, there are more than one. They
are up and running. It clearly does work elsewhere. This amendment obviously speaks to one facet
of it, which is whether we can incentivise through the tax system that scheme. But I would encourage
P&R to look into this in a spirit of optimism, knowing that it can be made to work in other places.

225 So I am happy to support this amendment in the hope that although it is perhaps a small helping
hand, any helping hand we can get at the moment would be very much appreciated, particularly by
Deputy Brouard.

The Bailiff: Deputy Gollop.

230 **Deputy Gollop:** I will get in before Deputy Prow as he will probably correct me. I too was not going to speak in the debate but the speeches have made me think. I endorse a lot of what Deputy de Sausmarez has said. This hiring out rooms was a policy of previous, actually Conservative, governments in the UK to maximise accommodation options and to give incentives and it is quite right that it can alleviate problems and there are ways around it.

235 It was recently said, during the many changes in the UK government, when a senior cabinet minister was appointed, there was a slightly sarcastic article written about him and it said, 'He has all the abilities of a very senior Whitehall civil servant who is extremely able at telling you why you cannot do something rather than why you can.'

Sometimes we do have that mentality because I think already some of the comments we have heard about this amendment have been a little bit critical and they have gone beyond the amendment. The amendment clearly says:

240 To help alleviate the current housing crisis and better incentivise the use of underoccupied properties, to direct the Policy & Resources Committee to consider the options and issues in relation to introducing a 'room-to-let' annual tax-free allowance and/or other benefits for personal taxpayers who let a room, particularly for key workers ...

It says particularly for key workers but not just key workers and key workers might not be people who work in health. It could be education, it could be construction, potentially. It could be bus drivers and Deputy de Sausmarez was absolutely right to make the point that this amendment focuses on budgetary issues and financial incentives.

245 So if we start thinking beyond that about, I do not know, insurance, about planning issues, about environmental health issues, they are covered in other legislation. But that is not the point of this. The point of this is to enable Islanders to do what people in many other places do to expand under-utilised occupation for workers and those workers, actually, might even be local people who want to move away from mother and father for whatever reason.

250 We have really got to think outside it and get behind this amendment because it is like a little think tank. We are trying to expand our consciousness and resolve problems, not constantly coming up with reasons why nothing can be done.

255 **The Bailiff:** Deputy Prow.

Deputy Prow: Thank you, sir.

I rise just to answer, hopefully answer, Deputy Blin's question that he posed me. Sir, looking at the wording of the amendment, I pick out two parts of the amendment. When it talks about key workers I note the bracketed comment 'other than in respect of HMOs house of multiple occupation' and I also further note that it is to report back, sir. So I can see no impediment in the amendment whatsoever, which would be caused by the Population Management regime.

Thank you, sir.

265 **The Bailiff:** Deputy Brouard.

Deputy Brouard: Thank you, sir.

Just from the point of view of our Committee, etc., we do struggle to find staff at the moment. I think this is a welcome addition to the toolbox and thank you for bringing it forward.

270 **The Bailiff:** Deputy Kazantseva-Miller.

275 **Deputy Kazantseva-Miller:** I will be supporting this amendment and I really commend the Deputies for actually bringing it despite potentially knowing that such ideas did not make it through the Civil Service process or whatever other process. I have certainly seen that happen time and time again. Actually it is something we will be debating later, penal rates for empty properties, something

I have been pushing through a project on ED, since the beginning of the term and have always faced a brick wall saying it is too difficult but ...

280 I think we at times really need to think differently and act differently and sometimes this has to manifest through amendments like this in the political lobby, where we have to send a clear direction that we need a different kind of thinking. So I really support this amendment and not giving up that actually these ideas need to be heard and, no matter how challenging or difficult, we need to look at them.

Thank you.

285 **The Bailiff:** Before I call Deputy Inder, is there any Member who wishes to speak against the amendment?

Deputy Inder: Sir, thank you.

290 Only briefly just to really support Deputies Kazantseva-Miller, Oliver and de Sausmarez. It is a fact and I think it needs to be put on record that if some officers do not want to do something, any things are actually, there are ways found not to do things. All I would suggest to them is just push forward and push forward until such time it really is known. But I would suggest to them that they get greater support from their Committees on these issues.

295 I am only rising to say one thing really. I do not want to pour any cold water on this because I will support it – but hold my beer! There is a sentiment in this and I have seen this over the past in speeches on this whole idea of under-occupancies, as though it is a bad thing. People that own their houses should be letting their houses out.

300 Just because, and I think it was Deputy Soulsby said that 50% of the houses in Guernsey have one spare bedroom, how does anyone know that they are a bedroom? They could be storage. They could be a spare office. They could be waiting for the kids to come back. Or even two bedrooms is some kind of sin. I do not like this sentiment and I hear it peppering through some speeches, that having a couple of spare bedrooms in private property is somehow a bad thing and Government needs to get involved. I am not a fan of that at all.

305 Having said all that, it is actually quite good that Policy & Resources are actually asked to come back by 31st March 2023 and I would also encourage Deputy de Sausmarez and Deputy Victoria Oliver, who say they have gone through and seen some schemes, to hand them to Deputy Soulsby and Deputy Ferbrache to see if they can move this on quicker than things would normally run through our administration.

Thank you,

310

The Bailiff: Deputy St Pier.

Deputy St Pier: Briefly, sir.

315 I am pleased to second this amendment from Deputy Soulsby. I had drafted something very similar before, which I had discussed with Deputy Helyar and was pleased that he had agreed to second it before I engaged with Deputy Soulsby on it. In particular with her experience and knowledge of Health & Social Care, which Deputy Brouard has referred to, bringing the focus to key workers but in particular the insertion of the words 'particularly for key workers' is important for me because I think it creates the potential opportunity for other groups of individuals who need accommodation. So I am pleased to support it.

320 In terms of the objections, which Deputy Oliver and others have said have been identified by others, frankly I do not see those as really being matters in which Government needs to become deeply embroiled. It may need to have an awareness of some off the issues but it really is not for governments to sweep away every issue for individuals who should be capable of making decisions themselves in relation to insurance and whether they wish to seek DBS checks on those that they have in their homes.

325

Of course, there are plenty of houses of multiple occupation where that would not be happening, out of choice or otherwise. But it is not a matter in which the states should necessarily seek to interfere at every level. I do see it as being Government's job to facilitate and I think, as Deputy Dyke has said, the introduction of a tax-free allowance is such a facilitation. It is then up to the home owner to decide whether they wish to proceed or not and assess the risks and issues for themselves.

So I would be disappointed if that were to come back as a barrier later. I think there is an obvious barrier, which is the potential loss of tax revenue to the extent that individuals choose to take this up. That will be extraordinarily difficult to assess, because until it is tried and tested, a little bit like the matter debated yesterday on giving a tax holiday for the cannabis industry, if something is being introduced, you can only really make a best guess as to what the impact will be.

But undoubtedly, clearly the introduction of an additional tax allowance that does not currently exist does pose a challenge for future tax revenues. But this is where the risk/reward cost benefit analysis of the work needs to be undertaken by Policy & Resources in looking at this issues. If the housing crisis is as it has been described by a number of Committees, including Policy & Resources, then it is appropriate that this should be looked at.

For that reason, I am very pleased to second it and I am delighted that so many clearly would do the same and it looks like it will become Proposition 22, sir.

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

I rise just to make some comments in relation to the Committee for which I lead, Education, Sport & Culture, and clearly we also have key workers who work for us in delivery of education and it is not just specific to HSC. Though, of course, our needs for housing are probably a little bit different insofar as we look for long-term housing for families, by and large, we have had an incidence in the recent past where we have lost senior leaders within our education sector, who have accepted positions and have not been able to find affordable housing over on the Island, which is a real shame to lose that talent.

We do possibly have need for single educators coming over on a supply basis. Luckily, we do not have a big vacancy list within education, which I am really pleased to crow, slightly, about. We have made strenuous efforts but our particular sector is different to that of health. But where on occasion you do need to have shorter-term property or accommodation for those without children or maybe other – I was going to say incumbrances, but that is not what I mean – I mean people who rely on them. I cannot find my words, sir. I think that this would be helpful for us to a degree but obviously it is Health that will benefit majorly from this.

To pick up on a point that has been made by other Members in the Assembly, I find it hard to believe that we would, not to say that it has not happened, that officers would be trying to put barriers in the way of certain policy directives, creative policy directives such as this, because of course this has got very little to do with Government at all, whether people are private homeowners, want to let out accommodation in their private residence, to make money, I suppose, or to use up space in their properties and our involvement would be restricted to the annual tax-free allowance and match-making. That is it.

Anything else, quite frankly, I do not think that we have anything to do with. It is a good scheme for us to be able to match-make through, as I say. But to get involved in terms of insurances and letting and that sort of thing, we do not do it for anyone else. Other Members have –

I give way to Deputy Blin.

Deputy Blin: Thank you for giving way.

The comment I would like to make, it was mentioned about the match-making side, but even that I do not believe is necessary. Having previously run a language school and organising accommodation for all the students coming over, etc., there is a natural way that happened and

that is one thing that possibly would not even be necessary there because the market has its own way of working and the opportunity for people to take people is a private choice and everything.

380 Thank you.

Deputy Dudley-Owen: I thank Deputy Blin for his interjection because of course it is market-driven. If there is a supply and a demand then the marketplace is created. So I think there is very little for us to do in respect –

385 I give way to Deputy Leadbeater.

Deputy Leadbeater: I thank Deputy Dudley-Owen for giving way.

Just on the matching, I would just like to point out that HSC's HR business partner already matches staff with properties that we have so it is something that is already ongoing so that would not be an issue for the States.

390

Deputy Dudley-Owen: Great. Okay. Thank you to Deputy Leadbeater for his interjection because that means even less for us to do, which I am always happy about. Less resources and less interference in people's everyday life.

395

So, yes, I am very happy to support this. I think it ticks quite a few boxes and I would urge colleagues not to get too bogged down in the detail of us having to be involved at a Government level in order to facilitate some of these great ideas.

Thank you, sir.

400

The Bailiff: As no one else is rising, I will invite Deputy Helyar to comment on the amendment, if he wishes.

Deputy Helyar: Thank you, sir.

I have very little to say. Policy & Resources supports this amendment. We are happy to do the work. The only caveat I will give is that the deadline set for reporting back to the States, which is no later than 31st March 2023, given our resource issues, that is pretty much of an uphill struggle. So, whilst I am happy to support it, I would say that if Members are disappointed by that being late, I have given you a heads up about it beforehand. But otherwise we support the amendment.

405

Thank you, sir.

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The Bailiff: And the proposer of the amendment, Deputy Soulsby, to reply to that debate, please.

Deputy Soulsby: Thank you, sir.

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I am not going to go on for a long time. It sounds like we have got some sense of unanimity, which is quite nice to hear. The only negative, I think, came from Deputy Inder, talking about thinking under-occupancy being considered a bad thing. Nobody is saying that at all. Really it is always going to be up to an individual.

420

We are not taking away personal freedoms or liberties or saying that they have to use up the whole of their house. This is just giving an opportunity and for those people who think it might be something that would benefit either from having somebody within their home or the extra income and just help Government doing its thing and trying to lift, as I said in my opening speech, making sure no stone is unturned in trying to sort out the problems that we literally have at the moment.

425

I know there has been some criticism of the officers in terms of trying to get things done and I can understand that. I also understand they are busy, at the same time, and trying to think about doing something new can be difficult. But I think probably what has happened, the Civil Service mode, in terms of thinking it has got all these barriers to it, it is going to be very difficult, can be part of the problem and I do see this as an opportunity for thinking differently and working differently, which we are going to have to do more and more.

430 I do appreciate Deputy de Sausmarez and Deputy Oliver's comments about how this sort of
 thing has been done before and they referenced Bristol. I knew about that one. I do not know about
 Denmark but I certainly know the Netherlands have been very advanced in this whole area and it is
 something we did research back in the day when we were doing the Strategy for Health & Social
 Care, Partnership of Purpose, I will mention it again. We did actually reference that as being an
 435 opportunity from a societal point of view.

I think sometimes we see all our issues as being for somebody else instead of seeing how we as
 a community can help resolve them. But I will not go further other than to correct Deputy Oliver's
 maths on 10% of 2,000 would be 200, so I think it just demonstrates the potential that could be
 here, if only just 10% of people took this up. So I just ask Members to support the amendment.

440 **The Bailiff:** Members of the States, it is now time to vote on Amendment 6, proposed by Deputy
 Soulsby, seconded by Deputy St Pier. Will you please open the voting, Greffier?

There was a recorded vote.

Carried – Pour 36, Contre 0, Ne vote pas 0, Absent 3, Did not vote 1

| POUR | CONTRE | NE VOTE PAS | ABSENT | DID NOT VOTE |
|--------------------------|---------------|--------------------|----------------|---------------------|
| Deputy Aldwell | None | None | Deputy Burford | Deputy Taylor |
| Deputy Blin | | | Deputy Bury | |
| Deputy Brouard | | | Deputy McKenna | |
| Deputy Cameron | | | | |
| Deputy de Lisle | | | | |
| Deputy de Sausmarez | | | | |
| Deputy Dudley-Owen | | | | |
| Deputy Dyke | | | | |
| Deputy Fairclough | | | | |
| Deputy Falla | | | | |
| Deputy Ferbrache | | | | |
| Deputy Gabriel | | | | |
| Deputy Gollop | | | | |
| Deputy Haskins | | | | |
| Deputy Helyar | | | | |
| Deputy Inder | | | | |
| Deputy Kazantseva-Miller | | | | |
| Deputy Le Tissier | | | | |
| Deputy Le Tocq | | | | |
| Deputy Leadbeater | | | | |
| Deputy Mahoney | | | | |
| Deputy Matthews | | | | |
| Deputy Meerveld | | | | |
| Deputy Moakes | | | | |
| Deputy Murray | | | | |
| Deputy Oliver | | | | |
| Deputy Parkinson | | | | |
| Deputy Prow | | | | |
| Deputy Queripel | | | | |
| Alderney Rep. Roberts | | | | |
| Deputy Roffey | | | | |
| Alderney Rep. Snowdon | | | | |
| Deputy Soulsby | | | | |
| Deputy St Pier | | | | |
| Deputy Trott | | | | |
| Deputy Vermeulen | | | | |

445 **The Bailiff:** The voting on Amendment 6, propose by Deputy Soulsby, seconded by Deputy St
 Pier was that there voted in favour 36 Members, there were 4 Members who were absent at the
 time of the vote and therefore I declare that Amendment 6 duly carried. As I say, that means there
 is now a Proposition 22.

[Amendment 7.](#)

To insert an additional Proposition 20:

"20. To direct the Policy & Resources Committee, as part of the work to be undertaken in respect of the Category 1 Housing Action in the Government Work Plan, to lead an examination in consultation with any other relevant Committees, of the scope to introduce regulatory and fiscal measures over local market residential property ownership such as, but not limited to, that ownership is restricted to those who have the right to occupy local market dwellings and report back to the States by the end of 2023."

The Bailiff: The final of the seven amendments that as submitted is from you, Deputy Kazantseva-Miller. Is it your wish to lay that amendment now?

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Deputy Kazantseva-Miller: Yes, sir.

The Bailiff: I invite you to do so then, please.

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Deputy Kazantseva-Miller: Thank you, sir.

I am laying this amendment in the context of the housing situation that we are finding ourselves in. It is one of the most acute housing crisis situations we are facing and it also comes from really the realisation that the type of methods that we see, we are trying to do, we are trying to increase the supply, we obviously are trying to make better use of some of the existing properties but perhaps we also need to think about other ideas and being an Island jurisdiction we have a limited supply of land, ultimately. The availability of land and where we can build will be one of the most limiting factors going forward.

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This idea very much comes from the extension of the thinking we have in relation to Population Management control. So we have domestic controls over who can come to Guernsey, what permits we give and where those people can live. So, especially people whether they can live in the local market or whether they can live in open market or shared accommodation and so on.

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It comes from the understanding that, actually, in other markets, controls over ownership of property exist. For example, in Australia, Australia has had an act from 1975 that has a regulatory framework around foreign investment into agricultural land and businesses, into commercial land and businesses and also into residential land. That has been going for quite a long period time and if you are a foreign investor, you need to apply and you need to notify the Treasury and be granted a permission to invest or not invest and it costs money to do so.

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Other controls exist, such as in Hawaii, where for example if you are not a local landlord, you need to appoint a local property manager. It can be a professional property services firm or it can be a person. So there are different types of levers that exist in other markets and different countries choose those levers depending on their national situations.

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Property has been one of the key speculative investments and asset classes, as we were discussing also yesterday as well, and we are really at that threshold where property has always been, living in a house has always been a basic need, right? But it is traded as a free tradeable commodity and this is where potentially the discrepancy of the market forces exists, because given that the explosive pricing situation, housing affordability and housing ownership is becoming out of reach of increasingly more and more people.

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So this thinking comes very much from the basic principles of potentially extending the philosophy behind our Population Management, both to the property ownership in respect only of domestic residential purposes, so it would not cover commercial property. So this was really the thinking behind laying the amendment and I thank Deputy St Pier for working with me on this amendment and making me aware of some of the examples, such as the regime in Australia, which is linked to the Treasury Department.

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When I was working on this amendment, there were no issues that were raised through the consultation at that point that I had with Law Officers or the Treasury Department. However, in the

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last, I think, two days, I have had engagement with our International Relations and Trade Policy team and I thank Deputy Le Tocq for picking up on this amendment and, through the International Relations and Trade Policy team, sharing some of the concerns that potentially arise from introducing some such controls, which I absolutely accept and take.

495 The issues arise because we have not had such controls historically, in choosing the way we negotiate our international trade agreements. We have not chosen to have reservations or protect real estate as one of the industries in the way we are negotiating our trade agreements. We have taken a certain negotiating position and that is how we have been undertaking those negotiations in relation to WTO, OECD and all the other different international trade agreements, which means
500 introducing now such controls will be problematic. And I accept that.

However I was not aware that right now, if we wanted to decide to do something with our domestic property, we actually have missed the boat. I thought hard whether I should still lay this amendment or not and I accept that challenges have been presented and I have chosen to lay this amendment because I thought it was important to raise this idea with the Assembly and also to
505 raise some of the challenges we will be facing with actually legislating for domestic policy as part of the trade agreements.

So I wanted to lay it because I think such ideas should be surfaced. Whether they are progressed or not is a different matter. I wanted to lay it because I continue thinking we really need to leave every stone untouched and I raise it because, perhaps in our future negotiating policy on trade, it
510 is something we can pay attention to because that could become an issue that we want to look in more detail down the line because other countries are doing and because we may find that this is actually a useful thing to do.

I have liaised with the Cadastre team to understand whether we have a way of having a proxy of what the foreign ownership of real estate property may be. I think it is quite challenging to do that,
515 for the simple reason that properties can be held by holding companies and we have no way of knowing who the beneficial owners are.

I do not have a proxy in terms of exact foreign ownership of domestic real estate in Guernsey but what I found what was interesting is that there are 18,000 Cadastre accounts for domestic property while we have about 27,000 or so, certainly in the late, high 20,000s of properties, which
520 means there is quite significant concentration of ownership of domestic properties in the hands of a smaller number of accounts. So again it does show that there is property, we could potentially call it, speculation in the market.

In laying this amendment, supporting this amendment does not mean we are saying we are going to do this but I think supporting this amendment will say we have looked at this issue and
525 perhaps Policy & Resources can come back with an answer that can go on public record to say we have considered this issue but based on our trade policy position that we have chosen to undertake right now it is not something we will take.

I thought it was still worthwhile for the Assembly to realise that such levers exist but also really to understand the situation we are at and very much driven post-Brexit, because we are signing up
530 to all these international trade agreements, we as an Assembly have actually no idea what those conditions are. I know Deputy Dyke is keen to pay specific attention to what the conditions are but frankly we do not know. I did not know, for example, that we are not reserving rights for domestic property legislation.

We are now in a position where we increasingly have to abide by international standards at many
535 levels, whether it is international trade, manual, etc. and also being able to preserve the autonomy of and finding those USP positions as an Island that we can continue to have. I think this type of challenge around domestic property controls presents the next challenge. We do not have the levers that we think we might be able to have in legislating on some matters, which are actually of national importance to us.

540 So what I would ask is Members, I do not know how much debate there will be on this, but to see this as an amendment that has tried to explore new ideas. I take on board absolutely the comments that I have received in the last few days but I think what I would ask P&R is to perhaps

to realise on public record that we have looked into something that perhaps we are not able to support it at this stage.

545 Thank you.

The Bailiff: Deputy St Pier, do you formally second Amendment 7?

Deputy St Pier: I do, sir.

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The Bailiff: Deputy Prow.

Deputy Prow: Thank you, sir.

555 Please may I ask for a motion under Rule 24(6) and ask you for a ruling whether this amendment goes further than the Propositions?

Thank you, sir.

The Bailiff: I can certainly do that, Deputy Prow. That is the way to do it, Deputy Vermeulen! *(Laughter)*

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I am satisfied that adding a further Proposition to the set of original Propositions is an amendment that goes further than the original Propositions in this context and therefore I will put to Members the motion that Deputy Prow wanted me to put, namely that the amendment be not debated and that no vote be taken thereon.

Those in favour; those against?

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Members voted Pour.

The Bailiff: I will declare that carried. So there is no further debate on Amendment 7 and we move into general debate.

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And there is no general debate so we will go to the vote ...

Deputy Roffey.

Deputy Roffey: I was going to try and break my habit of coming in so early in general debate but I was really worried that we were not going to have any.

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I want to really pick up on the Treasury lead's closing remarks during his opening speech yesterday morning, about the dire underlying financial position that we are in and the burning need to tackle our structural deficits. I will turn to the need to fix it in a moment but firstly I want to focus on some of the blame that he dished out. He blamed the media for mis-portraying proposed spending increases next year and he blamed decades of previous Assemblies for landing us in the position that we are in today.

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In both cases I think he is both right and he is wrong. I actually do not blame commentators for focussing on what is a 9% revenue spending increase next year. I think that is natural. In fact I am quite surprised that what none of them has done is pointed out that the underlying increase is actually even bigger, because that is after we reduce spending on pension contributions for our employees.

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However, he is right that there are very good reasons for the increase and some of the blind criticism is unfair. Now some of those are inflationary, as he pointed out, and he also said that some were driven by the demands of the GWP, but do not forget the GWP is the choices of this Assembly and I think those choices, by and large, are correct. The simple reality is that there are some things that any civilised society just needs to do and funding those, particularly in the face of massive demographic challenges is incredibly difficult.

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So I fully take his explanation and indeed I will be asking for a further modest increase in spending in the next debate. But what I would say is that if we are misunderstood and blamed by the public for a lack of spending constraint then it is sort of understandable because so many

595 successful candidates two years ago promised a massively reduced spending and cut out alleged fat from the States. They really bigged-up the waste that was supposedly there in the system.

Now that was probably a good strategy for being elected, because it chimed so well with long-lived urban myths but in many ways it was incredibly unhelpful. However, if they still believe the promises they made about spending reductions at election time – and those promises were
600 widespread, including from several now right at the top of Government – then of course the option is open to them to propose an alternative strategy in January to cure our structural deficit through spending cuts. But they had better be specific, I think.

Now, as for blaming previous Assemblies over the decades, once again I think Deputy Helyar was both right and wrong. Let us be fair, do not forget, a previous Assembly set up the so-called
605 rainy day fund, successive Assemblies put money into those reserves and this Assembly is now daily spending them. So to that extent it is probably unfair to blame previous Assemblies.

However, on the other hand, I remember in the early noughties hearing our chancellor of the time, Deputy Laurie Morgan, year after year proposing absolutely no increase in indirect taxation. Not no real terms increase but no increase at all. The expression is still etched on my mind, it was
610 always the same: 'There is no fiscal reason to increase taxation.' Those were happy days.

Now, I remember being ridiculed by the States when I brought an amendment proposing that indirect taxes should nevertheless go up by inflation, with the money that was not required to be spent at the time going into the rainy day fund, to move more rapidly to the one-year cover in public expenditure. I argued it was like the Biblical parable of the seven fat cows being eaten by the
615 seven thin ones. I do not often quote the Bible but I did on that occasion because I knew our happy financial position was not going to last forever.

Now, can we blame the States of the time? Yes. I suppose we can. They gave me short shrift over that. But then I again I strongly suspect the current one, had it been in power back then, would have been even more dismissive of the idea of putting up taxes when it was perceived that it was not
620 absolutely necessary.

Another example, perhaps, is that several previous iterations of the Social Security Committee proposed increases in contribution levels on a stitch in time saves nine basis because they could see quite clearly the funding challenges, which our changing demographics were bringing. Dismissed every time. We would have been in so much better position if they had not.

But, sir, what really counts is not how we got here but what we are going to do about it. Whatever the history, this Assembly faces a huge challenge and if we flunk it, it will be one of the biggest Governmental failures imaginable. And there are just so many ways that we could fail that it keeps me awake at night. So I ask today I ask P&R to confirm that we will still be addressing this in January. Frankly, even that is really far too late. It is two-and-a-quarter years into a political term for an item
630 that was identified on day one as the biggest thing that we had to tackle.

And if we are still going to debate major tax reform in January, then I urge them to decide what they are going to propose and to publish it as soon as possible. Because States' Members and the whole community need plenty of time to consider this massive step. But I would also, sir, urge every Member of this Assembly to use the next two months fully to decide what positive, practical and
635 costed package of measures they are going to be supporting in January, in order to cure our large structural deficit.

Do not come into this room and just vote against everything because all of the options are unpopular. I am afraid unpopularity comes with the territory of Government and as Deputy Helyar rightly points out, under our unique system, every Member of the States is in Government. I
640 welcome that. I want it to continue. I do not want to move to an executive system. Well it is an executive system, we are all the executive. But we have to face up to the responsibilities that that brings.

Nor should any Member come in with vague alternatives, like: 'I would prefer to do it through public access.' Or: 'I prefer higher taxes on income.' Or: 'I prefer a mosaic of smaller taxes.' Or:
645 'Personally I would cut spending instead.' The time for such generality is well and truly over. If

Members are not going to back P&R, they need to be putting forward properly thought-through and costed alternatives.

650 We all know, from the presentations that P&R have given, the shortlist of options that that Committee is considering. So if none of them are to Members' liking then this is the time that they should be working on their alternatives. Cancel Christmas. Get down to work on what you are actually going to be putting forward and supporting in January.

655 Speaking personally, none of the options still being considered by P&R is actually my preferred way forward. But politics is the art of the compromise and I have sat on the Tax Working Party and as a result I want to compromise and there is one option still on the table, which I will swing behind if it is the one that P&R selects. However, if P&R go for another option, then I already have my amendment semi-drafted and my seconder, in Deputy Falla, lined up and ready to go. I hope it is not necessary, we shall see.

660 But I will certainly be supporting a package that will cure the structural deficit. It is going to be fascinating but this is not a political game. It is not a political game. A great deal of Guernsey's future is riding on it. Far more important that the survival of any political career. And it is going to be unpopular whatever we do. Yes, we all know that putting up taxes is always deeply unpopular. But I am in absolutely no doubt that the alternatives are worse. Slashing the projected capital spending, which is a really easy measure to do, would be myopic in the extreme and it would lock Guernsey into a glide path of decline.

665 We have already been, I think, guilty of under-investing in our infrastructure over the last decade. If we do that again over the next decade, we are heading for a very poor place.

670 As for slashing revenue spending, of course we could all make individual suggestions. My personal one would be a far more cost-effective system of secondary education than the one that this Assembly approved. But have no doubt, whatever individual suggestions we make, the level of reduction in revenue spending needed to avoid large increases in taxation is massive. I do not think the community have any idea what the impact would be. I make this prediction: if we go down that route, the outrage that was attached to whether it was GST or any other tax increase will be as nothing compared to the outrage when basic services that people take as an absolute given in a civilised society start to be taken away from them.

675 Sir, we are living in interesting times, in challenging times, and we all have to rise to that challenge and very soon. I think the best way to allow us to start to step up to that plate, is for P&R to select and publish its own preferred way forward and as soon as possible.

The Bailiff: Deputy Ferbrache.

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Deputy Ferbrache: Sir, when Deputy Roffey said to me earlier this morning he was going to make a speech, I inwardly groaned a bit. But I am now most exultant. Not only at the fact that he has made the speech but with its content. Because what he has said, certainly the latter part of it, is of massive common sense. It is also not only tinged with realism, it abounds with realism. Now he has asked two questions of P&R, which are entirely reasonable. I think he probably knows the answer to them really but, firstly, we intend to publish before the end of this month our preferred proposals.

690 Nobody is going to like them. Nobody is going to punch the air in jubilation when they are debated in January, but we are going to be publishing our proposals then. We will be coming up with proposals and we will be asking the States to have some courage and to follow them, because they are not going to be easy, and we do have a preferred option. Again, I use the word 'preferred'; we would all prefer, in this Assembly and beyond this Assembly, to not advocate any tax increases in January, and that the sun was going to shine every day and everything was going to be happy, and we were all going to be wonderful, and we could carry on in the way that we have carried on, that for years and years.

695 Now, I was in the States in the second part ... well, I was in the States actually when Deputy Laurie Morgan became President of Advisory and Finance. In fact, I was a member of his committee from

1997 to 2000, and I remember the Budgets that were put forward between 1997 and 2000, and Deputy Roffey, who was not in the States at the time, is actually right. Perhaps more should have
700 been done then, but the money was gushing in in those days; we thought the sun was always going to shine, we thought that we were in Nirvana, really. And then, of course, came 2007 and 2008, and we had the very interesting discourse yesterday between Deputy Trott and Deputy Parkinson about who was right and who was wrong, and what we should have done in 2007 and 2008.

I commend both views. The States of Guernsey was at its best in 2007, 2008, 2009 etc. Making
705 those, we had two intelligent people in Deputies Parkinson and Trott, advocating views in relation to those. They were different views, but at least they were constructive proposals, put forward for the good of the Bailiwick of Guernsey.

I give way to Deputy Trott.

Deputy Trott: I only ask Deputy Ferbrache to give way because I want to remind him, he will
710 recall, that in 2004 when I became Treasury Minister, the rate of expansion of public services was such that we would have doubled the Budget just over a single term. In other words, it was rising, it would have doubled every five years. This was on the back of very significant surpluses that he has referred to, but this idea that it is 'new' for the States to want to spend what it has, is not new;
715 it has been ever thus.

The issue that the Advisory and Finance of the day had was knowing where to put this money to stop the States spending it, because it knew that uncontrolled and unrestrained expenditure at that level was the road to ruin. Those were the issues of plenty, and as he knows, we now have a completely different problem, but they would have been made much worse, had we have not
720 slowed down that supertanker. That is where the contingency reserve came from; the issue then was stopping the States from spending what it had. The issue today, of course, is constraining States expenditure, in order that we can cut our cloth to fit the world in which we live.

I am very grateful to Deputy Ferbrache for giving way, sir.

Deputy Ferbrache: Gratitude abounds, because I am grateful to Deputy Trott for his
725 intervention. I was not in the States then, but I fully remember the point he made.

I can go back seven years, because he talked about 2004; I can go back to 1997. I remember when I joined Advisory and Finance in 1997, I was told by a very senior member, a great mentor of
730 Deputy Trott, 'Look, we've got this money, we don't want to tell them what we've got with it, because they'll spend it.' It was almost as naked and as brutal as that, but it was true, because he was concerned that if the States had all these pots of money, it would waste it, rather than deal with it prudently.

That thought has been around in senior States' Members for a long time, but there is the 'Danny Boy' thing with moving from sunshine into shadow. I do not want to move from sunshine into
735 shadow, because we have got us a lot of sunshine. I was sitting last night by a gentleman who played one test ring in the 1989 against Australia; he did not do too well, because he never played for England again, but he is well-known in cricketing circles. He has been a friend of Guernsey for over 20 years; he comes here regularly with his family, cricketing things, but other things as well.

He said 'Compare your position today, even today,' because he is interested in politics and was
740 asking about what we were doing, and I explained we were partway through a Budget debate, etc. He said, 'It is paradise in Guernsey compared with other places,' in a sense of where we are. He had a friend who was ill on one of his visits a few years ago and they had to go to A&E on a Sunday afternoon; and he compared A&E on a Sunday afternoon a few years ago in Guernsey, with A&E in, he lives in Hampshire, which is not exactly sin city. It is not people blowing up ... it is not hatchet
745 time like Huddersfield, where the druggies are chopping people's arms off to control the cannabis drug market that some people want to legalise in Guernsey. I hope not, but there we are, that is what they all want to happen.

Anyway, he was saying 'That's what you've got,' and we still have that, but we have got it by the skin of our teeth. We have got it by the skin of our teeth, because we are clinging on to where we

750 are in relation to finances. The one discordant note in Deputy Roffey's otherwise excellent speech was, of course, his little bash about education. Now Deputy Roffey and others, now I am not going to go into the education debate, but Deputy Roffey and others were responsible for blowing up an education system that we had, which was second to none, so I will take no lessons from Deputy Roffey, in relation to what we should be doing, in relation to the education system. We are trying to rescue something from the ashes that they created.

755 Anyway, that is not for today. In relation to expenses, the media does not want to read it, because it is difficult and that is fair enough. I do not want to have a bash at the media because they have got to fill up their columns and nothing much happens sometimes in Guernsey, so they have got media to fill up all the time.

760 But I went to a presentation a few weeks ago. There were only 10 States' Deputies there; it was an excellent presentation from Deputy Brouard's committee about the mental health services in Guernsey at the Cotils. Absolutely excellent. The gentleman they had, who was a very experienced mental health practitioner, if that is the right phrase, just said 'How excellent'. The essence of what he was saying is, 'Of course you could do things better, of course there are things that need to be done,' but our mental health services, compared with those in other jurisdictions, particularly England, there is no comparison. Talk about ... and he said 'Look at waiting times. You wait for years for an appointment in England; in Guernsey, you get one pretty quickly.' What did the media do, almost the next day? They had somebody on saying, 'I have got to wait a long time for my mental health appointment in Guernsey, etc.' They ignored all the good news, because it was better to put the bad news.

770 What we do, if we look at page 6 of the policy letter, we can see at page 6, a schedule, a table, which showed the overall financial position for 2022 and 2023. What we see in 2021 is the actual revenue income was £508,000, and the probable outturn for 2022, because it is not quite finished yet, is £550,000, so it went up by £42 million in that 12-month period, or thereabouts, because, as I say, we are not quite at the end of it.

775 The actual rate of increase this year, although good – it is going up to £582 million, for next year, I mean, and it is always adjustable because sometimes we get extra income in, so that £580 million might not be a final figure – but it is still less. It is £32 million, rather than the 42 million for the year that we are just about to complete. So although money is still coming in and it is still going up, (a) there is no guarantee that figure will increase, and (b) it does not seem to be increasing to the same extent that it was in a previous year. That may turn out to be wrong when we look at this figure or these figures in more actuality, in 12 months' time.

780 But we know that cost pressures have gone up. I mean Deputy Trott made a speech last year saying, 'Look, I think we can have 4% inflation next year', i.e. this year. He said, 'I really do think that,' and I said I think it could be higher and he nodded in agreement. I do not think Deputy Trott or I would have foreseen that it would have been 7.98% in Guernsey, and 10% or 11% in the UK and other places – and it has not peaked yet. Hopefully, it will be reaching its peak soon and coming back down.

790 But even people as experienced as him did not foresee – the Bank of England certainly did not foresee – that it would be where we are now. So we have had curveballs all the way through. Who would have thought the mad Russian, Mr Putin – I am not going to call him Mr Putin – Putin would have decided to invade a country and kill people, and blow it up on 24th February this year? Who would have thought that monster would do that? But he has done it and that has caused, not only for the people of Ukraine, it has caused for the people of Guernsey, massive consequences.

795 We cannot get exported; the Russians now are going to blow up the ships coming out of the thing, because they blew up their own ship to make sure that they could make things difficult, because the war is not going well for them, so they are trying to blow up electricity and power sources in Ukraine. That is the kind of madness that nobody could foresee; that is the kind of reality we have got to deal with.

800 So when we look at section 3 of the Budget Report, from page 24 onwards, we actually look at where the money is being spent. I will not use the language that my very able colleague, Deputy

805 Helyar, talked about certain unions yesterday, in relation to some of the settlements that have not yet been achieved. But £21.3 million has been set aside for the effect of several pay awards for 2022 and 2023. 'Too much', some of the people said, but that is actually 5% plus £500; that is basically it for this year and inflation next year, and less than inflation the year after.

People did not have any or much rises, by and large, other than the nurses in recent years in the Civil Service, so this is a bit of a catch-up. Also it is still less than inflation, but it is all Guernsey can afford. But it is over £21 million; that was the extra cost and it has not ended yet, because there may be some challenges to the offers that have been made, and will be bound by whatever decision the appropriate body makes in relation to those, because that is the way that pay settlements operate.

810 The other big expenditure is '£22.7 million, for cost pressures in relation to inflation or demand for delivery of existing services'. Pausing there, it goes on to say '£13 million of this total relates to health and social care services,' so £13 million extra for health and social care. Who is going to stop that? Who is going to stop that? Who is going to say the good friend of Deputy Trott and Deputy Brouard, Mrs Le Page from Torteval, when she needs an operation? Who is going to say that she cannot have an operation, because we have not got the money to open the ward or to provide the doctors or the nurses? Let somebody very brave say that.

815 So £13 million of that is for health and social care, and £4.9 million is in respect of the uprating of non-contributory, Social Security benefits, which are described as Income Support, Family Allowances, Severe Disability Benefit and Carer's Allowances. All money well spent, but it has got to be paid for, and it is nearly £5 million.

820 And then we carry on on the next page: £7.7 million for approved service developments, which were prioritised in previous Budget Reports or which following specific States' direction – and Deputy Brouard has told us about this before – including £4.8 million for funding drugs and treatments in respect of a technology appraisal from the National Institute for Health and Care Excellence – NICE drugs. NICE drugs. Not nice! But it is money that we have had to spend in relation to it. There is £5.8 million for initiatives or programmes which were approved as part of the Government Work Plan. We all approved that just a few months ago: £5.8 million that we have got to spend; £2 million within the Health and Social Care's limit to fund the vaccination programme for COVID. Well, I think that nobody is going to argue about that.

830 An increase of £1.1 million in the Committee for Economic Development's cash limit to fund the operational costs of the Guernsey Registry. And other sums, £125,000 within the cash limit for the STSB, in order to cover the forecast trading deficit for Guernsey Waste. And Deputy Helyar, in his opening remarks, referred to the £6.2 million, or thereabouts I think it is, set aside for the deficit for the ports, or whatever it is. I was President of the STSB till October of 2020, and we knew that the ports were going to struggle. We were dealing with COVID, we knew that we were going to struggle. We also know – *we know* – that you could go down to St Peter Port Harbour today and write a cheque for £30 million, to do all the various maintenance, etc. that needs to be done. That needs to be done today, but we have not got a cheque for £30 million.

840 I had a brief conversation with Deputy Brouard some time ago, and it will impend upon the next item that we are going to debate, and the amendments that are going to be put forward in relation to that, about Carers' Allowance etc., that SLAWS approved in 2016. We have not done much about that. Why have we not done much about it? Firstly, we have not had resources, because the States keep passing things that say we have got to do this, we have got to have a report for that, we have got to have a report to see if we can build widgets in Guernsey or whatever it is. And secondly, we do not have the money to do it! It is £20 million to £30 million per annum. Where are we going to find £20 million to £30 million per annum?

845 Council follow and listen to the very wise words, on this occasion, of Deputy Roffey, in relation to what we should be doing in January 2023. I will be furious in the extreme, because I have said, on many occasions in this Assembly and outside of this Assembly, we are all here to work to what we need to do with the tax review in January – all 40 of us. Do not come up with surprises, do not say, as I heard one Deputy say to me, 'I'm not going to tell you what I'm going to do, because you'll

pick holes in it.' That, to me, is thoroughly, thoroughly, thoroughly irresponsible. Work with us now. If you have got alternative proposals ...

855 Deputy Parkinson is a very, very able person, I have known him a long time, and I know he is very concerned about corporate tax etc. We have spent a lot of public money on a report in relation to corporate tax recently, and that has been published to States' Members. I am not a corporate tax lawyer or expert, like Deputy Parkinson; I bow my knee to him in that regard. But we know that the corporate tax thing, unless there is something magical, is not going to fill the gap that we need; we should do the best we can, look at it the best we can.

860 But in reality, this Budget process today, where Deputy Helyar, in his usual concise and able way, outlined the matter in 12 minutes or whatever it was ... We have got a deficit for this coming year; we have got a £33 million surplus, and I accept that Deputy St Pier or Deputy Trott will be telling us of their experience as Treasury Ministers in the past, that sometimes the revenue goes up, and it is a bit more than you expect. But even if it goes up, it is not going to go up to such a significance that it is going to take us to the Promised Land; it might go up a few million, and I hope it does, of course, the more it goes up, the better. But in connection with all that, we have got these fundamental problems; we have got £580 million coming in for revenue; that is what we expect for next year, we have got the other bits and pieces.

870 But we will only have a surplus of any kind at all if we have an investment return of twenty-six point something, say, £27 million. That is very speculative, looking at next year; it could happen, but it could be zero again which it is anticipated to be this year, and if so, we are probably going to have that much, if anything, of a revenue surplus. That is without investing anything in our infrastructure. I am not blaming the previous regime or the previous administration, or the administration before that; it is a fact that, for many years the States has not invested enough money in its infrastructure for the people of Guernsey, and it is going to have to do that, that is an absolute necessity.

880 Again, it is not new, because when I was in the States from 1994 to 2000, I think little or nothing (**A Member:** Hear, hear.) – and also that would have been the case the 10 or 12 years before, it had been spent on States' houses ... Very little indeed. So that was infrastructure that should have been engaged in then, and it just was not. Deputy Vermeulen was telling us yesterday about his father buying houses for £2,000 in 1973, and they were sold for £2,000 in 1974, or whatever it may be. But even in the 1980s and the 1990s the costs had gone up considerably, but they were still a heck of a lot less than they are today. So I commend this Budget, as amended, to my colleagues in the Assembly, but this is the first step. We are at the foothills of Everest, we have got to climb Everest in January, and it will need responsibility from every single Member of this Assembly – *every single Member!* (**A Member:** Hear, hear.) Work with P&R. If you have got alternatives, come up with them, but please do not come up with them the day before the debate. (**A Member:** Hear, hear.)

Thank you very much, sir.

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The Bailiff: Deputy Queripel.

Deputy Queripel: Sir, thank you.

895 Much was made about the issue of fairness during the debate on the amendment Deputy de Lisle and I laid on Tuesday, focusing on the rates for TRP. Yet Proposition 11 asks us to agree to P&R recommending in the 2024 Budget Report:

... the introduction of a mechanism to charge enhanced TRP tariffs for derelict land and greenhouse sites and unoccupied buildings ...

Well, how unfair is that? I understand the need to address the issue of derelict hotels, lying derelict for several years; that is completely unacceptable, I get that, and we need to clamp down on that. But there is no way I will ever agree –

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Deputy Oliver: Point of correction, sir.

The Bailiff: Point of correction, Deputy Oliver.

905 **Deputy Oliver:** The policy letters coming back in February this year ... regarding the exemption for the derelict hotels.

The Bailiff: I am not sure that that is a valid point of correction, bearing in mind that this is about TRP tariffs increasing. So Deputy Queripel to continue, please.

910 **Deputy Queripel:** Thank you, sir.

Where was I? Oh, yeah – there is no way I will ever agree to penalising Islanders who own derelict vineries and cannot afford to clear them, especially if they have applied for permission to develop them, and have been refused, and consequently, they are now stuck with them. They cannot afford to clear them, they cannot afford to turn the area back to agricultural land, the application to develop the area has been refused. Consequently, they cannot sell them because nobody wants them, and we are going to be asked to agree to penalise them. Once again, I say how unfair is that?

915 But of course, there is an upside to most things, and the upside to a derelict vinery that is completely covered in undergrowth is that it makes a huge contribution to biodiversity. And that cannot be disputed; it is a fact. And I know where there is a huge derelict vinery, it once had 14 greenhouses on it, completely covered in undergrowth. It is making a huge contribution to our biodiversity, and it is now part of a wonderful landscape that is really pleasing on the eye. So, on the issue of fairness, I know we all say one thing and do another, and say another when it suits; I do that myself. But I will not be voting in favour of any Proposition that seeks to enhance tariffs times five. But I say that because that is the amount that was relayed to us recently.

920 I will vote in favour of Proposition 11 because I want the work done. Yes, I realise that if I laid an amendment to separate out in the 2024 Budget any establishments, any areas of land, derelict land etc., if it succeeded, that would result in means-testing, but we means-test thousands of people. So a few dozen more should not be too much of a problem. I know Deputy Oliver and her committee put a lot of faith in policy OC7, but that does not always kick in for an applicant.

930 When they get refused, they end up in a position where they are stuck with the derelict vinery. Someone asked me last week, sir, if there is any good news in the Budget and I was tempted to say, 'Is there ever any good news in the Budget?' but I did not say that because there is some good news in this Budget. One only has to read the first sentence of paragraph 1.24 to realise that. I will read that sentence out, sir, for the benefit of Islanders listening on the radio, who may not be aware what it says. It reads as follows:

The 2023 Budget includes specific proposals to provide support to islanders, particularly targeted at lower income households, during this period of high inflation and rising interest rates ...

That sounds like good news to me, sir.

940 Deputy Ferbrache has often said, in this Chamber, the States have let middle Guernsey down. I assume by that, he means people earning between £30,000 and £50,000, or even £60,000. If that is the case, then the irony is that we are letting ourselves down, because many of us in this Chamber are 'middle Guernsey'; that is the irony. I know I am.

945 Those members of our community who say Deputies are grossly overpaid need to realise that is not the case. I get approximately £40,000 for my 50 hours a week, but I could easily earn that for doing less hours a week if I went back to my profession, of running my own decorating business. That is the sacrifice I make, and many of my colleagues also make similar sacrifices. The other thing, those members of our community that always like to pop up the States need to realise is Deputies are not exempt from taxation; every tax we introduce, we have to pay as well. There are no perks to this job, we do not get any preferential treatment or special treatment.

950 On that note, what we are told on page 66 spells out what I am saying, because we are told on that page the combined total of every Deputy's salary is just over £2 million a year, which comes out of a Budget of £533,553,000. If we went back to the times when Deputies were not paid, it would

still cost £531,000,000 to run the Island. And where are all these people anyway who would be prepared to work for nothing as a Deputy? Did any of the candidates in the last Election say they would work for nothing? I do not recall any of them saying that.

955 Moving towards the close, I am absolutely delighted to see what we are told in paragraph 1.42. It is only a two-sentence paragraph but it says so much. And I want to read it out once again for the benefit of Islanders listening on the radio who might not know what it says. It is under the heading of Provision for Aurigny Loss. And those two sentences read as follows:

Aurigny is projecting a small loss of £1 million in 2022 which is in line with the estimate (adjusted) included in the States Trading Supervisory Board's policy letter entitled "The Aurigny Group – Financial Sustainability" ... It is anticipated that the airline will return to a break-even position in 2023.

960 Two sentences which say so much. We have been waiting for years to hear this. We have had years of losses incurred by Aurigny, almost £100 million, and I am one of a handful of Deputies who have been saying for 10 years the States needs to step in. It never happened and it should have done, in my view; it should have happened years ago. What a much-needed breath of fresh air the new CEO is, and I applaud him and his team, (**Several Members:** Hear, hear.) for adopting such a proactive approach. I have been waiting 10 years to say that. Ten years that have cost taxpayers almost £100 million. I will say it again – I enjoyed saying it! What a breath of fresh air the new CEO is of
965 Aurigny. I applaud him and his team for adopting such a proactive approach.

In closing, I sent a whole raft of ideas to P&R recently about areas where we can save money and make money. And I know they have been very busy and they may not have had time to study them but I ask them to, please, take those ideas very seriously; and I have got more, so there will be more coming along at some stage, when I have got time to sit down and put them all together.

970 Thank you, sir.

The Bailiff: Deputy Falla.

Deputy Falla: Thank you, sir.

975 I am really pleased to see in these Budget proposals that there are some which attempt to address some of the issues around the housing crisis. In particular, Proposition 14, which is really an incentive, perhaps for some, to downsize, where they might not be desperate to downsize, but it could be in the back of their minds and this opportunity to save some Document Duty could be just the thing to push that decision forward. That is in Proposition 11 – No, it is not, sorry, it is
980 Proposition 14 – of the Budget policy letter. Because the ways of influencing behaviour are either with carrots or sticks, and we all know that the best way of incentivising is stuffing Guernsey donkeys with a carrot, so I think this is a really smart idea and I do hope that that is able to be brought back and moved forward.

985 The other one is reverting to Proposition 11, where I do not entirely agree with Deputy Queripel because I am very keen to see something done about greenhouse sites. I know I bark on about it at every opportunity, but I feel that this could be one way in which again we could incentivise, in Proposition 11:

To endorse the intention of the Policy & Resources Committee to recommend, in the 2024 Budget Report, the introduction of a mechanism to charge enhanced TRP tariffs for derelict land and greenhouse sites, and unoccupied buildings (residential and commercial).

990 The problem with it is, of course, it is not a carrot, it is more of a stick, and I do not think that is going to be as effective, but what I really would like to see is in the intensive review of the IDP that we do actually come up with some carrots, and maybe by the time the Budget Report for 2024 comes around, it will not be such a difficult decision because there will have been other ways for people to improve and make use of that land.

I have talked about some of those sites potentially being available for housing. I know that is not a universally popular view. I do like biodiversity, and I am all for it, but I still think that there are

995 an awful lot of decrepit greenhouses around the Island still. We are not even seeing them anymore, we are so familiar with them, but they are ugly in my view.

There is an opportunity for solar potentially on some of those sites. Yes, perhaps for housing, and also just for green spaces, but which are tidier and do not have broken spines of wood and glass littering them.

1000 Sir, I do thank P&R for using the Budget as an opportunity to address some of these issues, and I am again hopeful that the IDP review will, along with a possible stick of the future, provide some carrots for some of these derelict sites to be attended to.

Thank you.

1005 **The Bailiff:** Deputy Prow.

Deputy Prow: Thank you, sir.

1010 I rise briefly as I should give the Assembly the Committee of Home Affairs' position on our submission included in this Budget. It is summarised, sir, on page 19, in appendix 5. The Budget deals with the need to prepare for Moneyval and develop how we deliver existing services focused on countering economic crime, money laundering and terrorist financing, and accounts for the significant element of the committee's request for an increase in its budget allocation for 2023. The committee is very grateful for the support shown by the Policy & Resources Committee, and this Assembly, in focusing resources in this priority area.

1015 As I have said before, taking action to combat financial crime and investing in all the agencies that do this, is not just important in preparing for an evaluation; it is absolutely the right thing to do, as a responsible jurisdiction and one which has an economy dependent on its successful finance sector. A matter that has been very eloquently endorsed by Deputy Trott in this Assembly, and also by Deputies Ferbrache and Helyar, and I am very grateful for that support when it is given. Home Affairs is equally encouraged that the Assembly continues to recognise through the Government Work Plan, the importance of keeping the Bailiwick safe and secure. Home Affairs' 2023 budget submission acknowledges the need to continue to manage our post-Brexit responsibilities, and to invest in those justice initiatives that will benefit our community.

1025 Home Affairs is mandated to deliver critical frontline services; we rely heavily on our workforce, and not investing in those individuals and the services they deliver would be a false economy. However, it would be irresponsible for the committee to be blind to the current financial climate, and I would like to assure the Assembly that we are constantly challenging services to consider innovative ways of working, that can create efficiencies without impacting on service delivery. Sir, in summary, Home Affairs is committed to operating within a tight budget. So I would ask the Assembly to support the Home Affairs element of the Budget.

1030 Speaking more widely, I would like to thank Deputy Helyar for his very concise opening speech, and I also endorse Deputy Ferbrache's speech, and I would please ask for all this Assembly to vote for all the Propositions before us.

Thank you, sir.

1035 **The Bailiff:** Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

1040 I would like to speak briefly on one of the most unpopular taxes out in the community, that of TRP, although, of course it is a tax that seems to be popular with Members in this Assembly. But the fact is that it keeps going up and up and up, and year on year, to householders and industry. Nobody seems to see any value, any real value, added to themselves through this tax. People complain, of course, that they have just dealt with their mortgage, and now they have got a continually escalating mortgage to the States on their property.

1045 But what I want to make a point of is that the tables in this report should reflect reality, and they are not in some cases. For example, I would like to turn to page 71 which deals with the tax on

rateable value, the taxation on real property. That table there does not reflect reality. This does not reflect the extra increases charged to properties, with a rating of over 200 in 2019 and 2020.

1050 In 2019, there was an increase of £1.3million in tax on domestic properties. In 2020, another
£800,000 in tax, raised through TRP on domestic properties. That was in addition to the 10%
domestic increase in 2019 and the 10.2% increase in 2020, already outlined in the table. What I am
asking for is that in the column 2019 there should be an increase there with effect from 2019,
properties with a TRP of over 500, a premium of 60%. That premium of 60% is not documented in
2019, in that table, and it should be! Then, in 2020, with the effect from 2020, a premium of 15% on
1055 properties of TRP of 200 to 299; 30% on properties of a TRP of 300 to 399; 45% on properties of
TRP 400 to 499. That has to be written under the 2020 section. It is not just 10.2% domestic, it is all
these other surcharges that were placed as well, that are not indicated in this table. So I ask that
that correction is made.

I also ask that under Commercial ... there are inaccuracies there too. The increases in TRP tax on
1060 commercial properties, to level the tariff for general office and ancillary accommodation, with
regulated financial industries, over five years, an increase of £5.7 per unit in 2020, to raise £700,000,
is not indicated in this table. Nor are the increases in 2021, 2022 and 2023, because we have gone
through four years, now, of the five years, this 2023. The increase, as I said, was £5.70 per unit to
raise £700,000, but that was a 42% increase in 2020, on those properties that are now mostly idle,
1065 without any rental income coming in.

In 2021, an increase of £6.05 per unit, which is an additional 29% in tax, and that is not indicated.
2022 will have to be adjusted as well to indicate the commercial increase. What I am saying here is
that we have to be more open and transparent with the public, and with the States here, in terms
of what really is going on in terms of TRP hikes, both in commercial and in domestic, and it is not
1070 being reflected in the tables that are provided in front of the actual Deputies that are hiking, through
P&R, these rates every year. It is very important that a table like this reflects reality. There is one
other point that I think has to be made very clearly, that anyone with a TRP, and I would like to refer
to page 20 of 500 – *exactly* 500 – should get a rebate on the extra tax paid from 2019, right through
to the current, and the one that is being passed today, they should be not taxed for that either.

1075 Let us look at page 20. Here we are. On page 20, what does it say? Under 2.44, it gives all these
horrible tax increases to larger properties, 10%, 12.5%, 15%, 20%. Increases from 10 to 20%, which
I would have reduced in my amendment earlier, to 8%. But what it does say here is 15% for
properties with a TRP rating 400 to 499, and then on the next line it says, '20% for properties with
a TRP rating of over 500'. In other words, they have missed 500, and 500, they missed also in 2019,
1080 in the Billet of 2019, which I have here.

In that Billet, it is page 53, it is the November 2019, Policy & Resources Committee, States of
Guernsey Annual Budget for 2020. There, it makes the point again, which is a duplicate of what I
have just said, that the 500 was not actually taxed as an increase. I would ask that the tax
department, or the P&R sees to it, that those people with 500 as their number, their rating, are given
1085 that rebate on the extra tax that they have paid since 2019. As I say, the States have to be more
open and transparent with the States and the public, in terms of tables that are placed in here that
do not reflect reality. I would also like to say that I will not be supporting those measures under
Propositions 11 to 13 in the Billet, which are looking at increases in TRP in the wider aspect; in other
words, taking a broader look at TRP and incorporating more people with TRP charges, which I think
1090 are unreasonable.

Sir, I would like the P&R to report back to me, personally, with respect to the changes that they
will make to the Budget in respect to the points that I have made today. I would like also to make
the point that it is very important that we reflect accurately to the public, and to the States' Members
here, exactly what we are doing when we publish a report like this, that is obviously inaccurate in
1095 certain aspects.

Thank you, sir.

The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir.

1100 I have to speak; I am afraid Deputy Roffey always winds me up.

I will start with thanking Deputy Helyar and his team for their Budget, their presentation, and for his presentation to this Assembly. It is difficult to know where to start; when looking at the figures on page 73, things are not too bad. Bottom right on revenue, we seem to be in a surplus of £32 million, although, as Deputy Helyar has pointed out, the guestimate of investment return, of £26 million, is rather iffy. That could be less, it could be zero, it could be negative.

1105 I guess we might work on the basis that we are pretty close to zero in terms of a Budget surplus, which I suppose is better than the UK and most of the rest of the world, so there is that to be thankful for. Although, on the other hand, we cannot print our way out of it by printing money, as I believe. That is where we are. We do have a rainy day pot still, and we have got some borrowings to tide us over for a short period, as necessary.

1110 We are not dead in the water, but we do obviously have serious issues. That leads us to taxation and savings. Deputy Roffey is obviously dead keen that we should have Guernsey sales tax, but the problem with that is where does it take us in terms of financial discipline? It starts of at 5%, next year, 'Oh, we've got to buy this, it's 6%, 'Oh we need this, it's only another penny, it's 7%, ' and so it goes on and on until this gets completely out of control.

1115 In terms of working on this, presenting it to the public, I do think we have more work to do on the savings issue. We have passed an amendment, telling all the committees to look at everything. In my opinion, we really must do that, before we start committing ourselves to something like GST. At the moment I am not seeing another tax option; there are lots of small things we can do, which probably are not worth going into here, because they are not going to add up to much.

1120 That is where, potentially, we are going, which is why it is so important that we do the savings. As I say, we have passed the amendment to do that. There has been an awful lot of talk about reviewing the shape of Government, but to be honest, to my mind it is still a bit pear-shaped, and we have not quite changed that. I know some of these issues are very difficult; I mean, I have talked to members of P&R and it is very easy for me, standing here, not being a member of P&R, telling them what to do. But I would say that we do need to look at various areas; to start with, the Civil Service, are there areas where we should have a partial freeze? Should we look for new Civil Service employees, putting them on the secondary pension plan, which we are likely to be introducing for the private sector; that is coming up, I think, in a month's time. Should we do that?

1125 Should we be looking at how the annual reviews of salaries are done, and make it more of an assessment basis, and a bit less of an incremental progression?

I will yield to Deputy Prow.

Deputy Prow: I thank Deputy Dyke for giving away.

1135 I think that around incremental progression, this was the subject that was raised during the presentation to States' Members, and I think that is perhaps an area where the States could make more headway. Deputy Dyke was talking about freezing numbers, and we had been talking about the practice of salami-slicing away at the Civil Service. It would be crude budget cutting, but that has proved unsuccessful in the past. But I do agree with Deputy Dyke that this is an area where I think we could make some progress.

1140 I think developing staff performance and in a presentation from the Head of Public Service, I think this is something that he is very keen on progressing. It is around training and looking at the staff appraisal system, making sure that appraisals are regularly done and tying in the appraisal system with the incremental system, rather than automatic progression, that it is done looking at performance. I actually think a lot of public servants will actually support this and would support a development process.

1145 I think I would agree with Deputy Dyke that this is an opportunity and I am sure that this is something that Policy & Resources are already looking at.

Thank you.

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Deputy Dyke: I thank Deputy Prow for his helpful intervention there, thank you.

So that is one aspect we might be looking at. Other things, I guess we are going to have to look at our capital expenditure. Are there some things that we can cut out of it? I believe that P&R are looking at the Guernsey Work Programme on that.

1155 Then there are smaller things. The income from the lottery and the income from probate go to an institution that doles it out to charity. I was looking at some of those charities and they are slightly curious. Another thing we might do is bring in the lottery income probate funds – and this is not huge sums, but significant; everything is significant – and rationalise our charitable donations to those charities that are very, very focused on societal needs and less the more optional jolly ones
1160 which should be left to the private sector to fund. Bearing in mind, of course, that we always give a tax break which adds to all that. So that is an area of review.

The ports seem to be permanently problematic, as is the Dairy. Should we look at some more private, commercial expertise, brought in onto the board, see if we can improve those things? Deputies have come up with various interesting things that they would like to do with glasshouses, and other interesting ideas, some which I think are quite good.
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But we are a bit stuck at the moment with the way we are forced to change the IDP, involving a process that is about 15 stages, an inspector who is usually some guy from Barnsley, apparently qualified to tell us what to do. The whole thing takes about two years, so maybe the President of Development and Planning, and I, will come up with a requête to change that, so that we can get some of these ideas going and get things moving.
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That was my point; I have got a bit granular there. I accept the amendment we have just passed, we must do it and we must all work together collegiately to save money, and last but not least, not bring forward more proposals, Propositions and ideas that are going to cost more money at this point. We do not have the revenue to do it, so we need to stop coming forward with things that cost money.
1175

Thank you.

The Bailiff: Deputy Kazantseva-Miller.

1180 **Deputy Kazantseva-Miller:** Thank you, sir.

This is an interesting Budget; I have a couple of words for it. One is, it is a Budget that is going places. I think there are some really interesting ideas put forward, and really trying to use the Budget as levers to incentivise or disincentivise certain behaviour, and also support the immediate challenges we have been facing, with the cost of living and so and so. I think some really positive Propositions there, which I will be supporting. I wanted to just mention again Proposition 11 in terms of looking at penal rates for empty property; as I have mentioned before, I think something we have been look at in Economic Development for actually some time, and really keen for this to be explored further.
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There is some potential for using perhaps a higher band of such rates in regeneration areas, to stimulate, give more stimulus perhaps for regeneration in those identified areas that we have identified as part of the development and planning, but I will get in touch with Treasury on that separately.
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So I think there are some really positive moves on the revenue side of things. Where I have an issue with this Budget is on expenditure, and Deputy Dyke has basically raised the points on that account, and I think with that regard, the other word I would like to use for this Budget is a 'runaway' Budget, because it is runaway expenditure. We have never spent so much public funding in the lifetime of this Assembly, and this will only continue – well, we will see what happens next year, but it is unprecedented expenditure Budget.
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I think this is where I have to disagree with some of the statements made. For example, by Deputy Roffey, that expenditure is understandable, or I think Deputy Helyar, in the opening speech, which mentioned that some of the expenditure rises are obvious. What I fail to see in this Budget, and right now in the approach we have to Government, is any type of policy which is looking at
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transformation and constraining public expenditure. The issue is that I really see the public service, we have lost many people, the public service being depleted of its capacity and capability and resilience, and in many places, being overstretched.

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What it often results in is that we have to overpay for projects, which become emergencies: Registry IT project; we are paying so much for agency staff; we have to pay additional rental accommodation support. So we have so many costs which are coming out of emergency spending, which would not be there. If you asked me do I see an organisation that is operating to its best ability, absolutely no scope for the transformation and nothing to do, I would say, no. I am sorry but I don't see that.

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I do think there is scope but what, in this case, I am lacking is that we have some kind of framework, which has to start from the very top, from both the political top and then translated into the Civil Service through senior civil leadership and throughout, and then translating to all the committees of how we are going to be showing to our community that we are delivering value for public services. Because we are going into the tax debate with a runaway Budget and we are saying, 'Well, this is what it is and the only option is to raise more taxes.'

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I think we should be going into the Budget saying, listen, we've already tried to do something, this is what we are doing on the side of public expenditure constraint. We can put our hands to the heart and say, 'We are delivering absolutely the best public services at the best price to you today. So we are asking that we raise more money from you,' because that is going to come from the community, with the hand on heart saying we have done our job. But I cannot say that; I cannot say that that is where we are going.

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So we are going into the tax debate without actually doing the job, which is the more challenging job, I think, is actually the more challenging job. Because it is all about how do we run public services for the benefit of our community. I do not think I can put my hand to heart and say we are doing that job, and that is the much more complicated job than making the decisions on, 'Let's raise additional taxes'. And I think with, and this is not apportioning any kind of blame, but it is to say there has to be political guidance, and if you look at the mandate of P&R, in the Rule Book, under point B, it is fiscal policy planning, economic affairs and frameworks for controlling, approving etc. public expenditure.

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I have not seen that being introduced in this Assembly. So this does not then translate into fiscal discipline, into committees. With this point in mind, I am quite uneasy about Proposition 17, because I do not want to be in a position going into the Budget saying, 'Well, we've done the best we could, but the situation is such that, basically, we just have to raise taxes in this amount.' I think there is much more that can be done. I absolutely agree with the comments that it is unsustainable to be funding trading assets. I think there is a long way for us to really be renewing the positions of trading assets, making them more independent and commercially run, I hope that work progresses, and some of that deficit that is being projected in the capital expenditure actually will be part of the incorporating assets, so perhaps will not be even reflective in the expenditure budgets that we need within the States' Budget.

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So I think, with this in mind, I am currently uneasy about actually supporting Proposition 17, which is about approving the States' spending at £573 million, and will continue listening to debate on other points.

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The Bailiff: Deputy Dudley-Owen,

Deputy Dudley-Owen: Thank you, sir.

That is an extremely interesting speech that we have just heard from Deputy Kazantseva-Miller. I do wish that I was going to go into more detail about the committee budget that I, along with my committee, am responsible for, because Proposition 17 is to approve ordinary revenue expenditure for 2023, totalling £573.1 million, and for listeners at home, that is set out in the expenditure budgets on pages 79 to 96. That is what it is costing to run this Island. That is not a runaway Budget, it is what the costs are to provide the services that we have committed.

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1255 **Deputy Trott:** On a point of correction.

The Bailiff: Point of correction, Deputy Trott.

1260 **Deputy Trott:** That is not correct. It costs over £2 million a day to run Guernsey, because of course, you have to take into account the issues around pensions and other aspects. So it is part of the overall cost, but the real cost is nearly £800 million a year.

Deputy Dudley-Owen: And I thank Deputy Trott for that intervention. Very helpful.

1265 It is expensive to run this Island, and I think that those figures are staggering, but when you have to live and breathe it every day, and you have to grapple with the issues and the balancing of your budget in order to deliver a service that is expected by Islanders, has become everyday to Islanders to receive their benefits, to receive a standard of education, to receive a level of healthcare, to be able to get assistance from Government services in a way that was unheard of 20, 30, 40 years ago. This is what it costs.

1270 I challenge Members to come up with their ideas of where we are going to cut those services, because I have come into government this term, certainly thinking we should have a smaller size of government. (**A Member:** Hear, hear.) And I have got ideas of where we can cut services and I do think that health and education and policing are not in the areas I would like to cut, but we do need to do things differently. (**A Member:** Yes.) Absolutely. Which is why one of the areas I wanted to talk to you about today was around the work that Education, Sport & Culture has been doing to look at areas of our budget – and it is not the first time that I have mentioned this; it is not new, I have mentioned it most of the times that I have spoken about committee work – is that we are looking at our budget lines, and looking to use the money that we get from taxpayers, and use it in the most efficient, effective way possible.

1280 Some of the decisions that we have had to make have been quite unpopular, such as the secondary school class sizes, and the tipping point, and we come across Members of the Assembly saying, 'Well, that's wrong. I wouldn't do it that way if I was you'. Well, what way would you do it if you were us? Let us hear your suggestions, because actually, the educators and the education lists that we are working with are saying that actually, this is manageable and this is the type of decision that we will be looking, possibly, to devolve to our head teachers in the future, so you challenge those people.

1285 Members, I ask you to challenge those educators who are leading their schools, when they start to make this decision, about how to run their budgets. This work is not easy, and to stand up and to say that we are running a runaway budget this time, I think is indicative of possibly a lack of understanding of each Principal Committee work area. I certainly would welcome to have a little bit more challenge or questioning and enquiry around how we do things at Education, Sport & Culture, in order that Members can really, truly understand the complexity and the diversity of the mandate that we hold, and it was for that reason that I ask officers to put a lot of work into setting up a webinar series, so that we could explore these issues, as a whole, with Members and they could better understand the different Budget areas and service areas of the States. Having sat on not quite so busy a committee as Economic Development, though it is extremely valuable, it is very, very different from an operational committee, such as the ones that actually make up the bulk of the costs of services in this Government.

1290 Just moving swiftly, and I will not be taking up Members' time too long, the ESC budget for 2023 is £82.855 million, and this is split between various service areas which are under our mandate. Those are highlighted on page 83 of appendix 5, for any listeners who have the policy letter to hand and want to have a look at that. Obviously, that is expenditure to run our schools, but also museums, Beau Séjour, Footes Lane, music services, grants to various parties such as Sports, Youth, Arts Commission, and the private colleges etc. And that list goes on, because the mandate is broad, complicated and varied.

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1310 We have made additional funding requests which are all recorded via Government Work Plan, looking at various areas for education, law project and policy development, implementation and overview at the SEND code of practice. Also, we have had to make allowances for changes in demand in existing services, as well as inflation and other areas. Also, Island Games, inflation, security costs there: we have got to be alive to the fact that prices are increasing across the board, and the States, despite its buying power, is not immune from those increases, and we have to spend more to operate than we have ever had to spend before.

1315 We have engaged with head teachers and education leadership in relation to the Budget to provide visibility before coming to committee, which is the right thing to do. Obviously, throughout the year, we will be looking at how to monitor and manage budgetary pressures as they arise, because that is the reality of running the education system. Obviously, the movement of PTOM has reduced our budget by £7.4 million, and we are getting used to a new way of working with that, it is interesting, because it does affect ourselves and Health & Social Care to the greatest effect in the States. We have bolstered the amount of learning support assistance into the primary sector, which does free up teachers to teach, and to use their skills for the right purpose, and we do hope to see the impact of that in the not-too-distant future.

1320 Of course, there is COVID bounce back. It is really interesting, I did hear some – I cannot remember from what quarter, we get criticism quite often actually, from observers who, again, observe based on their assumptions and their guesswork, rather than actually coming to ask committee for facts and figures ... There was some commentary about an increase in the education budget, but there has been a very, very good reason for some incremental increase, in terms of the COVID bounce back. I make no apologies for that; it is absolutely necessary to ask for that COVID recovery money.

1330 I will just remind Members that I said, back in that GWP speech, that the World Economic Forum has predicted a cost to the UK economy as of £140 billion, up to £1.3 trillion, in 40 years if that COVID gap was not tackled with remediation action; and that is exactly what we have done. We know that we are in financial dire straits very soon here in Guernsey, and that cannot be underestimated. I am extremely concerned that we are living on that, or we are balancing on that, investment return for next year; I am really worried about that. But I would be extremely concerned if this Assembly were not supportive of education and continue to be supportive of education, because if we do not invest in education, the future of this Island, its success, is in absolute jeopardy. Because we are only as good in the future, as our young people coming out of the education system today, and who will be coming out tomorrow, next year, etc.

1340 So please, I do implore the Assembly that whilst our health and home affairs are extremely important, as are the other service areas, that the future success really does lie in investing and making sure that our education service is as good as it possibly can be, which we are aspiring to.

Thank you very much, sir.

1345 **The Bailiff:** Deputy Parkinson.

Deputy Parkinson: Thank you, sir.

1350 Well, I am going to start at the parochial level, with the comments that have been made about the trading assets, and then make a few general remarks about the state of public finances. Deputy Kazantseva-Miller, I think echoing Deputy Helyar, made some remark about making sure that the trading assets were self-sustaining, or Deputy Helyar, I think, called the current situation unsustainable. I am not sure if he was specifically referring to Guernsey Ports, or if he was talking more generally about the trading assets; I thought he was maybe talking about the subsidies that are needed for the ongoing losses at the Airport. The reality is that the Airport, like the Airport in Alderney, will require permanent subsidies; it is just too important strategically.

1355 To try and make the travelling public pay for the costs of the Airport would simply kill off our airlines. Any airport, regardless of how much traffic goes through it, has to provide certain services; it has to have meteorology, it has to have a fire brigade, it has to have air traffic controllers, and so

on. Those costs are more or less fixed, regardless of how big the airport is, or how many people travel through it. If Guernsey does not want to be cut off from the outside world, in terms of airlinks, then we simply have to recognise that it is an economic enabler, without which the rest of our economy could not function properly.

I have no doubt that in the end, there needs to be an identified public subsidy to make it self-sustaining. It is not the only trading asset which falls into that sort of category; others have mentioned the Dairy, which in my opinion will never make a profit; and we know that the Waste Strategy, which is essentially a public service, we have not been able to fund it on a user-pays basis, because the charges for the black bags simply do not cover the cost of reprocessing all of the waste streams. I think, what we have to do, with these services that are quasi-public services, or which inevitably require a subsidy, is to recognise the reality. At present, it is largely masked, because trading assets which lose money are allowed to run up overdrafts with the States of Guernsey, which periodically have to be written off.

That simply creates a disguised level of deficit, which does not appear in our revenue accounts, and which needs to be acknowledged, particularly in the context of the upcoming fiscal review. The trading assets need to be put on a sustainable footing, and in my opinion, many of them need to be fully commercialised, like Guernsey Electricity and Guernsey Post. But to set them up on a basis that they can be sustainable going forward, we need to recognise that there are some public service elements in what they do, which they cannot charge any customers for. Another example in the Guernsey Ports budget is running the Coastguard.

Who are we going to charge for running a coastguard service? It has to be done, it is like the Police, or other public services, but at the moment, it is paid for by port users, and the reality is, it is simply not a commercial activity. Commercialising some of these assets, or perhaps even all of them – although clearly I do not think there is any scope for commercialising the lottery, for example and incidentally, with reference to Deputy Dyke's remarks, I do not think the lottery is ever going to produce any money for public revenues in Guernsey ... If the public in Guernsey thought that buying a ticket was contributing to the general revenue tax pot, I think the sales of tickets would collapse. The one reason why people buy the tickets is they think the money will go to good causes. But in any case, we are talking about trivia; these sums are not material in the context of the sort of Budget deficits and public expenditure, which we are talking about.

Those are my comments on the trading assets. Obviously, if we were more realistic and more honest about what it costs to provide those services, and we were to create specific public subsidies, or PSOs, or whatever you want to call them, in respect of certain activities within the trading assets, which can never be commercially viable, then that would add to the revenue deficits that we are struggling with, and which we will be debating in January. But I think clearly we are in a situation where those Deputies who were elected on manifestoes claiming that they would cut public spending and solve the problem by resizing Government, have probably had their eyes opened. *(Interjection)* The reality is the States of Guernsey operates relatively efficiently by comparison with other governments of similar-size and nature, e.g. Jersey and the Isle of Man.

Anyway, moving on to a more general discussion of the revenue deficits and projected deficits, we have had some interesting history during this debate on how the public deficits arose, and several Members recall those Halcyon days in the early noughties when basically the job of the States' Treasurer was to hide the extent of the surplus from States' Members to stop them spending it all.

But those days came to an end very abruptly on 1st January 2008, when we introduced Zero-10, and gave up £100 million a year of corporate tax. And that loss was supposed to be made up by a mixture of: increases in taxation on the resident population, and we have certainly seen those; reductions in government spending, which were achieved modestly – under my term as Treasury Minister we had the Financial Transformation Programme, which took £28.5 million out of baseline budgets, but it was like drawing hens' teeth, it was extraordinarily difficult, and we did not hit the target of £32 million, which we had been aiming for. So there have been tax increases, and there

1410 have been modest cuts in Government spending, but the missing ingredient was the rest of the deficit, or the reduction in income, was supposed to be covered by economic growth.

1415 The reality is, that simply never happened. We are left with a situation where the residual deficit is still a problem with which successive Treasury leads have struggled, and Deputy Helyar is now in the front line of that battle – a battle in which previously, Deputy St Pier and I have been engaged. So we know how extraordinarily difficult it is. Now, I am not going to stray too far into what will be debated in January, because this is not the time and place, but my opinion is quite simple: the problem started in 2008, and until we address the problem at source, which is the taxation of company profits in Guernsey, or the non-taxation of that, we will not begin to solve the whole problem. That is, to me, so blindingly obvious that I hope when we come to debate it, Members will be receptive to that sort of argument.

1420 But as for this Budget, I have to accept it. Clearly, our expenditure goes up and up and up, and this is a matter of concern to all of us, not simply those who got elected on manifestoes saying they were going to cut the Budget, but who will now be marching through the ‘aye lobby’, as it were, in this debate, voting for these substantial increases. The reality is these are problems that we simply have to get on and deal with and for the time being I can see no alternative but to approve the Budget.

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

1430 I want to make some general comments, some of which I have made before, but I think they are even more pertinent now. Deputy Helyar is on record as saying that this could be the last Budget of its kind; I believe he is correct. In fact, I believe that the next few years will probably see the last Budget of their kind in each successive year, because we are living now in very different times; less predictable, more volatile, and certainly not times where we can expect to continue to spend as we have been doing in the past.

1435 Whilst I will support this Budget, the points I would really like to focus on are to do with the way in which we work – and Deputy Kazantseva-Miller really, I think, touched on a number of issues and indeed, Deputy Trott’s intervention during Deputy Dudley-Owen’s speech, I think was useful – to understand what the total cost of running Guernsey actually is.

1440 The problem, sir, in our system of government – which I like and have worked with since I was first elected in 2000 – is we tend to look at things in isolation. I mean, our committees do that first and foremost, because they are very demarcated in terms of their mandates, and what their responsibilities are, and so they approach matters looking at them from the perspective of their responsibilities, and not necessarily the overall picture, which falls into other committees’ mandates themselves. As a result, when it comes to budgets, they will look at what they deem to be, from their perspective, essential for their needs. And yet we hear again and again in this Assembly that we need to work corporately and we need to take this seriously together, and we all need to take much more seriously the need to not continue to spend and spend, but have a corporate view on this.

1450 Even in this Assembly, sir, we have the potential to take things again in isolation and not look at the bigger picture, and as a result, when we look at particular issues, we can all agree to them in isolation. But then the costs come afterwards and we do not understand the implications that they will have on other aspects of our expenditure. One such example, sir, will be after this debate on the Budget we will have a policy letter on the uprating report of non-contributory benefits from the Committee *for* Employment & Social Security. I understand, sir, there are potentially two amendments to that which, if they are passed, would mean that the Budget that we had just agreed would have to be changed, either by reductions right across the board in every department and committee, to enable us to fund those two amendments, or by increases in taxation, in places that we have already –

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Deputy St Pier: Sir, point of correction.

The Bailiff: Point of correction, Deputy St Pier.

1465 **Deputy St Pier:** Sir, that is misleading the Assembly. Of course the budget reserve would be available next year for the amendments that he is referring. Deputy Le Tocq is misleading the Assembly.

1470 **The Bailiff:** That is correct, Deputy Le Tocq, because it is on the face of the Rule 4(1) information.

Deputy St Pier: I was coming to that, sir. Of course, this is where things get hidden, because, well, it is okay, the budget reserve will deal with all of these matters. The budget reserve is there for a reason – the name is on the tin. It is a reserve; it is not for anybody's pet subject and it is not a tree with money growing on it that can just be used at the drop of a hat. Back in the day, budget reserves used to be very small indeed; they are probably going to have to be small again, and we certainly cannot continue to operate in that way.

1475 What we are doing – and I am grateful for Deputy St Pier's correction in a sense – is that we think, 'Oh, yes, it won't be a problem because the budget reserve will deal with that.' Well, the budget reserve is also to deal with a number of other things. For example, if we are to go to a third party, and there is an award for a pay review that we have not considered, that we have not budgeted for, that has to be taken from the budget reserve as well. It is not a bottomless pot. (**A Deputy:** Hear, hear.)

1480 The amendments that could be laid on the next – and I am sorry, sir, to mention another one but it is an illustration that I have to use ... for example, use language such as, because they are to do with Carer's Allowance, which I very much support and our carers must be suffering to some degree at the moment. We used to care for members of our family, years ago, when the Carer's Allowance was not what it is today, and I know how difficult that is. My wife had to give up working to do that. It is very hard to do it.

1485 But there is a comment in that amendment which says:

... erasing it beyond what even the committee have recommended would enable accessible and affordable 21st century health and care services.

1490 You see, the problem is, sir, we would all agree with that; we want 21st century health and care services, but we want to pay 20th century prices for them. (**Several Members:** Hear, hear.) Now, perhaps we ought to have an argument as to whether Guernsey can afford 21st century health and care services.

1495 We certainly do not have the economies of scale, unless we start working more cohesively with our neighbours, perhaps to have those sorts of things. It is going to cost us a lot more than bigger jurisdictions. I know the arguments; I would like to have all that they have in the UK, but look at the situation they are in. Look at France, look at other jurisdictions. If we want to have those sorts of things, and if our community do, we need to look at things in the round, and understand what do we want to pay for them. Then if we do not want to pay it, we will say, 'Well, we will need to reduce the services to be less than what we would expect somewhere else.'

1500 I have said it before, sir, I will say again here: I grew up in this island, and my parents taught me, directly and indirectly, that growing up on a little rock, you should not expect the same sorts of deals and services that you would get in a bigger jurisdiction. It just was not possible, but there were other benefits from being here, and I am grateful for that. I would not have returned to Guernsey if it was not for that. I think we need that message to be very squarely in front of us, as we pass this budget, and realise that there will need to be some changes in the way in which we do business. I believe there needs to be some changes in our system of government, because we need a far more centralised, cohesive way to be able to make decisions together, that is effective for the

sake of our community, so that we minimise the opportunities that we have to take things in isolation, and not see the proper cost and effects of our decisions.

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Sir, with that, I do commend this budget; it has been, I know, a very difficult one for my colleagues, and particularly Deputy Helyar, to put together. It is only going to get worse in the future, and we need to swallow hard and take some serious decisions, about what sort of size of government we want, what type of taxation we want, and obviously that is a debate for the future. I agree with Deputy Roffey completely that we have far too long kicked the ball into the long grass, and it has gone so far it has probably gone into the sea the other side now. It is something that we recognise back in 2006, when we had the zero-ten debate, that we needed to prepare for change in taxation.

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If we are going to want to have these services, we are going to need to raise some more revenue; there is just no other way around it, otherwise we will have to reduce the quality of our services. There is no other way.

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Thank you, sir. *(Applause)*

The Bailiff: Deputy Trott.

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Deputy Trott: Thank you, sir.

I want to start with an apology, because yesterday, I said that in the post-Zero-10 era, our economy had risen in one year by 7.8%. I was wrong, sir, because when I look at the book it turns out it was actually 8.5%. I am sorry about that, sir; it was unintentional, I did not mean it, it was even better than I thought. But there we are.

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The truth is, sir, that our economic growth outstrips that of similar jurisdictions, and it has done over the last few years. There is a number of reasons for that, which I shall come to in a moment. Our primary income source, and we are very dependent on ETI, has surprised almost all of us in this Assembly, because it has grown in real terms consistently quarter on quarter, year after year. Again, there is a particular reason for that.

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It is probably helpful now if I just take a moment or two to go back over the last decade or so, maybe a little bit longer, because lots of reference has been made to 1st January 2008. There were very few commentators at that time that argued against us making the changes we did to our corporate tax regime. There is no doubt there was a very material impact on public finances. But the records show that the economy has grown since that event, and quite materially as well.

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I mentioned earlier in an intervention that our spending in the previous few years was on a trajectory that would have seen it double in a five-year period – so just longer than an electoral term, 20% longer than an electoral term. The issues were, and I think they were covered by Deputy Ferbrache this morning, about what did we do with the cash? We had to slow down our spending, and that was really how the contingency reserve grew. In 2000, just after we introduced corporate tax reform, we of course had the global financial crisis, and our performance during that time was almost incomparable.

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I mentioned yesterday that Jersey's economy took 10 years to recover. We had, relatively speaking, a very good global financial crisis, and the reason we had a very good global financial crisis is because our financial services industry, the bedrock of everything we do, was not exposed to the casino banking type behaviours that were taking place elsewhere. Neither did we have quite as large a private wealth sector that Jersey had; Jersey was hit far, far harder than we were, and relative to other places we had a really good crisis, thanks to the dynamics of our industry. Fast forward a few years, and we had the COVID crisis.

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We had a really good crisis, not least because it was extremely well-managed by those who looked after our health, but also because our financial services industry did not ask for, or get, a penny. It was completely resilient. Interestingly, that crisis cost us £50 million. Again, relatively speaking, spectacular.

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But what is particular relevant about £50 million is that is the amount of surplus we made on the £335 million that we borrowed from the markets. We borrowed it from the markets, those funds

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1565 were invested where they were not lent, up went that figure, that capital gain, and it topped out at around £50 million. In other words, the cost of COVID. Now, what the Policy & Resources Committee did was they presented to us, I think it was at the last Budget – Deputy Helyar will correct me if otherwise – and said, ‘Look, we’d like to cash that in; we’d like to take that £50 million and we’ll stick it in the capital reserve.’

1570 That was a very good thing, but I do not think – following an answer to a question Deputy Helyar gave me in a presentation before this Budget – that that is what happened. I think it did not get crystallised; that £50 million which would have covered COVID, has been exposed to market conditions and is now less than it was. But there is no reflection in this Budget of that change; there really should have been, because it is material and it may be as much as 20%. In other words, it may have gone from £50 million to £40 million.

1575 We may not have, for instance, the extra £10 million that we think we have, that some may want to spend on; for instance, lengthening the Alderney runway; I only use that as a for instance, sir. (**A Member:** Hear, hear.) What is quite clear is that not only has our economy performed extremely well for the last 10 or 12 years, we have our major industry, not exclusively but primarily, to thank.

Sir, we are hopeless at recording and talking about our successes. (**A Member:** Hear, hear.) It is a funny old thing in this States, and I have done my best over the years to remind us of some of our more impressive performances, sir, and I will be mentioning a few as this speech goes on.

1580 It is important that we celebrate success, if only for balance; otherwise, the impression we give is that everything is terrible and ‘Oh, my God!’ Whereas there is much wrong with what we have at the moment, but there are so many positives. It is also important that we do not hide away from the difficult decisions, simply because they are uncomfortable to have; they need to be had. Let us talk about inflation for a while; it is a very real issue, there is almost nothing we can do about it, if I am frank, because it is almost exclusively imported – not entirely, but almost.

1585 There is no question that one of the effects of very high inflation is the earnings gap; in other words, people in our community, despite the strength of our economy, are getting poorer, and that is demonstrated quite clearly with the information that has come out of our own resource; that earnings are falling, for those on average earnings, at a rate that sees them about 2.5% to 2.6% worse off today than they were a year ago. That is regrettable to say the least.

1590 Now, cost of public services, I intervened earlier. Deputy Le Tocq referred to it. I was grateful to Deputy Dudley-Owen for appreciating the intervention. Where I am critical of all of us, particularly ... the previous P&R work was better at this, but nowhere near good enough, is that we do not continuously hammer home the message of what we spend, what public services cost, and just how much we spend on the things that people care about. Let us talk for a while about the cost of educating a pupil. Why is that important? Because there are some really quite significant disparities across the Bailiwick of Guernsey.

1595 It costs, apparently in 2017 – I would imagine the figure is today, but at 2017 prices – £18,000 to educate a single pupil in Alderney, as opposed to whatever it is, £10,000, £12,000, both cases, no appreciation of capital is included.

1600 So what does £18,000 mean in real terms? I will tell you. Three and a half people in Guernsey, on median earnings, pay just about enough Income Tax to educate a single child in Alderney. Three and a half people! So three and a half electricians on median earnings; three and a half carpenters on median earnings; three and a half nurses on median earnings. Their total tax contribution, times 3.5, to educate a –

1605 I will give way, because I will be interested to hear to Steve has to say.

Alderney Representative Roberts: Thank you.

1610 It is true, we are £7 million in deficit each year. What did the previous administration, in 2008, do to improve that situation when they were in power?

Deputy Trott: The previous administration was not 2008, but I suspect that the Alderney Representative is referring to the previous administration that I was part of. I will tell you what I did;

I constantly reminded this Assembly of just what we are dealing with here. It does not mean I do not care for Alderney; I do.

1615 Seven million pounds deficit; sir, that is well over £3,000 per capita. For every man, woman and child in Alderney, general revenue from Guernsey needs to fund that imbalance to the tune of £3,000. It is nothing, is it? But imagine if that deficit existed here in Guernsey for the 63,500 souls; our deficit would be nearly £200 million. So relatively speaking, that is the significance of the number that we are dealing with.

1620 These numbers are enormous, and I think other commentators have said this is not for this debate, sir, but I will mention it briefly because capital spending is covered here. It would be the equivalent of spending something like £800 million on our Airport, what is being recommended for Alderney Airport. I mean, the numbers are just absolutely stratospheric, and they need to be brought out into the open and discussed.

1625 I give way to the Alderney Representative, sir.

Alderney Representative Roberts: Would you not say, I would just like to point out, the amount that the gambling industry, which was born in Alderney and now delivers across Guernsey each year, in paid taxes and everything else, has been a contribution that actually was born in Alderney? If you take that into consideration, and I really do you hope you do, Deputy Trott, please, it makes a big difference.

1630 Now, we cannot live on that forever, we understand that, but to constantly attack Alderney, as you attacked Jersey yesterday, I think you should be perhaps the Ambassador for the Channel Islands! *(Interjections)*

1635 Thank you.

Deputy Trott: I do not constantly attack Alderney; I tell the truth, and that is the problem. Some people do not want to hear the raw facts; these are the raw facts.

1640 The Alderney Gambling Commission money that Alderney Representative Roberts refers to, sir, Alderney are allowed to keep it. The farce is that we may hear, in a few weeks' time, when we debate the Alderney runway, that Alderney are going to be making a contribution. Well, they are making a contribution from funds that they are allowed to keep that do not come into general revenue, that should, in order to reduce the deficit in the first place. If that is not Ponzi scheme accounting, I do not know what is. But more of that when it is more appropriate, sir.

1645 I now want to turn to some of the comments that are – no, I am not going to give way any more, because frankly, sir, I do not consider the contributions from Alderney Roberts to be of particular value. *(Interjections)*

Deputy Taylor: Point of correction, sir.

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The Bailiff: Point of correction, Deputy Taylor.

1655 **Deputy Taylor:** Deputy Trott I think is, in that last comment, being slightly misleading, because he said that the comments or points raised by Alderney Representative Roberts are effectively useless or not relevant. But really, the question that Alderney Representative Roberts put originally, was, 'Yes, Deputy Trott, but what did you do about these things? You knew about all these deficits, what did you do about them?' And it had not been answered, so I wonder if that might have been why Alderney Representative Roberts was standing again.

1660 **Deputy Trott:** Sir, that is a fair intervention –

The Bailiff: Just a minute, Deputy Trott.

Deputy Trott: Yes, sir.

1665 **The Bailiff:** I am not satisfied that that is a valid point of correction, bearing in mind what Deputy
Trott was saying, he was responding to the give way provision in the Rules. Robustly, if I might say
so, but he was responding to it. No Member who is speaking is obliged to give way to another
1670 Member who stands, inviting that Member to allow them to make an interjection. This is particularly
relevant when the Member has not yet spoken in debate and will have their own opportunity to
speak in debate on these matters and comment on anything that has been said by previous
speakers. That is the reason why it is not a valid point of correction.

Deputy Trott to continue, please.

1675 **Deputy Trott:** Thank you, sir, but nonetheless, it was unprofessional of me to make the comment
I made, so I will, in a moment, give Alderney Representative Roberts the opportunity to ask me to
give way again, and I shall.

But to answer Deputy Taylor's question, the answer is the 1948 Agreement. I pressed very hard
during my time on the Policy & Resources Committee, for the 1948 agreement to be revisited and
for a more equitable outcome to be –

1680 I give way to Deputy Brouard, sir.

Deputy Brouard: Thank you very much indeed, Deputy Trott.

He has actually taken up the point that I was going to make to him, that we spent a long time
1685 in Alderney to make it more fit for the next 70 years. It was something that was meant to last, I
think, for a fairly short time after the War, when Alderney really needed help, and it is time for a
review. We were about to do it and then COVID came and the whole world changed, and I think
that was one of the reasons that we were very much, or certainly the committee that I was on, P&R,
and Deputy Trott very much so as well, were looking to review that particular Agreement.

1690 **Deputy Trott:** I am grateful to Deputy Brouard for that intervention, because that is exactly as
it was. Interestingly, the 1948 Agreement –

1695 **Deputy Dudley-Owen:** Sir, I would like to raise a point of correction on a matter that Deputy
Trott said before.

The Bailiff: Point of correction, Deputy Dudley-Owen.

1700 **Deputy Dudley-Owen:** And I do apologise if I have misheard, but if I have not misheard, then I
understood that Deputy Trott said that costs excluding premises, capital costs, for Alderney students
for that year were £18,000. That is not actually correct, because it was closer to £13,000 for that
year. I just wanted to make that point of correction to clarify figures, thank you.

1705 **The Bailiff:** Deputy Trott to continue.

Deputy Trott: Thank you.

That is certainly another valid point of correction, because the £18,000 was contained within a
set of answers that were given to former Deputy Graham that was circulated to all of us back in
2017. What I said was, the figures did not include the costs of capital, i.e. the cost of any
1710 improvements, extensions to St Anne's School or anything of that nature.

In fairness, sir, neither do *our* calculations, and it is a fundamental problem in the way that we
report the accounts; we all know that, and that is one of the reasons why the accounts will be
changing and presented in a different format. We will understand, with much greater clarity, the
cost of money, because if you have got a dollop of money that is invested, sir, that is creating
1715 £50 million worth of surplus, over what it needs to in order to pay the interest on the debt, then

clearly, you are in a far better position, from that perspective, than if you are spending it and not recording the value of that money as a legitimate cost in so doing.

Now, I promised I would give way to Alderney Representative Roberts, a man for whom I have the highest respect. If he wishes me to give way, I am happy to do so.

1720

Alderney Representative Roberts: There are two things I would really like to ask Deputy Trott, which I have not had an answer for. In 2008, when he was Chief Minister, what did he do about the situation then, or attempt to do about the situation, because nothing was done? And also, for the refusal to acknowledge the economic benefits to Guernsey of some £43 million in indirect earnings that was brought about by Alderney starting the Gambling Commission. That is never taken into consideration, and it was born in Alderney and it was opposed and we got it through finally.

1725

Okay, we did not have the infrastructure to have it in Alderney but it passed on, and that came from Alderney. What I would ask Deputy Trott is, what did he actually do about it in 2008? Because I see little doing about it; I see this Assembly as trying to fix the problems. Instead of moaning about the problem, you have got to fix the problem!

1730

Thank you.

Deputy Trott: I will come back to that at the end, because I am not going to allow these interventions to divert my focus away from a number of other points that I feel need to be made. I am conscious, sir, that it is 12.27, I cannot finish in three minutes.

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The Bailiff: That is fine. You are on your feet, Deputy Trott. (**Deputy Trott:** Okay.) You take as long as you need.

1740

Deputy Trott: Okay.

I want to refer now to the body of the document in itself and turn to the foreword. In the foreword, we are told that our structural deficit, which is real and present, is £43 million. Now, very often in documents of this type, the numbers change, dependent upon the context. I believe that our genuine structural deficit is £80 million to £85 million, and I believe that our genuine structural deficit was that at the time of the election.

1745

In fact, my election manifesto made very clear, as did a number of contributions I made during that time, that that was the extent of our structural deficit. It has not suddenly, miraculously gone up or miraculously gone down; interestingly, some of the component parts have changed, but the structural deficit is £85 million. That paragraph is very clear; it says, 'this is our structural deficit, which is real and present today, and it is at £43 million'. Now the reason it is £43 million – and I have asked Deputy Helyar the question, but I am now going to answer it myself, sir – is because we have got a significant surplus this year; it is not expected that those surpluses will continue.

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It is absolutely right not to rely on investment performance, because this has been a very difficult year for capital markets indeed. But the ports are losing £6.2 million, because we are including a provision of £6.2 million for the funding of the deficit in Guernsey ports. At the start, in his opening remarks, Deputy Helyar said the numbers have never recovered, 'Passenger movements at Guernsey ports remain low, lower than before COVID, and they have not recovered.' If they have not recovered by now, they are unlikely to, and there is a number of reasons for that. We have discussed them in this Assembly before: business travel is a fraction of what it once was; Teams is used far more.

1755

The idea that an airport model will suddenly see a massive increase in passengers, and a massive increase in income, whether that is here in Guernsey or elsewhere, is of course complete nonsense. Much is made in the report of the need for us to reach our self-imposed targets of 100% of annual revenue expenditure in our contingency reserve. It is currently, I think, at about, I do not know, 28% or something of that nature. We expect our financial services industry to keep about 25% in reserve; in fact, the regulator insists upon it, it is something called an FRR.

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That is to ensure that in times of stress, those individual companies are able to have something in reserve that is liquid, that can see them over that period of difficulty. Having a target of 100% for

1770 our contingency reserve is complete nonsense, in the sense that we have no chance whatsoever of ever achieving it. The reality is that there are a number of tools available to us, should we find ourselves in a situation where our contingency reserve drops much lower than it currently is. So I think it is not something that we should use as a tool for painting a bleaker picture than one that actually exists.

1775 Now the next item I want to raise, sir, is covered in the table 1.26, and it shows that we are making a provision for Aurigny losses of £1 million. What I want to know is, is that £1 million before we take into account the £2 million that we pay them in order to cover the losses on the Alderney routes? Because, if it is, then really Aurigny are forecasting to lose £3 million; it is simply that we are giving them a subsidy. I would like to know whether that is actually £1 million or £3 million. I think, if it helps, that it does not include that figure.

1780 Now, I mentioned median earnings being down 2.8% in real terms; this is something we have to watch and we have to watch really carefully, because despite the fact our economy is growing, and I hope I have proved that beyond reasonable doubt, over the last 10 or 12 years, there is no doubt that the disparity of wealth within our community is certainly widening, and that figure is evidence of that, and it is something that we ought to concern ourselves with.

1785 And I am sorry, before, as well: when I said that somebody on median earnings, the tax from someone on median earnings needed to be multiplied by 3.5 in order to cover the education of a single child in Alderney – again, forgive me, it is 3.6 – I am sorry for not getting that figure correct at the start.

Right, I am almost – I give way to Deputy Matthews.

1790 **Deputy Matthews:** I do apologise, but I do think that it is an odd way of attributing educational costs to parents, because children will grow up and will become future taxpayers themselves, so if you do attribute, whether or not there is a difference between Alderney and Guernsey, in principle, in general, assigning all of the costs of education to parents does not give an accurate picture.

1795 The reason why I think it is relevant, and not just me making a point just for the sake of it, is that because I do not think it emphasises that in a way, education is an investment in a way that other expenses that the States incurs are not. When we spend money on education, we are investing in a future generation, in a way that is not the case with expenditure through healthcare or ESS or any of the other costs that we incur.

1800 **A Member:** Hear, hear.

1805 **Deputy Trott:** I am almost finished. Some may be relieved to hear that, but it is again an example of how awkward it is having these sorts of conversations. Everything has to be motherhood and apple pie, most of the time in here. But everything to do with Alderney is more expensive, I concede that. The cost of healthcare, medevac, it is extraordinarily expensive. Everything is more expensive.

But now I am going to finish, sir, with one final point, which I think is the one that I am probably the most disappointed about, in terms of us not talking about it. It is Principle 5 of our fiscal discipline, on page 63. Principle 5 says:

The aggregate amount of States revenue should not exceed 24% of GDP.

1810 That is a very good principle. But what is missing is a reminder of what percentage of GDP we currently take. We take 21.4% to 21.5% of our GDP; it is incomparably low. Jersey come next; I think they take 25% or 26%. The point is we would need to exceed the aggregate amount that we take in terms of tax; we would need to exceed our self-imposed limit, and we still would not be equivalent, in the amount of tax we take from the economy, of either our nearest neighbour, or for that matter, Alderney – the Isle of Man! *(Laughter)* Blimey!

1815 While I am at it, do you know, sir, to pay back the amount that we may end up spending on the Alderney runway, Alderney's economy would need to increase by threefold; 300%, sir! Ours has done very well by growing in real terms by more than 5% over the last decade. So, use these points,

I say to P&R. Explain to people how low the amount that we take actually is, and that is a good way of explaining why we cannot go on indefinitely surviving on the amount of tax that we take.

1820 It is not because we are loaded with inefficiencies and waste; it is because we simply do not take enough, and the evidence is there for all to see. I am sorry to the Assembly, sir, that I went over by seven minutes. I thank the Assembly for my patience. (*Laughter*) I thank the Assembly for *their* patience, and I believe, sir, very strongly that this place is a better place for having the difficult conversations. We cannot all get up and pat each other on the back all the time; we have to draw
1825 attention to where the real structural problems are.

Thank you, sir.

The Bailiff: Well, Members of the States, we will now adjourn until 2.30.

*The Assembly adjourned at 12.37 p.m.
and resumed its sitting at 2.31 p.m.*

**The States of Guernsey Annual Budget for 2023 –
Debate continued –
Propositions carried as amended**

The Bailiff: Deputy Oliver, I take you next.

1830

Deputy Oliver: Thank you, sir.

I actually think this Budget is okay. It has got some really good points in it. First of all, though, I would like to just put on record that I think Aurigny has done really well, (**A Member:** Hear, hear.) and I actually agree with Deputy Lester Queripel that it is a breath of fresh air. (**A Member:** Hear, hear.)
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However, if we move to our Harbours, rather than it being a breath of fresh air, it is a bit of a sinking ship. Passenger numbers have declined, and I think the reason why this is, and why they have not improved, is actually because of Condor's sailing times. I want to go to England, the only time I can get on a boat is at 11.30 at night. It is not really the most ideal time to travel. If I want to go to France for a long weekend, you cannot go on Friday and come back Sunday; you can go on Saturday and come back on Sunday if you want, but you cannot come back on Monday, because that goes to Cherbourg.
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It is all a bit of a pickle, and I know Economic Development have really tried, and they are probably marginally better than last year. But the marginally better just really is not actually good enough, I do not think. Every year, we talk about motor fuel increasing, and this year is no exception. I think, though, and I am really glad to see within the report, that actually finally, ENI have recently undertaken a tender exercise to pilot work to actually see if there is another way of taxing people with this. It just needs to be done. I do not think Deputy de Sausmarez has actually spoken, but if she does, I would actually like to know when that work might actually be finished.
1845

Now, moving to Propositions 11 and 13, I think that it is going to be really effective to use TRP to actually get things done. I know that former Deputy Yerby and myself actually tried to do something similar last term, to put a TRP on redundant greenhouses, but Deputy St Pier said he did not want to do it. I just want to say, for the people that say 'Oh, well, there's nothing actually that can be done with these greenhouses,' well, there is plenty that can be done.
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In accordance with the SLUP, the IDP contains a specific policy, OC7, which deals with redundant glasshouses outside of the centres. This has the aim of encouraging clearing and a beneficial use to such sites for appropriate purposes. However, the IDP recognises that land planning alone cannot provide a comprehensive solution to the clearance of these redundant greenhouses and ancillary
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1860 structures, which can only be fully achieved through joint working through the committees, through the States, and actions by the landowners. So this is what we have actually got within this Budget.

1865 On a separate note, there are also several new planning exemptions proposed to encourage small-scale community growing initiatives, which would represent the appropriate of such use changes. By saying there is only OC7, there is not; there are other things that can be done. You can do small-time growing on there, if it is cleared. Let us start actually making things more community-based, and I think this Budget will drive that forward.

1870 In regard to the TRP on empty property in the main centres, again, SLUP and IDP strongly support making the maximum use of existing property, including vacant upper floor accommodation within the main centres. And it is not just for residential use; these upper floors could be used as offices as well, if so wanted. The development framework for the regeneration areas specifically encourages such development, and on a co-ordinated basis, and basically it just says we are going to remove all barriers and get on with it really. With this Law coming in, it will also be a stepping stone as well for Section 46, which is coming to the States next year, or early this year.

1875 It is just going to all be working together, and I think these policies really do benefit the Development and Planning Authority, inasmuch as it shows that actually we are working together and it is encouraging to bring empty properties that would have been derelict actually back into occupation. We keep saying we need to build, build, build, which I do not disagree with, but we also need to use what we have currently got, and it is a great way of using what we have currently got. So I really actually hope Deputy Queripel will change his mind, and will vote for it, because I think it is worthwhile.

1880 The other thing that I do think is we keep talking about future projects and everything, and I think what we actually need to do with future projects is get our procurement or our quantity surveying, actually in-house, and do it better. Because when you have got a dairy saying that the cost is going to be roughly £35 million for a new dairy, I just do not know where those figures can come from. When you look at Admiral Park, you have got Julius Baer there, you have got the car park, the Premier Inn, and the restaurant – £26 million. You have got Grant Thornton just up there – huge undertaking, massive, massive, underpinning, and also, it is so far above all the recommendations for energy efficiency, it is fantastic – that was £8.5 million.

1890 I just look at these, and I just think how do we come up with our figures? I do not know if we just print something in the paper saying, 'It is going to roughly be that,' then go out to tender, and then everybody says, 'You know what, that is what it is going to cost! We will get a few builders, we will come in a few thousand each, looking like it is all there.' We need to do something as the States, (**A Member:** Hear, hear.) and actually really think about how we do it.

1895 Whether that involves a private meeting beforehand, saying 'This is the cost of it', rather than it going in a Billet paper, or something, it needs to be addressed. That is something that I actually think will save the States a hell of a lot of money for future developments. (**A Member:** Hear, hear.) We have got a school coming up, £52 million, I think it was roughly, the new school. That, again, is just a huge amount of money when it does not look like, for the building, it should cost that much.

1900 So I really hope that that actually can be addressed. It is not a budgetary matter, per se, but it is the way we actually spend our money in the future, and that needs to be looked at.

A Member: Hear, hear.

The Bailiff: Deputy Brouard.

1905

Deputy Brouard: Thank you, sir.

1910 Money is only one part, but it is a very important part, of unlocking services for our Islanders. It is also skills and the staff that we have. Now, at HSC, we have had a very reasonable budget for 2023, and I do thank the team on P&R for putting that together. But we do have to restrict the services that we provide.

Now you, as the States, restrict the services by way of the Budget, and we on a daily basis, at HSC, restrict the services that we actually provide to people, because we will never satisfy the demand, or the expectation, that is out there, and that is a very hard position to be in, both for yourselves, for us as a committee, and also for the staff at the front line.

1915 We have a very dedicated staff, but the shortages of staff are real, the shortage of care home beds for people to go in after they have had treatment from us and who need it, is real. The demand for care in the home, so that people can be looked after for their retirement, when they need extra support, is real.

1920 I think Deputy Ferbrache made a very good point this morning about the issues of SLAWS. Everybody knows it as SLAWS, but of course that is Supported Living and Ageing Well Strategy. There is an unfunded, unbudgeted £20 million if we go along that route, but we will struggle every day to give that support that Islanders would like, without some form of SLAWS being in place. The idea of granny living at home in the dower wing has long gone. We need to be much cleverer on how we do things in the future, and people will of course be living longer, and it is not necessarily that ... in fact, we almost shoot ourselves in the foot; we try and keep people alive to have a happy and healthy retirement, but of course the more we do that it does not make it any cheaper, it just means that those people have a better life, which is great, but also it will cost the economy money in doing so.

1930 I am very supportive of the Hospital modernisation; that will certainly help to give key facilities. I just want to touch on one of our main barriers; one of the struggles we have had is key worker housing. I keep on banging on about it, because it is one of those areas where we could do something and it could make a lot of difference. Now, we have been two years, 24 days, as States' Members – two years, 24 days! – we have not turned one spade on key worker housing, but we have got a nice picture of a field.

1935 That is where we need to really move on, in the next two years, seven months, or what we have left. Certainly from our point of view, sorting out the accommodation and moving some of the accommodation that we have got that is unattractive, expensive to maintain, expensive for us even to rent from private landlords, needs to be changed. We need to be smarter in how we move this forward, because agency staff is not the long-term answer. We have to do it, because we have not got any other alternatives. Even then, we are housing agency staff in Deputy Inder's hotels, where of course he would like to have customers coming over from the mainland and the continent to stay for holidays.

1940 I am very pleased that the P&R team do acknowledge our issues, and we are very happy to work with them. Thank you for the Budget and we will do our very best to make it go as far as we can, and help as many Islanders as we can.

1945 Thank you, sir.

The Bailiff: Deputy Murray.

1950 **Deputy Murray:** Thank you, sir.

I said yesterday, I think, that it pays to listen, and I think we have heard quite a lot today; I have certainly heard quite a lot, some of it quite inspiring, in fact. Again, like the end of the Population Management debate, I have prepared a speech but I am going to have to sit on that for a moment because I would like to comment on other things I have heard this morning.

1955 The first thing I would like to say is I think that the difficulties we find ourselves in are threefold or they stem from three issues.

1960 The first, I think, was identified by something that Deputy Roffey said, because he mentioned the words 'civilised society would expect' and I think at a different time he has mentioned a progressive society or a modern society. He never says an Island society, and I think that is one of the keys, because, as an island society we cannot have everything; we cannot possibly afford everything, and yet we covet what we see overseas, in Jersey or in the UK or even further afield.

1965 We think 'Well, we should have that because we are a progressive, modern society'. Well, of course we would want that, if we could afford it. I think that has been part of the problem: that we have done relatively well for quite a while, some people have done extremely well; but, as a government, we have looked further afield and assumed we must provide that for our people. And of course we should; we should try to give them the best services we possibly can. Nobody would disagree with that.

1970 They come at a cost, and that cost has got greater and greater and greater, till we get to this pass, where actually the cupboard looks pretty bare now, at this point, and that is a really scary prospect for all of us. It scares me; coming in as a rookie – two years and 24 days or whatever it was that Deputy Brouard said – of course, I had expectations of what we might be able to achieve. I think I was sold the pup to be perfectly honest, because some of the money that I assumed was there, £100 million surplus, turns out to be because we did not spend it on infrastructure, and so it goes on. So I have to adjust my thinking. I have to take the reality of the situation into account. And having sat in here for the two years and 24 days, whatever, I have begun to see a pattern, and it is why I was somewhat energetic in my appreciation for Deputy Le Tocq this morning, because there were two things that he said that I have been very conscious of, and I have tried to make clear on several occasions.

1980 The first thing is that Government tends to deal with everything in isolation. There are huge problems as a consequence of that, because we argue about something without thinking about the consequences or the knock-on effect or the ramifications that it might have on other elements, other areas, of our mandates. And that causes difficulties, because we have done it, we have made a decision, we have stuck with it, and it is going to be really difficult to change at that stage, when it becomes apparent we did not think of that, because we were only thinking about that issue, that day, and unfortunately, that is where we are at. I think we have done that several times.

1985 The other thing that Deputy Le Tocq said, which I have tried and tried, and I think it probably bores Deputy Roffey, we do not think 'big picture'. We do not think beyond the corner in front of us. We do not think to the end of the street, because everything that we do, everything that we are confronted with, we would have a context for. We make decisions out of context, and this Budget, at this point – I think Deputy Helyar is absolutely right to warn us – we may not be able to achieve this sort of Budget again, because the cupboard is bare.

1990 I am not going to blame anybody for that; I mean, we have had Assemblies and Assemblies and Assemblies with the best will in the world. Nobody in here wants to do anything but the best for Guernsey; there is no question of that. We may have different ideas about how to achieve it and we have to try to find compromises, and we do.

1995 But if you think the services, for example, that Herm has are not as good as the services that maybe Sark has, and Sark services are not as good as Alderney services, and Alderney services are not as good as Guernsey services. Why is that? Because they cannot afford it. Now that has got to be something we have got to get to grips with. You can call it cutting your cloth to suit – and we have to, and we will probably have to do it very drastically now, because this has drifted for far too long.

2000 I was also impressed by Deputy Trott's speech, he knows his numbers, he knows the background here. But I was also impressed by Alderney Representative Snowdon, (**A Member:** Hear, hear.) for pleading for his case for his Island. Because if there is a difference between myself and Deputy Trott, and we are probably more alike than I would probably actually admit to sometimes, I would put Alderney on the asset side of the balance sheet, whereas I think he puts it on the liability, for obvious reasons. But when you put it on the asset side, you try to make something of it; you try to make it work for you, you try to find a means by which it is not a liability, but actually it is an assistance to your objective, to help you with your bigger picture.

2010 I am not sure that Government ever thinks like that, which is part of the problem. I come from a business background, and government is not business, except that, for example, when it comes to borrowing money, because in a business if you want to borrow money, you have to prove that you

have got the ability to repay it. There is my worry at the moment with the Budget that we are confronted with, which I agree with and which I will support.

2015 If I was the CEO of a business that had a turnover, or a revenue, of over half a billion pounds, and it was actually giving me back a return, after expenses, of less than 2%, I would be terrified. I would not sit still for it. I would say, 'We have got to change the model; we've got to change the parameters here. The marketplace is telling us something has changed. What we did 5, 10, 15, 20 years ago doesn't suit anymore,' and it cannot. And it is not just what we are doing in here; it is what is being imposed on us externally, over which we have got little, if no, control.

2020 We have had COVID, which has changed everything. We are not over it; we are still reaping the benefits of COVID, as they are internationally at this stage. Supply chains. China is still going through it, causing havoc in the markets. We have had Brexit. Well, we knew Brexit was going to happen when we joined it; we did not really know what the ramifications of Brexit would be to us, as an island, and it has been severe.

2025 Actually, I would have voted for Brexit, because I am a patriot at the end of the day. I am a Guernsey patriot; I believe in a sovereign state. And I know we are not a sovereign entity; we are a dependency, and there is a difference. We have limitations. On top of that, we now have raging inflation, and we have a war.

2030 If anybody thinks we can apply what we thought before we joined the States to the current circumstances, they are wrong. I was wrong; I have to admit that. Things have changed dramatically for us, for all of us. We can argue, and we can bark at each other; that is the nature of politics, I suppose. But if we do not start thinking together about what options we have got, and we do not have a lot of options; we are a small entity – yes, we punch above our weight from a financial perspective, and that is great, but that finance industry is getting squeezed tighter and tighter and tighter by compliance ... I suspect that Deputy Trott would agree with me; more money is spent on compliance now than bringing new business. **(A Member: Yes, absolutely.)** That is a death spiral.

2035 If you are not bringing in new business, you are not going to grow. You have to start to look more creatively at what you are doing. And the finance sector too, and it is more than capable of doing it. More than capable of doing it!

2040 But we have to recognise what we have done in the past is not the way we are going to deal with our future; too much has changed. Too much has changed. And I would encourage all of us to start thinking, in our committees or elsewhere, how we can actually do things differently. Doing things differently has been mentioned by Deputy Soulsby, Deputy ... de Sausmarez – I apologise, just went out of my head for a moment, and I do not know how that ever happened – it is true; we have to think differently about how we approach the work that we do, and the services that we provide, and it can be done.

2045 There are answers out there, but it is not the answers in the past; it is the answers of the future. I am sure that we all want the best future we can for this Island. We do not want people who are suffering; of course we do not, nobody would want that. But we have to have a balance to say 'this is as much as we can do', because that is all there is to do, ultimately.

2050 Tax debate has been mentioned several times, and I certainly have to say that I came in expecting never to want to raise taxes, because I thought people have got enough to deal with at this point in time. But when you get to the point where you realise that Government has no money, you have to be realistic; and I am trying to be realistic, but I want to be creative with that realism, ultimately, at the end of the day. Because simply raising taxes will not in itself solve the problem, if we do not have an idea of what we want to achieve. **(A Member: Hear, hear.)** Because we will carry on in the same vein, indefinitely, and keep turning up the volume, and that will just ruin us because our young people disappear; they will not be able to afford to live here, and they are our future.

2060 In fact, I think it was Deputy Matthews said this morning, education is an investment. Yes, it costs us, it costs us money, but it is an investment in the future for the whole Island, and those who will follow us, ultimately. So you have to put money into that where you do not see an immediate return, as far as you possibly can afford to do that.

2065 Deputy Kazantseva-Miller, I have got some sympathy for part of her speech this morning. I think she too is saying that we have to do things, within Government, in a different way. That basically, the approach that we have taken to managing our Civil Service, our public services, has to be rethought at this stage because it is not working any more. It worked when we had money in the bank and cash washing over us, and we were hiding it or whatever the case was; that is not where we are. We are scratching our backsides here at this point in time; this is serious stuff and we can argue all afternoon and tomorrow and Friday if we have to, about little bits of this Budget that we do not happen to like.

2070 There would be no point, ultimately; there would be no point. We are just going back to doing what we have always done, because that is all we can understand to do, seemingly. But we are intelligent people in here, every one of us. We can do more than this, we can aspire to be more than this, if that is what we want. And if it is not what we want, then do not do it.

2075 Sorry, I thought he was waving. *(Laughter and interjections)*

2080 But what I am really trying to say, sir, is that ... let me give you an example. During an earlier part of the debate, I cannot remember which amendment, Deputy Gollop very quickly then picked up, he mentioned the word 'black hole', and then he slightly changed his phraseology. That is a word – well, it is two words that have occurred to me about the circumstances we find ourselves in.

I bothered to Google what NASA think a black hole actually represents. It is a dying star that folds in on itself and sucks everything into it, with such a force of gravity that it just cannot be denied. Even light, which is why it becomes invisible.

2085 So we have a black hole at this point in time, I would suggest, but it is not invisible; we can see the future, we can see the problems. Are we brave enough to take the difficult decisions to make a success of Guernsey? Because if we are, approve this Budget and then go back to your committees, and work damn hard about how you do some things differently. You do things with less, as best you possibly can. Work together on that or suffer the consequences.

2090 Thank you, sir. *(Applause)*

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

2095 I think I will pick up where Deputy Murray left off. I mean, I agree with many of the points he made, but he did say he was sold a pup. I do remember that in the previous term the former P&R, and indeed the former ESS, could not have made it clearer (**Several Members:** Hear, hear.) how acute and pressing the structural fiscal situation is/problems are.

I am just slightly astonished that anybody failed to notice, because it could not have been signposted more clearly by both of those committees in particular.

2100 I give way to Deputy St Pier.

Deputy St Pier: I propose the question: does Deputy de Sausmarez think that perhaps it is because they were not paying attention? *(Laughter)*

2105 **Deputy De Sausmarez:** As Deputy Murray alluded to, I am one of those who has often said we do need to think and work differently, I do agree with him on that, and I would take this opportunity to say that E&I certainly is. In fact, we have no choice; we cannot because of the things that we deal with: large-scale infrastructure projects have to be part of a long-term vision. And actually that is where I hope the States can turn a corner and start making some of those big strategic decisions that we have so far failed to make. I think the time for kicking the can down the road, if there ever was one, which I do not agree there was, needs to stop; we need to start taking these decisions by the horns, so that we can plan effectively around them.

2110 Just a couple of examples. Of course, Les Vardes is one of the things that we will be using our budget allocation on, assuming all gets approved, and that is a really good example of joined up strategic thinking. It does not just look at one issue in isolation; it does take a number of different

issues and makes sure that they fit well together. That is a policy letter that we will be bringing towards the beginning of next year, that will give this Assembly the opportunity to do exactly what Deputy Murray is espousing. I very much hope that that would be an example of a positive decision that does look at that bigger picture.

2120 Transport and housing and population, and the relationship between those things, is another example where we cannot just do things in the way that we always have. Our current systems, in terms of both housing and transport, the transport infrastructure required to support them, do not scale up. They just do not; you need a paradigm shift, you need to think differently, you need to do things differently, it is a transformation. That is something again that E&I will be bringing proposals forward with in the course of time, that I very much hope this Assembly can get behind.

2125 Just to touch on some of the issues that are covered in this Budget, from an E&I perspective, first of all. Obviously, it is the main issues that relate to the GWP, and I will just take the opportunity to quickly highlight some of the most important ones. In terms of meeting our housing needs, we have got the market interventions programme, which is underway. I am sure no one will have failed to miss the fact that the electricity strategy is very much in development, and of the recovery action of securing future energy requirements; that is a major focus for the committee. Les Vardes, I have already mentioned, comes under opportunities for regeneration.

2130 Investing in nature and the natural economy, we have got a lot of work going on there, with particular respect to our green and, in particular, blue economies. So there is a huge amount of work collating the relevant data and using the right kind of technical expertise; a lot of work around identifying, monitoring, conserving, protecting species and habitats at risk. We have obviously got work to extend the Paris Agreement to the Island, and our net zero target, which although I know that is not something Deputy Murray specifically supports, that is another example of a big picture, a big vision, something where you have to pull together, multiple different threads and look at it in a holistic way from a number of different angles, so that is a major piece of work the committee will continue to be working on over the course of the next year.

2135 Under Reshaping of Government, we have also got the establishment of the Nature Commission, which is a really good example of doing things differently as well, and making sure that we have got the people with the most relevant expertise delivering services that Government might not be best placed to deliver. So that is another exciting and encouraging programme of work.

2145 One of the shadows that overhangs us is Brexit, actually, and there is still a huge amount of work that takes up an enormous amount of our resource, for some of our officers. It is necessary work, there is no getting out of it; it is important, but it does take resource and time.

2150 Actually, that helps me to answer Deputy Oliver's question; she was quite right, and I do agree with her. Again, that is another work stream that the committee is leading on. We actually made that decision back in 2019, but it has been Brexit, and then latterly, COVID as well, which delayed the implementation, so she is quite right, that that has been out for tender. I do not have specific timelines, but I will share them with her, and everyone else who is interested in that, as soon as I am able to. I am sorry I do not have a specific answer at the moment. It is something that has been very frustratingly delayed up until relatively recently, but something that certainly I, and the rest of the committee, are very keen to see move much faster from here on in. It is a very important piece of work, especially in the wider context of the tax review.

2155 Deputy Le Tocq, when he spoke, talked about the propensity, I suppose, for committees to look at their budgets in isolation, and this struck a real chord with me because actually some of the issues that pushed us over our cash limit allocation have been factors beyond our control, and potentially decisions made in other areas of the States, which then have a fiscal impact on our committee, and our bottom line. Two examples are the signs and lines service level agreement, where there was a recalculation at the STSB end, and suddenly we have got a much bigger bill – not for the first time. That is just an external factor that we have got very little influence over; it is what it is, but that is a decision taken in another area of the States that has a material impact on us.

2160 The timing of the schools start time has an impact on the school bus service which, again, has a material impact on our budget. Now, I am not for a second begrudging either of those areas of

work; obviously, we are very supportive of continuing to provide a school bus service, and continuing to deliver on signs and lines. But between them, I think there was a combined impact in the region of £350,000, and that is budget that we are just going to have to find.

2170 This is the other issue, that we are a very operational budget – and I imagine Deputy Prow might have a similar issue in a way, or some of the other committees. It is a high inflation environment at the moment, and there is an uplift in ... Deputy Brouard I think will really sympathise with this – yes, I can feel his pain from here, actually. There obviously has been an inflationary uplift applied to committee budgets, but that does not necessarily mirror the reality of the inflated costs that we will have to meet; there is a discrepancy there.

2175 I know P&R are aware of it, and they have said ‘suck it up!’ and we will do. But I do have to make that clear: these are areas that we need to look creatively at, I suppose, and it will, as ever, have to be a combination of being as adaptive as possible, with how we deliver those services, and potentially also where services are charged for an increase in those charges in order to cover the unmet cost.

2180 So yes, decisions in other areas of the States – I could name a few other, more minor ones – do have an impact on us as a committee, and I am sure the same is true for other committees as well. We have got other things: we are impacted by the cost of fuel, for example, in terms of the running of the slaughterhouse and livestock incinerator; again, that is not an insignificant increase to our budget. It is just unavoidable, it is one of those things.

2185 Of course, you can put up costs; we might have to in some of these public service areas, but all of those have knock-on impacts of their own. None of these decisions are easy, but they are all necessary.

2190 Deputy Kazantseva-Miller, when she spoke, talked about the depletion – I think she used the word ‘depletion’ – of the public service, and I think this is actually a contributing factor. I know it is very tempting to not replace civil servants, especially ones that might have a higher cost attached to employing them, or whatever. But actually, I think in so many areas of public service, a stitch in time really does save nine.

2195 We know, for example, in the area of coastal defences, our proactive work is typically in the region of a tenth of the expense of the reactive emergency work, and I think that maxim is true in many other areas as well. If you can be organised, if you have got a programme of maintenance, or a programme of work which reduces the need for emergency reactive work, then it is going to be more cost-effective at the end of the day.

2200 Speaking of cost-effectiveness, Deputy Dudley-Owen, when she spoke, said that teachers are doing their best, and the school leaders, and all the people within the ESC ecosystem are doing their best to make their budget as effective and efficient as possible, and I have absolutely no doubt that they are. But, I think the problem at the heart of this is that we, and harking back to what Deputy Helyar said in his opening speech, this was not a decision taken by a previous Assembly. It was a decision taken by *this* Assembly to choose a model that was just inherently economically inefficient, because again, a bit like the housing and the transport, it does not scale. There are just inherent inefficiencies that means it does have an impact in terms of class sizes, in terms pupil-teacher ratios, in terms of curriculum breadth and choice, in terms of enrichment, all those different things.

2210 We did make a conscious decision, and it was this Assembly – there is no wriggling out of it – to choose that particular model, knowing full well that it neither delivered the economic efficiencies that alternative models might have, nor indeed the educational outcomes that they would have, as well. So I do think that is a decision that we have to shoulder ourselves; that was a decision that this Assembly took, not any previous ones.

2215 While I am on the subject, I do obviously disagree with Deputy Ferbrache’s view that the previous education model was second to none. I think, objectively, it was second to many hundreds of other models, especially the top 100 comprehensives in the UK, which all performed at least 10% better than our Bailiwick average.

2220 So I think, objectively speaking, it was not second to none, and neither was it economically very efficient. But what really hurts at the moment is that we are not even not saving on that inefficient system, which we did have the opportunity to do, but I do worry that we are actually ending up with a system that is less economic than the previous one. My concern, I hope it is not correct, but I do not think it is going to deliver better educational outcomes as well, just because of those structural inherent inefficiencies. But I hope I am wrong.

2225 In all, yes. Where I part company from Deputy Kazantseva-Miller is that I definitely will be voting for Proposition 17, as well as all the others, because I do think it is important that we give the committees the Budget that they have planned their work around, and I do not know what we would all be doing if we did not have that Budget. I think we would be in big trouble, so I will certainly be supporting Proposition 7. I would like to thank the P&R committee, and specifically
2230 their officers, who in my experience, every year they manage to talk me out of a small fistful of amendments that I come forward with ahead of the Budget, and explain very reasonably why those are not needed, or would not be appropriate.

I know that there is an awful lot that is not contained in this Budget report that they are also working on, and P&R is considering. I wish them well, especially the particular officer who has
2235 supported the States for a very long time and is about to retire. I think she has done a particularly brilliant job as well, so I would like to put my thanks on record to her. Thanks to P&R. I will be supporting all of these, and I am certainly looking forward to making absolute best use of the budget available to us, as a committee, under challenging circumstances.

Thank you.

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The Bailiff: Deputy Gabriel.

Deputy Gabriel: I would like to address the Budget, in particular, Proposition 10, which is around the duty aspects. There has been much focus recently on the high cost of living in Guernsey, with
2245 mortgage rates increasing, which I know have nothing to do with us, and the volatility of prices constantly, it seems, increasing, including of course fuel prices. This Budget reinforces those rises with another increase in Fuel Duty. In my view, the Fuel Duty aspect bears no correlation to our climate change policy either.

Our data and analytics team published a very useful booklet, an online version of Guernsey Facts and Figures; 2022's publication tells us, using data from 2021, that there is in excess of 64,000
2250 vehicles, potentially more, circulating on our small Island's roads, and nearly three quarters of those are cars. Most jurisdictions use Fuel Duty as an effective means of raising income, but what they do with that income, though, is key; and Guernsey uses it towards its general revenue. Duty is collected and levied on the fuel that these vehicles use, and rightly so, because the ethos that the polluter pays is correct and the duty, while allocated towards general revenue, could fund anything though.

The total duty forecast to be collected in 2023, on all fuel, is approximately £20 million. Of that, approximately £7 million is planned to be levied and collected on diesel fuel. That, of course, is small fry when taken into context of the Budget figure of it: over half a billion. But – and this is the 'but' –
2260 it is significant to the people of Guernsey. A 6% rise on road fuel to some will be another reason to cut back on other critical expenditure. Tony Hancock was famed for saying, 'A pint, that's very nearly an armful!'

Some families cannot wear any more small increases. What concerns me is that the science tells us that diesel vehicles cause more than four times the pollution than petrol vehicles. Diesel vehicles still attract considerable negative publicity, thanks to the amount of toxic emissions they produce.
2265 Our own data and analytics team record nitrogen dioxide on a three-year rolling programme, in our atmosphere, and have been doing so since 2010. That measurement of nitrogen dioxide, the gas that is generated from burning fossil fuels, primarily internal combustion engine vehicle fuels, is recorded at an average in Guernsey of 15 µg/m³.

This figure is certainly lower than the World Health Organisation's guideline maximum of
2270 40 µg/m³, but we can do more. What if we could lower that even more? Wouldn't it be a bonus if

we could lower these emissions and be a clean-air island? Another reason for Deputy Vermeulen and his colleagues at the Economic & Development Committee, to promote visiting Guernsey, another unique selling point, let alone the health benefits that the population could receive. And that brings me nicely on to health.

2275 Item 2.23 in the Budget focuses on alcohol duty rate, and the correlation between that and the Committee *for* Health & Social Care's request to P&R. Members will note that they will be considering whether any changes to the current rate of alcohol excise duty should be requested in future years in order to facilitate the introduction of a minimum unit price of alcohol. For public health reasons, the Committee *for* Health & Social Care has requested that P&R recommends an
2280 increase in inflation, plus 1.5% in excise duty rates for alcohol products. So what if we took action on our fuel supplies, using that same logic, and replace diesel fuel with bio-diesel?

If I can draw Members' attention to Section 2.32 of the Budget on page 18. I have said previously that, and it is described there, that Fuel Duty is increasing by 6%. The proposal in the Budget is now to be 80.9 pence per litre for petrol and diesel, to bring in a net revenue of £20.4 million. The pump price of fuel at some retail outlets is way in excess of this, at £1.87 per litre for diesel. On my regular
2285 journey to and from this Assembly, I pass a well-known provider of diesel who display their figures and diesel price at £1.87.

Diesel fuel, as I said earlier, is one of the most polluting fuels we use on a major scale in Guernsey, but there are less polluting alternatives, in the form of HVO, or biodiesel. HVO is the acronym for
2290 Hydrotreated Vegetable Oil; effectively, refined vegetable oils. And that is mentioned in the Budget too. The global manufacturers have taken up this baton and in some way mitigating the emissions of diesel by providing this alternative product.

This product in the Budget still attracts a duty figure of 70.9 pence per litre – a 10p difference to diesel duty. The product is more expensive to produce than diesel, just by the very nature of it. It is
2295 produced, rather than extracted from the Earth. But is it not a worthwhile opportunity to replace diesel, and the pollutants that diesel vehicles spew out onto our Island, into our Island atmosphere, with a better alternative?

Unfortunately I note that, unlike in previous years, there is no provision to have a duty free allowance of 125,000 litres of biodiesel. This take-up, over previous years of the lower-priced duty-free diesel, was very soon used up by savvy motorists. And the savvy motorists that have got a diesel
2300 vehicle will note, at the moment, that the current price of diesel, caused by global events probably, is that the prices of diesel and biodiesel are very similar; perhaps even diesel is more expensive at the moment – proving that there is a market, and that a diesel motorist who wants to change could change relatively easily to biodiesel with no mechanical change to the vehicle.

Should we not, as an island, as a government, want to do the best for our environment, the best for our people? A commercially viable, low-emission, mainstream alternative to diesel is available, and we are doing very little to promote it, because of a fiscal focus, rather than an environmental one. Should we wait until 2030 and beyond, when the sale of new fossil-fuel internal combustion engine vehicles will be banned?
2305

What if we do something different, as Deputy Murray said? Think differently. Do more. What if we remove the duty of 70 pence on biodiesel? We know that consumers will use that product, as it has a very successful trial.
2310

Yes, it will come as a cost, at the loss of duty. Remember, though, that our revenue streams still attract about £13 million from the sale of petrol. And it will affect, amongst others, our bus service and the minibuses that transport our special educational needs children to their schools, too, as they all use a significant amount of diesel. But shouldn't Government-provided vehicles for the public be setting an example? Shouldn't we, as Government and policy makers be setting an example? If you think, 'It doesn't affect me, because I don't drive a diesel or I only cycle or I walk,' I believe it will have an impact, because it is commercially-used. Delivery vehicles, tradesmen's
2315 vehicles, not to mention regulated taxi fares, (*Interjection*) and all the products we buy or get transported around the Island.
2320

Effectively, isn't our Fuel Duty not another way of dressing up a GST? And I mentioned cost earlier: I do not really mean cost, I mean loss of income, because the real cost is to our natural environment. If we continue to make diesel fuel a viable choice, knowing that there is an alternative – and that is the important part, knowing there is an alternative; if we had no alternative, then, yes, we would have to use it, because that is what is available to us on this Island. But there is a viable alternative.

I will give way to Deputy Le Tissier.

Deputy Le Tissier: Thank you.

I just wanted to point out that at least one of the major manufacturers does not recommend biodiesel to be used in their cars, with highly-tuned diesel engines. For those people, ordinary diesel is the only thing they can use.

Thank you.

Deputy Gabriel: Thank you.

That brings me on very nicely to the next part of it: anecdotal evidence that I have heard, and read, and seen, and been in discussion with garage owners, suggests that the biodiesel is a better fuel, not only for its low emissions, but for the running life of vehicles, certainly older vehicles, as diesel engines much prefer the biodiesel, with its cleaner burn, rather than the traditional diesel.

Deputy de Sausmarez mentioned it in her speech earlier: we have committed to the UK's extension to the UN Paris Agreement. I will remind Members of what that Agreement says. It sets out long-term goals to guide all nations, and we are an island nation. One of those is to substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 °C, whilst pursuing efforts to limit the increase even further, to 1.5 °C. By committing to this, and still using diesel fuel in vast quantities, how are we contributing to lowering emissions? We have our climate change policy and our energy policy, charting a path to net zero by 2030.

Surely by supporting these policies, we should be doing all that we can to reduce pollutants. Our energy policy recognises this as it centres on decarbonisation and the move away from fossil fuels. Working to mitigate the effects of, and adapting to the impacts of, climate change, is a global challenge. Guernsey must play its part, though, even though it is a very small jurisdiction. There is a need to act quickly, with a focus on the areas that Guernsey can deliver most effectively and have the greatest impact.

Shouldn't we be doing the same for our on-Island diesel vehicles? We should be a responsible government, looking forward. We should discourage polluting products, especially when there is a better alternative. The use of diesel is not a long-term on-Island solution and does not represent that.

Members will note that in section 2.35 of the Budget report, that as an extant Resolution of Billet XII of July 2019, E&I have gone out to tender on a distance charging pilot. Deputy Oliver mentioned it earlier. My understanding is that Treasury are evaluating these tenders, to determine if a systems to record mileage of vehicles, rather than the current system of charging duty for the fuel consumed at the pumps, is perhaps a fairer way of charging the cash cow motorists out of £20 million a year.

Some might ask what else is being done to reflect the increase in electric vehicles, that do not use direct fossil fuels but contributes to E&I's expenditure budget. Section 2.54 of the report adjusts revenue from first registration duty to replicate the increase in electric and hybrid vehicles; some 17% of newly-registered vehicles in 2021 were electric or hybrid. A slight adjustment to the first registration duty of £50 per EV registered is proposed.

Also, the increase in first registration duty for higher-band vehicles, especially diesels, is some sort of nod to the 'polluter pays' aspect, too, which I am pleased to see in Proposition 16. I too, like Deputy de Sausmarez, thought about raising an amendment to Proposition 10 to achieve a lot lower duty rate for biodiesel, and I too pay credit to colleagues in Treasury because they provided some very useful analysis and discussion. Unfortunately for me, and the Budget I suppose, it was deemed

2375 fiscally irresponsible by the Treasury colleagues (**A Member:** Hear, hear.) as it would result in a net loss of £4 million.

Due to the volatility of the current diesel price, and the global conditions in force, it currently means that the retail pump price of biodiesel is less than that of the diesel by only a few pence. I would be interested to see how this will have a negative impact on revenue stream estimates if this retail price trend continues into 2023.

2380 Looking further into the Budget, other than the parameters of Proposition 10, I was particularly pleased to see the sliding scale approach to TRP, with a 0% increase planned for those in smaller properties. Deputy Ferbrache's speech yesterday, to amendment 1, Deputy de Lisle's amendment, he did make a generalisation, and in my view a good generalisation, that perhaps those people with smaller properties could not afford increases, and those in larger ones could afford larger increases.

2385 I believe that this approach should be used more in our revenue Propositions. I look forward to the tax debate next year. I applaud P&R for presenting something with a small hint of doing something differently, stimulating and incentivising in some areas, which I thank them for. But we do have to manage our expenditure; and speeches earlier ... especially Deputy Trott's, my thoughts echo with him. I do not perhaps carry his weight, but I do have the same voting power as him; just the one.

2390 But I do agree that the 1948 Agreement does perhaps need revisiting with our colleagues and friends in Alderney. For example, the Alderney breakwater has an annual maintenance figure of £400,000, which E&I was responsible for. And perhaps that is something else that we should be looking at. Again, perhaps that could be deemed to some, a pint, but to others, an armful certainly.

2395 In closing, sir, if it is not already, I have not looked that deeply into the electronic voting, but if there are no discreet votes I would like a separate vote on Proposition 10 please.

Thank you.

The Bailiff: Deputy Le Tissier.

2400

Deputy Le Tissier: Thank you, sir.

I have listened to the debate with interest, and I find myself agreeing with many of the comments made by earlier speakers. I really want to single out Deputy Kazantseva-Miller, as I agreed with much of what she said. However, I have read through the Budget and I was going to submit some amendments. However, when I started to go through the Budget, line by line, it soon became obvious to me that, in my opinion, that was not a practical solution.

2405 That is not to say that there are not some parts that are worth supporting; but overall, to me, it shows that there has been an abdication of responsibility by the Policy & Resources Committee. 'Why?' you say that. Well, it is do with cost saving, and I am surprised as most of the Members on P&R were elected on a platform of cost saving and cutting the cost of Government, but two years on, and we have not had a single item that can be put in the 'cutting the cost' bucket.

2410 I think P&R should have made a start on balancing the budget in this Budget. I mean, they should have kept in mind the upcoming tax debate, which will soon be here, and also of the question of introduction of GST. They should have noted that there is lots of opposition to GST, both in this Assembly and in the public. So I was rather hoping that they would have taken some action in this Budget – but no. All we can see is increased spending, over and above the level of inflation.

2415 To me, it is irresponsible to continue with out-of-control spending. This Budget needed to cut back on spending, but it does not. But, as Deputy Helyar said in his opening remarks, we are to blame as well. Yes, we are; Deputies are to blame. We cannot put the blame at the doorstep of P&R.

2420 There is always a well-meaning amendment that increases the Budget; a hundred thousand here, a million there, it all adds up. We must stop spending, in my view.

Now, committee spending is also – well, not also – out of control. It seems to me that a start towards better fiscal responsibility might have been to cold down the budgets, and the cash limits of the committees to 2022 levels, but that does not seem to have been considered. If I am wrong,

2425 then perhaps I will be put right. But it is unfortunate, because that alone would have saved over
£40 million, which is not an insignificant sum.

Now, as I often do, I will refer back to my time in business. Sometimes, in management I had to
take tough decisions; what is best for the organisation and not necessarily what is best for the
individuals. Sometimes, very hard decisions have to be made. You cannot always be the nice guy
2430 that says, 'Yes, yes, yes'.

So, it gives me no pleasure to say this, but why can't P&R at least try to cut the cost of
Government spending? If they cannot do that, perhaps it is time to let new people do the job. Yes,
hard decisions must be made and you will be unpopular, but that is what we are elected for. I am
told by members of P&R that you cannot cut the cost of Government, and I have just one word to
2435 say to that 'Rubbish!' (*Interjections*)

I hope that is parliamentary, 'rubbish'. But any decent CEO –
I will give way.

Deputy Prow: I thank Deputy Le Tissier for giving way.

2440 I am listening carefully to the point he is making, but in my experience, and certainly the
Committee for Home Affairs, and I suspect with all other committees, the budget submission is
made and submitted to P&R, and it gets challenged, it gets challenged at officer level, it gets
challenged at political level. In fact, I was asked on behalf of the Committee of Home Affairs to
appear before P&R, and to justify the expenditure.

2445 I would caution in debate, painting a picture that spending is out of control, particularly delivery
in committees, and that there is scrutiny within P&R, and certainly my committee, and I believe all
committees, take it very seriously. Budget building is a complex area, and I would not like the public
listening to this debate to think that that is not a process that happens.

Thank you.

2450

Several Members: Hear, hear.

Deputy Le Tissier: Thank you.

2455 Well, as I was saying, any decent CEO of a company the size of the States, overseeing several
thousand people, should easily be able to cut the costs substantially. That is their job, and if they
did not they would be out of work. Well, maybe we need to apply the same policy here; we just
want commercial –

2460 **Deputy Ferbrache:** I am grateful to Deputy Le Tissier, sir, for giving way.

The Government of this Island is not akin to a CEO of a corporation that is run for profit. We
have to provide hospitals, we have to provide schools, we have to provide all the other matters that
a commercial organisation does not have to provide.

2465 So far I have heard Deputy Le Tissier complain that costs have not been cut. Deputy Prow has
explained, in relation to his committee, and I am sure every other President would stand up and say,
in relation to their committee, the same process has been followed. It is not nodding through at all.

But Deputy Le Tissier, I think all he said so far is he would keep the budgets at the same level as
they were previously. In relation to that, what detail has he attended to, to see for example, how
Health would keep the hospitals running, how Education would keep the schools opened, how E&I
2470 would be able to do their job in relation to environmental matters? What scrutiny has he given to
each and every budget, as a commercial person, who has had information, every opportunity to
speak to officers as others have done, every opportunity to read the Budget, line by line, as he has
said he has done? What has he actually done, other than say, 'Oh, this is terrible, we should cut
costs,' to attend to detail?

2475

Deputy Le Tissier: Thank you, Deputy Ferbrache.

Well, I take your points on board. However, new spending just comes along and gets approved. New posts in the Civil Service are created weekly, and that is why I say it is out of control. I have to refer to one particular incident –

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Deputy Mahoney: Point of correction, please, sir.

The Bailiff: Point of correction, Deputy Mahoney.

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Deputy Mahoney: If Deputy Le Tissier has proof that every week, new posts are approved, then he should present it, because it certainly is not true.

The Bailiff: Deputy Le Tissier to continue, please.

2490

Deputy Le Tissier: Okay, I will stand corrected on that.

But I want to refer to one incident, which if you believe what is reported in the media, that our Chief Minister, at a recent Scrutiny Management Committee meeting, said that, and I quote – and please interrupt if I have got this wrong – ‘We look at every increase and expenditure request that comes to us with real rigour. It is very difficult to refuse many of them, because they are so well-researched, presented, and they are so meritorious.’ Now if that is correct, I appreciate it is difficult to say no, but is it meritorious to increase spending at this difficult time? I would say no. I support P&R, and the Chief Minister, in many things, but I think in this Budget they are a little bit wide of the mark.

2495

Referring back to – I am not sure who it was that mentioned – Deputy Helyar says that P&R have no power to demand committees cut budgets. I think you said that at the opening. *(Interjection)* But then he goes on to say that if we do not pass GST, or something else to replace it, P&R will be demanding committees cut costs by up to 10%. Well, if they have no power, how can they demand that?

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In closing, because I do not want to take up too much of the time because I can see it is not a popular view, will P&R present a schedule of where these 10% cuts might appear, as it would enable debate, both in this Assembly and by the general public, when they consider their opposition to GST. *(Interjection)* Well, I have finished. *(Laughter)* All right! And so, in closing, I give way.

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Deputy Trott: Thank you.

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Just a couple of observations. Sir, somebody reminded us earlier that we have been in session for nearly two years; that is, if my maths is correct, 104 weeks, and I believe that there are some 80 or so more posts that are being paid for within the public sector than there were two years ago. Sir, it seems to me that Deputy Le Tissier’s reference to one a week was not too far from the mark.

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And the second point is, I think he is quite right, sir, to raise the point that in the corporate world – Deputy Ferbrache is quite right, this is not a business – but in the corporate world, at this time, raising a budget that did not balance, i.e. bringing in less than is going out the door, would be considered by almost every chief executive in the private sector as being somewhat odd.

Thank you.

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Deputy Le Tissier: Thank you, Deputy Trott.

Just to finish, and I do not want to stray into the tax debate but for new taxes, including GST, I believe there should be shared pain between the public and the States. And if we are asking the public to pay more tax, then it is necessary for the States to cut their expenditure.

Thank you, sir.

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The Bailiff: Deputy Inder.

2530 **Deputy Inder:** Just briefly, sir, the only comment I would like to make is – well, two actually – I think it was Deputy Gabriel who gave a fairly long speech about biodiesel, and you do not have to go too far into the internet to find the actual damage that biodiesel has been doing to acres and acres of Indonesian land. Orang-utans: biodiversity has been stripped bare for Europe’s desire to – I am not giving way – to go green. So I would be very careful for that sort of –

2535 **Deputy De Sausmarez:** Point of correction.

The Bailiff: Point of correction, Deputy De Sausmarez.

2540 **Deputy De Sausmarez:** I think that Deputy Inder is quite right in terms of first-generation biodiesel, but the type of biodiesel that Deputy Gabriel was referring to is second-generation biodiesel, which is completely different and does not have that environmental impact. So I think that is important to clarify.

The Bailiff: Deputy Inder.

2545 **Deputy Inder:** Anyway, there are acres and acres of Borneo –

Deputy Gabriel: Deputy Inder, if he had paid attention to my speech very closely, he will notice that I did make reference to HVO, Hydrotreated Vegetable Oil, as a biodiesel.

2550 **Deputy Inder:** And acres and acres of Borneo have been stripped for the growth of palm oil and vegetables to create biodiesel, which touches onto Deputy Gabriel. So I would be very careful when the rich West chases green at the expense of the rest of the planet, because that is clear and you do not have to look too far to see what is happening out in Asia and it is not a good place. Having said all that, I do agree that diesel is problematic, and for that reason, I would rather see more electrification than the conversion from awful diesel to even worse diesel.

2555 But, sir, Members, I think Deputy Trott touched on something, actually, and I think it is quite important. What I detect out in our community is an anxiety; there is no too ways about it. We all run around, we pat ourselves on our backs. Only a month ago, a couple of months ago, I gave my six-monthly update; I spoke about how well the finance industry was doing, we are very comfortable with the tourism industry, visitors are doing well, hotels are on the rise, everything is going well. But it is not going well for everyone.

2560 It is Deputy Trott who spoke about the growth between the median earnings and our upper earnings, and that is quite important. I have got a bit of data: we had had a little bit of a chat between a few of the Deputies, and I think I will share this actually with Deputies later on. This is the difference between 2005 and 2022, and it shows some of the differences. That is really about as far as we can go back to data.

Back in 2005, our GDP was about £1.5 billion; 2022, around £3.1 billion. Effectively, it has gone up 101% in that 17-year period. Our population then was 59,000; it is now 63,000, and the uplift is about 6%.

2570 Now, the GDP per capita, and I know no one likes GDP per capita, because they do not think it is a particularly good, but –

Oh, I will give way.

2575 **Deputy Parkinson:** Would Deputy Inder not accept that the way we compute GDP has changed during that period, and there was a very substantial paper increase in GDP when we made the change?

Thank you.

2580 **Deputy Inder:** Okay, I am only going through the data, but I will get to the end of the point because actually Deputy Parkinson might like what I am about to say. The GDP per capita, back then in 2005 was about 26,000; it is now 50,000. I think I have heard from Deputy Roffey, Deputy de Sausmarez, that the GDP is not much of a measure, and they are probably right. But I tell you what, if it ever dropped by 50%, it would be a measure.

2585 But this is the important bit, and this is about the average house price. I did talk about the anxiety before; this is what I really want to get to. The average house price back in 2005, according to the figures we have got in front of us, was about £287,000; now, 2022, around £625,000. So, that is 117% increase in house prices. Now, the median earning difference was £22,000 back in 2005 and £36,000 this year.

2590 Looking at the difference of the lower median earnings, the chances are those who were on the lower median earnings back in 2005 were 9.2 times; to raise capital for a house, you would have to be 9.2 times salary, and this year, it is 12.2 times. In reality, if you are on that lower median earnings, you probably were not going to own a house. But something has changed; the median earnings have come 6.3 to 8.4 times. What we are starting to see now is that those on the median earnings were more likely to be able to buy a property back in 2005 than they were now.

2595 What we are seeing is a shift almost downwards from aspiration. Those in the median earnings are less likely to become homeowners, and that is the anxiety that I am detecting. As we talk about how well the finance industry, how well the tourism industry is going to do, and Deputy Trott is – I will give way to him, sir.

2600 **Deputy Trott:** Only because it is actually even worse than Deputy Inder suggests. Average house prices are now through £600,000 and average earnings published as of June 2022 are £37,500. The multiple now is a staggering 16 times.

2605 **Deputy Inder:** Okay. So, in the last 10 minutes, it has actually got worse than ... (*Laughter*), which I have outdone myself.

So the point I made earlier, it touches a little bit on to what Deputy Murray was talking about and the feelings on what we are trying to do as an island. I generally think, and it was Deputy Trott that mentioned it, the disparity between median earnings and higher earnings is massive. We may pat ourselves on the back, because finance is doing well, tourism is doing better, but the reality is we, and I think it was actually Deputy Ferbrache some moons ago spoke about, I think his words were 'We failed Guernsey', and I believe he was talking directly to what we see as 'middle' Guernsey.

2610 Through the Housing Action Group, again, they are doing what they have to do, in terms of policy, because actually, it is not really for governments to look at the private sector. So what are the Housing Action Group going to do? They are going to look at the GHA, they are going to look at key workers, but what is in this for Guernsey? That is the question we do need to answer at some point, because I am now starting to get a little bit worried about the future of my Island, but for slightly different reasons than others might think.

2620 That social fabric, that Island that I was brought up in, and that I am trying to drive forward, I am scared that what I am basically leaving behind, because that solid Guernsey folk out there, of which this Island was built on the on the backs of, is being left behind. And I can tell you now there are people who came to this Island, probably in this Chamber, not too many years ago, you did not come here for the weather, did you? You came in for the security, the beaches, the safety, the wealth management, a great place to be, and what worries me deeply – *incredibly deeply* – that there is a, I was going to say a silent majority, but that is not correct. Who turns up at our table at Economic Development? It will be the construction industry, it will be finance. What we never hear from is those people that you will never hear from, because they will just leave, and that worries me profusely.

2625 So somewhere in all this, and this is all I am going to say about the Budget, because it gives me an opportunity because we have drifted off into all sorts of things, it is just the Guernsey in me is now worried for what I call 'middle Guernsey' and somewhere in all that, as much as through the

2635 Housing Action Group, the concentration is on key worker housing, that is not necessarily Guernsey people. They are concentrating on GHA; well, that is the lower limit that we are going to be there anyway; and what worries me, and I have got to chose my words carefully, is we are potentially creating reservations. The GHA could potentially become reservations for the residue of the Guernsey people that we are not assisting.

I can see this coming, and I hope somewhere, over the next two terms, through the Housing Action Plan, that is reflected in some way, because I do not want to send all the people to either people like myself, who could have basically drawn the ladder up just because we breathed before everyone else, because that is entirely what happened. A lot of people have done very well over the
2640 last 40 years, just by being born before everyone else, because that is actually what happened, so there should be no smugness in this, not that I see that there is, but there should be no smugness. I can see a serious two-tier society, where effectively, those on the lower and median earnings are there to serve those who have drawn up the ladder. So I am putting a marker in the ground, I do not really know what in terms of policy shaping we can do, but I am asking the people of this Island
2645 to remember who put us here, to remembered who carried us here, and to remember the people of this Island. That local Guernsey native population.

Thank you, sir, and to that end, I will be supporting the Budget in its entirety.

The Bailiff: Deputy Leadbeater.

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Deputy Leadbeater: Thank you, sir.

I was not going to speak in general debate, but a couple of things have come to mind whilst thumbing through the Budget report and listening to debate. We have some gold-standard services in Guernsey, at which we have become accustomed to and take completely for granted. But can we
2655 do things differently, at a lower cost, while still providing an adequate level of service? Possibly, yes.

For example, maybe we should be considering moving to a model of a retained fire and rescue service, in Guernsey, for example. I would just like to point out that anything I am about to say is no criticism of Guernsey Fire and Rescue Service, or of Home Affairs, before any Members take offence; these are purely my observations. We have two full-time fire services in Guernsey: the Airport Fire Service and Guernsey Fire and Rescue. A full-time Airport Fire Service is an absolute must for any
2660 jurisdiction with an airport; we cannot operate a commercial airport without a full-time trained fire service.

But our regular fire service, although providing an excellent service, well over and above what you will find in the UK, costs us a fortune, in excess of £4 million a year; £4 ¼ million, to be precise.
2665 I will give Members some stats from the 2019 Guernsey Fire and Rescue Service's Annual Report; I have used 2019, as it was pre-pandemic, but 2020 paints an even costlier picture.

In 2019, Guernsey Fire and Rescue Service received 982 calls. Out of those 982, only 147 were for actual fires: 131 fires and 16 chimney fires, to be exact; 103 of the calls were for road traffic collisions, and 329 for what they have called 'special service', because Guernsey Fire and Rescue Service now co-respond with St John Ambulance and Rescue Service too, which makes up for much
2670 of this number.

The staggering statistic, though, sir, is the number of false alarms, 403 in total. Out of those 403 false alarms, only one was a malicious one. So 402 of those false alarms are down to mainly businesses not maintaining their fire alarm systems accordingly. No one gets charged for these false
2675 alarms, even when, as in virtually all cases, they are due to a lack of investment in basic systems maintenance.

These false alarms, due to underinvestment in basic maintenance, are costing an absolute fortune on a recurring annual basis: 41% of all calls in 2019 were for false alarms, due to poorly-maintained fire alarm systems; 41%! That figure rose to 45% of calls in 2020. For context, only 15%
2680 of all calls were for actual fires, which I find alarming – pardon the pun.

There are many areas across the UK, for example, that have retained fire and rescue services, many areas far larger than little old Guernsey manage perfectly well with this type of model. I fully

2685 believe that proper savings can be made in this area; responding to 147 fires and 103 RTCs should not have a £4 million-plus annual note attached to it. Sir, this is just one idea of how to achieve savings that came to mind when looking through the committee budgets.

2690 While we are on Guernsey Fire and Rescue Service, there is also some crazy arrangements when it comes to replacement policies for fire appliances, for example. Fire appliances cost hundreds of thousands of pounds. A couple of years ago, Alderney needed a replacement water carrier for its Fire and Rescue Service. The appliance we had in Guernsey was 10 years old; it had an expected lifespan of 15 years.

The replacement policy that Guernsey Fire and Rescue Service has is to sell our appliances that have a 15-year lifespan to Alderney when they get to 10 years of age. We charge Alderney 10% of the replacement value of the new appliance, which goes towards the brand new replacement. In the case of the replacement water carrier I mentioned, the replacement cost was around £200,000, meaning that we would charge Alderney £20,000 for our appliance, costing the taxpayer of Guernsey a net £180,000 for a replacement appliance that has at least five years of lifespan left. But we need to help Alderney, don't we? Yes, I am sure!

2700 But I do not think we are, because what I have read of this policy, and the proposal regarding the water carrier, I thought I would have a look at the second-hand value of these types of appliances. If I were a dealer in the UK, I have found the same specification water carrier that we were selling to Alderney, but a year younger, for a mere £7,500. So this policy is not win-win for the Bailiwick; it is actually lose-lose. Guernsey has no need to replace its fire appliances years before they are due to become unserviceable, especially bearing in mind that ours do not do the amount of miles, or get the hammering of constant responding to fires like busy fire services do elsewhere. And Alderney has no need to pay three times the actual value for its replacement appliances, when other, far more cost-effective options are available.

2705 I do not want to sound like I am picking on Guernsey Fire and Rescue Service, sir, because they are a great team, doing a great job, and I am sure that this is just one example of many across Government, where these types of historic policies unnecessarily cost the taxpayer a lot of money. We are all aware that cutting services is something that Government will have to do if we cannot raise the revenue we need, but before that, surely trying to do things differently first, not just because that is how we have always done things, needs to be thoroughly examined.

2710 Legal aid is another area where I fear we should be looking to make savings. I was pleased to hear Deputy Roffey, in his update Statement last month, saying that the review of legal aid is in train. I look forward to that.

2720 Legal aid costs the taxpayer over £2 ½ million a year, with a lion's share of that, over £1.6million, for civil cases. Evidence suggests to me that legal aid in civil family dispute matters not only costs the taxpayer a great deal of money, it also does little to help these disputes to a timely conclusion. In fact, evidence suggests it does the complete opposite. The UK withdrew legal aid for family dispute matters many years ago for the reasons I have just outlined, and we should be doing the same in my view.

2725 These were the types of initiatives that I was going to bring forward to Deputy Helyar's savings committee, that was touted earlier on this term, which I was to represent Home Affairs on. I really believe there is merit in forming such a group, to properly lift the drain covers and look for savings across committees in all areas of the States. It is incumbent upon us to look for these types of savings, before asking the taxpayer to stump up more of their hard-earned cash. Doing things differently has been mentioned by many Members during debate, sir, and I sincerely hope that collectively, we continue this mantra and look to identify savings such as those I have mentioned. The saying goes, sir, 'Look after the pennies and the pounds will look after themselves.' (**A Member:** Hear, hear.)

2730 Thank you.

The Bailiff: Deputy Soulsby.

2735 **Deputy Soulsby:** Thank you, sir.

I thought I would just follow up in particular, there had been two speeches that really resonated with me. The first was Deputy Trott, and the second one, you might be surprised to hear – he is not in the room at the moment – is Deputy Inder. But Deputy Trott said, really, exactly what I would have said, although probably not in his inimitable style. I think his comments about Alderney, I do agree with, and particularly about reviewing the Reform Law; I think that is well overdue, and I think that might for another debate now.

2740 I agree with him, about the principles in the Fiscal Policy Framework and about inequality – and this is going back to what Deputy Inder was saying. I question his use of the word ‘native’; I think that was unfortunate, I think inequality affects everybody on the Island, whether they were necessarily born here or not. But I do feel that a key element of the principles we have in the Fiscal Policy Framework is it does not take account of the inequality; it does not take account of what society we want. It is something we debated when we went through the Fiscal Policy Framework when it was presented, and the one issue that I rose then was in relation to inequality.

2745 I was very interested to hear the comments that Deputy Inder made, and Deputy Trott, regarding the drop in median earnings; I think it is really crucial. I thought I would go back to what I said back then; this was in January 2020, so pre-COVID even. I spoke about how we have what is called the Gini coefficient, and that is the measure of inequality in our society. The Gini coefficient then was 0.37, and it looked very close to the OECD average of 0.32. But having done some analysis of that, it was very clear, even then, that by looking at the median, so where we actually fitted in the whole comparison, with other countries, we came out as the sixth most unequal, compared to the 36 members of the OECD.

2750 It was only the US, Lithuania, Turkey, Chile and Mexico being worse than us, and the median was 0.307, similar to Ireland and Luxembourg. The importance of this – and this is what I said at the time, and something we need to remember when we think about what it is Government does – is all the work done on social determinants of health show there is a direct correlation between wealth and health. Conversely, the greater the public expenditure on healthcare and education, the higher the human development index, an index the UN uses to show that societies that spend more on schools and healthcare are those societies that score better on education, health and income. I think it is important to bear ... that was what I was saying two years ago, and absolutely we know, having had COVID and Brexit, that the situation will have only got worse, and we know that is the case, as the statistics that Deputy Inder and Deputy Trott just used.

2755 I do have problems with the use of GDP. Deputy Parkinson referenced it, and we know that it has limitations. But it does because we talk about growth, and it is great, and growth has gone up and up, but we measure growth through GDP which is calculated in the most weird and whacky way. It includes public sector pay and benefits within that parameter; so perversely, you could say the more we spend on the public sector, the more our growth could go up and the more we might have to spend on capital, or the more that we can spend generally on revenue, based on what our Fiscal Policy Framework says. So, it is very difficult, there, when we talk about growth and say how wonderful we are doing, when Mrs Le Page cannot find a care home for her mum, and cannot pay her mortgage, and these are things we need to think about whenever we are making these big decisions on what we want to do in the future, be it on tax or what we want to spend that money on. So, for me, I thought that Deputy Trott taking that time to talk about the Fiscal Policy Framework was really important.

2760 Now, Deputy Murray spoke about thinking differently; I totally agree with him, but then he was a member of the ... he is a member of the committee, at the moment anyway, as I understand it – whose committee has sought above inflation increases. Well, why is that? Why have they done that? Well, it is clear within the report, and I know it is back to support children impacted, with their mental health, through the pandemic; results from recommendations from the NASEN review, for children with special needs. All very good and worthy; absolutely, I doubt that there is anybody here who would deny that is something that we should be spending our money on. But we have to remember that that means more people and more services; I am sure it is felt essential, but we need

to look at the Budget, and look closer beyond the headlines, at the fact that we are having above-inflation increases here.

2790 If you see beyond that, within the Budget, it talks about how there have been surpluses in certain areas, and that, I think one of the areas is in corporate services, it cannot find people, cannot find businesses to help and maintain our properties. We just cannot find them; we have got the budget there, but we cannot use it, so we underspent in that area. We have got throughout this how we have not got staff; we cannot find staff in particular roles. So that is where we are actually making surplus.

2795 So we have got a budget here, but it is working on the basis of 'Same old, same old. We need to do this because we have got these services. We have identified a gap and we need to fill them'. But it is not thinking about how do we actually fill them. Of course we see that and the opposite is true in terms of underspend when it comes to HSC, where we have overspent and record vacancies covered by agencies. Now, I thought it was really interesting at lunchtime; I just managed to hear
2800 comments from the current head of the NHS, who said that the situation the NHS is facing now is worse than it was during COVID. Now that really made me think: how could that be?

2805 She said, 'Well, the difference between then and now is we had one single focus of attention, whereas now everything is so much more complex. We have got the catch-up from people from COVID, we have got ageing population, and we have got the real problem of lack of staff; unprecedented vacancies in the NHS.' Well, we have exactly the same. So, when it comes to thinking differently, working differently, I do not think that just building key worker housing will solve the issue.

2810 I think we need to be cognisant of that, we have got to think, 'How do we use staff in a different way? What do we think about staff that we employ now? Their roles? How do we value staff in our community?' We pay lawyers, accountants very excellent salaries; what are those of the areas where we are not finding the resources that we need? I think that is where we need to start looking differently, in terms of what we want as a society, and how we actually manage to achieve it.

2815 Following on some of lines on this – and Deputy Roffey referenced about the need ... he did not want to see capital being sacrificed in the future, in reference to the Tax Review, I think, so that might be the solution, no capital. I totally agree with him; we have capital expenditure that needs to be undertaken. But the truth is, and this is the real issue we have got, we cannot do it all; we are stacked out with stuff, and we literally cannot do it all. We have staff who are burning themselves out trying; we have got the same staff who are juggling balls on different projects, they cannot do it.

2820 Capital projects, anybody who has been involved in any of these really big-ticket items, the electronic patient records, the Hospital modernisation, education transformation, will know that each of those budgets includes allowance, provision, for backfilling staff. Because you know, the best people to help you in your project are those people that work within that system; the educationalists, the teachers, the nurses, the consultants, who know how the system works. They
2825 are the guys you really need to talk to, to make sure things happen. But the truth is, we cannot get the people to backfill those posts, so that is slowing things down, it is causing issues about 'Well, that will really impact those projects'; will they actually be successful as a result of that?

2830 So we have really got to think about: yes, I agree with Deputy Roffey, we should not just say 'No, we are not going to do projects', but we have actually got to think how we do it and timing it, because I think that is going to be absolutely crucial, we do need to time it. We were talking about subject matter experts in the last debate; we do not have a heck of a lot of them, and they are hens' teeth, and we value them greatly. But at the moment, I really do worry that we are burning them out with the demands that we are putting on them. But that is going to make it really difficult, because under our committee system, every committee will be able to say, 'We need this as part of
2835 our mandate.' It is something we absolutely say and I absolutely understand that; committees have their role to do that.

The difficulty is going to be if we agree that we cannot do everything, not all committees are going to be able to have their capital projects, and how easy is that going to be to get through?

2840 People talking about thinking differently, working differently now, when it comes down to it, we have to make those hard decisions when it really cuts to the quick, really.

2845 Just picking up something on service development as well, and it goes back to the inequality; we need to focus our functions on what will reduce inequality. It goes back to the whole social determinants of health, the whole issue about where we spend our money. It is not just about spending it on health and education; it is about spending it on those areas where we can reduce that inequality, because that, in the long run, is prevention and early intervention, and will mitigate the rising costs we are seeing in health. Because Health, at the end of the day, can be blamed for the costs going up and up, but it is not a health problem; Health is having to deal with the upshot of other decisions made further down the line, and they do a really good job on that, but Health is not just a health issue, as I have said a number of times.

2850 On that, I would just like to follow on something Deputy de Sausmarez spoke about, when she said about, 'Well, there are enough people last term calling out what the situation was' and I think she referenced P&R and ESS; well, HSC were too. The number of times I stood up here saying, 'Look, we have got a gap that is growing.' We had the KPMG review done for us in 2017, which demonstrated, I think it was, about a £50 million funding gap if we did nothing in 2027, and that was without transformation. Well, we did do some transformation, and actually, if people want to know, we did make savings; we made £8 million of savings we gave back to the Treasury, which I am glad the members of P&R will agree with me, we did.

2860 We did that, but that was against an increase in the ageing population, and the demands we were facing, so it is still going up and up. But we do need to absolutely focus on prevention and early intervention.

2865 I am pleased to have contributed some ideas to this Budget, but I would just like to echo what others have said; the Deputy States' Treasurer is really the brains behind putting everything together on the Budget, and I really do thank her for dealing with my questions with patience and much thought; I do think she will be sorely missed.

Two Members: Hear, hear.

The Bailiff: Deputy Matthews.

2870 **Deputy Matthews:** Thank you, sir.

2875 I wanted to start off by talking about costs and how they are spent. There were a couple of speeches quite recently; Deputy Murray, I think, mentioned that we all needed to go back to our committees and look at costs, and how we could perhaps control them a bit better; and Deputy Le Tissier gave a speech talking about the need to reduce costs, or that we should have been reducing costs across the board, across the States in general.

2880 Now I cannot speak for all of the committees of the States, because they are all run very separately. I can say a little bit about Health & Social Care. When I came into Health & Social Care we were in the midst of a pandemic and I think all healthcare staff responded incredibly well. We had this very magnificent response from healthcare workers to the pandemic. It really presented very few opportunities to control costs, as Deputy Le Tissier wanted us to do. I think if you just sort of looked at costs very simply, in a very crude way, you might say they are going up, and they are going up more than inflation. But of course there have been lots of things that have been happening that have caused those costs to go up, and COVID produced a lot of direct costs that have been separately itemised. The cost of running the vaccination programme and the cost of the biosecurity measures that were taken in the Hospital during it.

2890 But there have been some very indirect costs as well, because we have built up quite a backlog during the COVID pandemic period, which we now need to try and clear, and there are some extra items in order to be able to clear that. But I think the main impact that it has had is that it has made it very difficult to recruit, and this is something that is being felt across the UK; it has made it very difficult for us to recruit. But we have a particular issue in Guernsey, because we also have, as well

as trying to compete with the UK – and we usually compete by trying to offer an attractive financial package – we have a housing shortage in the Island, and that is not just something that affects Health & Social Care; it affects all businesses. Deputy Inder will be talking about the difficulty that businesses are facing, trying to get staff, I know. Deputy Vermeulen will know very well about the difficulties that people in hospitality face across the board, that is very difficult.

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And actually, in Health, we have built up a bit of a dependency, on agency work and on this need for subsidised housing for people from the UK, and that makes it very difficult. It is actually something you can do to cover something in the short term, but we have built it up to a stage now where we are reliant on people coming from the UK, we have subsidised the housing, because it just would not be affordable to come here without it. Unfortunately, the downside to that is that it can make it then look relatively unattractive for people who are local, who do not get the housing subsidy to work in health, and that is an issue, one that would need to be addressed, but there are no easy solutions to that.

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I do sympathise; I think that Deputy Le Tissier said something that I think a lot of Islanders will feel. They will say, 'Well, in a business, you would just go and cut the costs. Why don't you just go and do that?' Just like you would if you were running a shop or you were running a business, you would just go and mark things down and say, 'Well, that is not running very well, I will cut that down.' Well, that is one of the key differences, really, between running a government service and running a business. Depending on how well your business is run, you should have a rough idea of what is returning a profit, what is doing well for you. You should be able to say, 'Well, that product is not doing as well, I have got costs there that are not justified by the sales that I am making, so I can cut that thing out'. It is a bit more difficult in a service like healthcare because there is no concept of profit and loss, it is not a case of cutting out the loss-making items; it would be a case of cutting services and you would need to make a decision about what services you would cut.

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We did go through a very rough exercise, looking at what we would have to cut if we had to make cuts, and they are quite deep cuts in services that we would have to make to do that. It is not straightforward to just cut costs in the way that a business would do. But I do appreciate the frustration as well, because I am sure that there are, at an operational level, lots of inefficiencies – not just in healthcare; I am sure across the States there are lots of people ... and people always tell you, 'Well, I know this guy that works in the States, and he only does an hour's work a day, and he gets paid ...' I am sure there are lots of things like that, but it is very difficult for us to be able to identify that from a committee level and say, 'That guy is not doing a full-time job'. There are no straightforward routes to be able to do this.

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It is worth bearing in mind, though, that especially for Health & Social Care, that COVID has had this real impact. At the beginning of this year we were close to declaring a critical incident, because of the ... and that was an indirect effect of COVID. It was just because in the midst of the Omicron wave we had a lot of people who were off from Health and it was very difficult to cover services. Of course, we did recover from that; we had a very good COVID response, actually.

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I did also want to come back to something that – Deputy Trott is no longer in the Chamber, but ... Oh, he is over there! – because I did want to sort of expand a little bit upon a point that I have made before – I did not see you all the way over there – which was talking about costs and how they might be allocated, or how you might allocate them per person or not.

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Because I know it is something that Deputy Trott talks about a lot: doing this hypothetical allocation of, 'What does the States spend per person and how do you attribute it?' Because all other services you can just say, 'Well, on average, the States spends £X per person,' and you can certainly do that with healthcare because if you incur a healthcare cost across a population, there is a cost per person that you can attribute to a person; and it is the same with many other States' services.

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I think you would say something like, in Home Affairs for example, the cost of running the Police service, you can divide by a number of people in the Island and say 'Well, that is the cost per person'. There is always the difficulty with Home Affairs saying, 'Should you attribute the cost of the Police

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service to the victim or the perpetrator or something?' But it does not really matter in a population sense.

Sorry, I will give way to Deputy Oliver.

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Deputy Oliver: Thank you.

You have to agree with me, though, I would have said, that attributing a cost per person to the Health Service is not that accurate because some people will use the Health Service a hell of a lot and other people will not use it at all? So it is not a very accurate way of actually attributing cost.

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Deputy Matthews: Well, not down to an individual person because somebody who has a heart bypass has a very much larger cost than somebody who does not, but across the population you would, and that is the sort of risk pooling that you would do with paying for your healthcare through taxation or through insurance. The idea being that people would not really want to pay the very large costs that would incur by an expensive operation.

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But I do think there is a very big difference when it comes to education, and that is because attributing the costs of education to the parents of the child just seems to be a philosophical error, because the children are themselves individual people, and they will, in time, become taxpayers themselves.

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In many cases, unfortunately, because of the way that Guernsey has become less attractive for young people, and because costs have gone up, many young people are not staying on the Island, so we are incurring lots of costs educating people and then they are leaving and going and earning their money somewhere else, in the UK or somewhere else in the world.

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Although a certain proportion of them will stay in the Island, and in general – this is what I said – education is different to other costs, in that is an investment in the next generation. The reason why I was saying that was not just to be pedantic and to pick up on Deputy Trott and say, 'Well, actually technically this is something different'; it is because I think it is very relevant, this cost of funding the next generation.

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Now this Budget has fallen sort of sandwiched between two other debates. We have just had two other very sort of big and important fundamental debates about how we run the Island. We have just had the Population Review, which is really sort of highlighted. As well as the fiscal deficit that we are projecting, really what we have built up in the Island is a demographic deficit, we have built that up over 20 years, and we will feel the effects for the next 20 years, because we have an ageing population that is going to cost more and more. Which is why I think I was not just making a pedantic point about costs, I was wanting to emphasise that investing in the next generation is a wise thing to do, because that is what will fund Guernsey into the future.

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I did also notice in Deputy Trott's speech – I could not help but notice – he made some comments about the effect that Alderney has felt through its own demographic challenges. Although I think that Alderney Representative Roberts and Deputy Trott may disagree on it, I think fundamentally, I do not think there is any disagreement that Alderney has some really quite big demographic challenges in a way that is very similar to Guernsey, but more so. So looking at Alderney is a good way for Guernsey to understand what those challenges will be like, or would be like were we not to be able to address our population challenges in the future, and that, of course, will make these Budgets much more difficult as time goes on.

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In a lot of ways, this Budget is quite a boring Budget; there is not much in it, and that is not because there is not a lot to do. I do understand that this is in advance of the Tax Review, and Deputy Helyar has made very clear that these Budgets will be very different in the future, depending on how the Tax Review works out.

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People had said that in the past Budgets had been quite boring events, that they had sort of gone through on the nod in 10 minutes, and people had not debated them very much. To some extent, this is something that could happen like that, but it does sit right between these two very important debates, one which we have had and one which we are about to have.

2995 So although this is a slightly boring Budget, it is the sort of thing that sometimes people in business say it is a meeting that could have been an email; in some ways it could have been. But that is not because of the Budget itself, it is just because we have this important decision to make.

But the Budget does, I think, contain some really interesting Propositions. All of the Propositions around TRP and Document Duty – that is Propositions 11 to 15 – I think make some really good progress on that, although in quite a small way, in my view. I think these are very limited interventions into property taxation, and there could be *much* bolder moves there.

3000 I do understand that there is a limited amount that we can do there, but really the root of our issues in terms of our demographics, and in terms of our future, in terms of our ageing population, is our property market. To my mind, in order to try and improve our future position in the long term, we should be looking to trying to control our property market and our property prices; that is the one stand-out feature of Guernsey to me – it is incredibly high house prices. I know lots of
3005 places in the world have those issues, lots of places have shortages of housing, but we have that very acutely, and to my mind, that is something that we should be trying to address.

In some ways, the markets are addressing that for us; we have just had some very large increases in interest rates, and that is going to make life very difficult for people. So I was very pleased to see, in Proposition 2, the pausing of mortgage Income Tax relief, and I suspect that there may well be
3010 the case for much more of that in the future. In fact, because mortgages can be so expensive, and because things are likely to get very difficult for people, it is difficult for people to buy their own homes, I would even go further and look at: is there something that we could do with something like a revitalised or a new version of the States' Loan Scheme that used to run, that used to be a sort of a subsidised scheme that would allow people to buy their first home more easily with some
3015 scheme?

I will give way to Deputy Moakes.

Deputy Moakes: Thank you very much for giving way, sir. Thank you.

Does Deputy Matthews agree with me, however, that whilst we do need to look at ways of
3020 getting more houses built, getting more places for people to live in, we also need to be very careful that what we propose does not have any unintended consequences? I think we have seen two amendments over the past two days, which have had quite severe unintended consequences. Luckily, neither of them got past, but let me remind you: yesterday, we had an amendment, and that was declined or withdrawn or actually voted against, thankfully, by 28 Deputies. Only six voted
3025 for it. And today, we had Amendment 7, proposed by Deputy Kazantseva-Miller; this was a dangerous amendment in my opinion, and would have seriously damaged our reputation internationally. Again, thankfully, it was pulled.

So on both occasions, the Assembly saw the light of the day, but had there perhaps been a little more co-ordination beforehand, neither of these two may ever have come to the Assembly in the
3030 first place.

Thank you.

Deputy Matthews: Absolutely, and I thank Deputy Moakes for making that point. Yes, I would think that any interventions in terms of making buying a house in any way easier would be
3035 something that would be best to go through P&R as a proposal, rather than an amendment that might need further research. But there is, to my mind, merit in looking at not just pausing mortgage Income Tax relief for longer, but also for looking at some equivalent to a States' Loan Scheme or some other version of it; because, and the reason why I mention it really – I will wrap up eventually – is getting really towards the point that Deputy Inder made about the squeeze on middle-income
3040 Guernsey, which I think is really apparent. We have, to some extent, a very well-off population in Guernsey; they will be able to look after themselves through difficult times. We also have, at the bottom end of the income scale, lots of assistance, which I know Deputy Roffey will say is never enough assistance. But it is that group in the middle that are really feeling the squeeze, and that life is already getting very difficult for. We have got costs going up, and we have –

3045 I will give way to Deputy Trott.

Deputy Trott: I am usually grateful to my friend, Deputy Matthews, for giving way, because I made a point at the time when we were discussing whether we should have had a review into the support measures that we gave during COVID-19. What struck me was just how fragile that middle section is. I explained that it was an eye-opener to me, how many of the proverbial white van men – and women – live week-to-week, and the moment there is any disruption in that income chain, they have no reserves, no resources. It was a real eye-opener to me; I knew that that underbelly – wrong word – I knew that that section was certainly fragile, but I had no idea how much, sir.

3055 I think that Deputy Matthews makes a very good point, and I think we have evidence that strongly supports his assertion.

Deputy Matthews: I thank Deputy Trott for that, and I would add to that as well, by saying that it is recognised that there is this middle that finds life very difficult, and will find life difficult as costs go up. But there is also this real divide between those who have property and those who do not. If you had bought a house, at any time, in the last 20 or 30 years, you have almost certainly built up a very large cushion of equity, and that is an asset that you have built up, and that you have got, and that is there. If you have not, then you are really in that situation that Deputy Trott, I think, described where you really have very little, and costs are going up, and rents are going up, and things will get very difficult.

3065 I suspect that, as much as we would like to help people who are renting, it is very difficult to do that, but one thing that we certainly can do is look at those people who may be giving up on the Island and thinking, 'Well, I will just go off somewhere else because it is just too expensive,' especially young people thinking that it is just too expensive a place to live.

3070 But we could look at the cost of buying property and I think that the pause on mortgage Income Tax relief is a good start, but I think that there is more that could be done with that, and that is an area that should be looked at. But, I will be supporting all of the Budget Propositions, and I thank Members, I thank you.

The Bailiff: Deputy Gollop.

3075 **Deputy Gollop:** Thank you.

Deputy Helyar, in yesterday's speech, and reprised in today's *Press*, very much made the point that this was maybe the last of the 'traditional' Budgets and things will change. Well, I kind of hope the Budget debate format changes as well, because yet again we spend a long time on amendments, some of which were a bit off the topic – I am glad I did not put my amendment about funding a Victor Hugo film, but never mind, even though I think it is very worthwhile. And we had some interesting, eloquent, but occasionally bitter speeches in the last few hours, and people just do not want to hear long speeches; too many of the speeches are so long, and go all over the place. (*Laughter*) I mean, we have been to the fire station, we have been around the health work, we have been around biofuel, we have even met orang-utans being threatened in the global rainforests. We need to focus on the Budget, for goodness' sake. (*Laughter*) (**A Member:** Hear, hear.)

3085 I am not happy with a lot in the Budget. There are some good things: I think that the uploading of increase in personal allowance is exactly the way to go – long overdue – and that helps little Guernsey, up to a point. Although, it is arguably untargeted, but usually people have associated me, sadly, with the 'cash cow brigade' for the motorcar, but I am not comfortable this year with raising the motor fuel to its levels, because I think it is inflationary. I think you have a long-term mission, and clearly, sustainable transport is a long-term goal, and consumption tax is.

3090 But I think this year has seen such a horrendous impact of fuel charges, that affect small business, it affects family life, that I would have left that out. In fact, we have even seen on our sister Island, that we spoke a lot about yesterday, movements to even reduce fuel. And I am never happy with the smoking increases; (**A Member:** Hear, hear.) all right, I have an interest to declare there. But

then I think they are punitive and I think that they are not even fiscally related; we are back to our earlier argument, 'are budgets fiscal?'

3100 I do have concerns. I probably abstain from all these businesses about punitive rates of taxation, 50% here on certain matters of legislation, the 50% being to do with RATS and pensions; we have not discussed that at all. And like Deputy de Lisle, but for slightly different reasons, I am wary of some of the TRP increases. I will probably go along with that, having not supported the amendment, but I am concerned, if I am honest, about the vagueness in the Budget about some quite fundamental changes relating to carrots – or sticks really – of state initiatives to penalise non-
3105 developed properties, non-developed land, and unoccupied housing. I am amazed we have not had a three-day debate on that, because there is a hint in the Budget of five times the existing TRP, for example, on a property that is unoccupied for six months. **(A Member:** Hear, hear.)

3110 Where does that place Alderney? Where does that place people who buy properties, people who are coming out of the Armed Forces, or people who are perhaps away for a while on work? Are they obliged to rent their properties? What about the elderly person who believes, and sadly mistakenly, they will return to their home when they go into a residential or care home for respite, and nobody is there?

3115 I have certainly been in a situation in the past where somebody was living in a home and did not return, and the house ... I am afraid there were tenants who moved in; it was more like the mice than anyone else. But I think the actual practicality of the defining principle residences and exemptions, and fair taxation will be extremely hard, and it is perhaps premature to introduce them in this way. **(A Member:** Hear, hear.) So I am not keen on much of that.

3120 But what really frustrates me, and gets me a little bit heated, is I have listened to these really eloquent, powerful speeches, from especially Deputy Le Tocq, Deputy Murray, Deputy Le Tissier to a degree, but I did not really agree with any of them. The only speaker who always hits the target when it comes to big budgets is Deputy Trott, because he has walked the talk and he knows the errors less-experienced politicians and campaigners can get into.

3125 Because we have only heard today that quite a few people who stood at the last election, with an intention of 'saving Guernsey' or cutting waste or getting on with the Island perhaps supporting middle Guernsey, they have not been able to succeed at the rate at which they did. And yes, we have heard from Deputy Leadbeater about the Fire Service, and we could hear from many Members who all could do a personal analysis of improving efficiencies here and there.

3130 But I think it misses the point. When I was Disabled People's Champion, I kind of realised, midway through, that, from my point of view, I was not just a champion for disability and equality rights or inclusion of disabled people, I had to be a champion, to a degree, for public expenditure. Because where I get frustrated is, I have sat in the States for 20 to 30 years – never sat on the top bench – and I have had generations of Members coming in and out, senior figures too, who are constantly ... of course they are not deliberately fooling the public, I am not implying that, nor am I implying that they are talking rubbish or nonsense.

3135 But they constantly have this refrain that there is a huge amount of public expenditure to cut, and that it can be done painlessly and that the taxation burden can be reduced on the public. I remember going to one of Deputy Trott's seminars in Admiral Park for Guernsey Bowls – sadly, that has closed, but that is a sign of the times as well – and sitting there, and I was the only one; there was one department who were pinning all the tails on their donkey to get extra funding, and I was
3140 the only one who was saying, 'Actually, despite Zero-10, public expenditure will increase,' not at the rate it had been going on'. When Deputy Trott and Deputy St Pier had bad news before the last election, that we had a black hole – I will use that expression – of up to £120 million, everybody except themselves in the body politic said, 'Oh, no, that is not the case, we will change, we will do things.'

3145 But the reality is, and Deputy Trott made this point very well ... I might not agree with him on every aspect of Alderney, but his fundamental point about the fact that most people pay in less than they get out. Absolutely spot on.

3150 The other point that is even more apposite is he made the point – and it has been made in the past by many other Members; Deputy Roffey, then Deputy Fallaize and others – that we are running a civilised community, with actually very good public services for the most part; in some cases, better than many parts of Europe or the British Isles ... on taking from the public, overall – I think the tax burden is unfair on some parts of our community, but we are taking – what, 21%, 22% of GDP GNP? You look across the water, and they fluctuate between 32p and 40p in the UK. It is higher in Jersey, higher in the Isle of Man. **(A Member:** Hear, hear.)

3155 So we are actually providing services on a very low GDP, and then we are saying we have no money. Well, we have no money because our taxation policies have been fiscally responsible. And although I certainly could imagine third sector-ising, using the tertiary sector better, privatising here and there, making lots of efficiencies – I could come up with lots of ideas myself – as a general principle, where I think I am almost in the minority of one, and probably at least in the minority of a dozen, in that I suspect, especially given our demographics, as Deputy Matthews and others have referred to, that we will have to, in many areas, have a bigger state, a bigger government, more regulation – not just due to Moneyval but for other reasons – and greater income from the public in some form of taxation or charges. And that in doing so, we can actually use that money for investment, innovation and equity, and egalitarianism, as Deputy Soulsby pointed out.

3165 So, I think all this argument about a mini shrinking the state is wrong and that people who say it are misleading themselves, and I think what you have seen in the UK, when, for example, Prime Minister Liz Truss and the Chancellor of the Exchequer found themselves in difficulties, they actually were broadly right. Growth is needed and has not happened, but they completely mistimed it, compared to some of their predecessors.

3170 And what it has proved is that even a Conservative government is realising that you cannot just shrink the state just like that. You can innovate, you can digitalise, you can do the work Deputy Kazantseva-Miller is doing – and I know some of that is being done. But if we are going to move forward with taxation debates, budgetary debates, we need to be realistic, not only going for partnerships with the third sector and the private sector, but accept that we will have to maintain the current level of taxation and indeed increase it, and that is the only way we can deliver the right level of services for the future.

The Bailiff: Deputy Fairclough.

3180 **Deputy Fairclough:** Thank you, sir. I will be brief.

Speaking, perhaps, rather at odds with Deputy Gollop, but also picking up on a point that he has just raised. While I am supportive of this Budget, the last of its kind, we are told, there is no doubt that, as has been pointed out, the tax debate in January, and indeed the GWP debate in June, could be even more critical to our financial future.

3185 Now, I am not sure of the timing of the work on the next version of the Government Work Plan, but I think we, as an Assembly, may need to start preparing for a potential cull of some of those workstreams. *(Interjections)* **(Several Members:** Hear, hear.) But those are arguments for another day, perhaps.

3190 I will be supporting all the Propositions before us, but I would just like to refer briefly to plans, and Deputy Gollop mentioned them, for new penal rates, through the TRP system to encourage development and the use of empty properties. Now, when Deputy Helyar invited us to make suggestions to include in this year's Budget, I took up the offer and this was one of the areas I asked for further consideration to be given to. I know I was not alone in doing so – it is not an original idea – but I welcome the fact that the Treasury lead was clearly willing to listen to proposals and ideas, and I think some of those are reflected in the Budget report before us today.

3195 I also found his communication, I have to say, to us about the suggestions that Members had made, and what had been done about them, extremely useful and helpful, so I would just like to put that on the record.

3200 Now, having discussed the Budget proposals with the Forest Douzaine at its last meeting, the message came through loud and clear that if the States are going to consider introducing measures such as an Empty Property Tax, then they should also get their own house, or houses or buildings, in order. (**A Member:** Hear, hear.) I appreciate more work is needed on such a scheme, and that is why we do not have the final proposal in front of us today; this is something that is intended to be brought forward in next year's Budget report.

3205 But standing here today, I do not know how many States' properties are unoccupied, or even derelict, and I think that whatever proposals we come forward with next year, we have to be able to clearly demonstrate that prior to the 2024 Budget Report, and the introduction of any mechanism to charge enhanced TRP tariffs for derelict land, greenhouse sites, and unoccupied buildings, both residential and commercial, that we are optimising and seen to be optimising –

3210 I have nearly finished, but I will give way to Deputy Oliver.

Deputy Oliver: Thank you.

The research shows it is about 170 dwellings that are empty, according to figures that I have had from officers.

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Deputy Fairclough: That is very useful, and I thank Deputy Oliver for her intervention.

Of course, we are talking about more than just houses here as well; we are talking about other buildings, and many Members will be able to think of examples, I am sure.

3220 But I just want to emphasise this point that if this is something that we are going to be looking at seriously, and I hope we are and I support that work, that we are optimising and seen to be optimising the use of our not-in-substantial estate. I, for one, will be seeking such reassurances so that we can practice what we preach.

Thank you, sir.

3225 **The Bailiff:** Deputy St Pier.

Deputy St Pier: Thank you, sir.

3230 Deputy Murray, when he spoke, said that he had been sold a pup. But I do not know who he was sold a pup by, because, as Deputy de Sausmarez said, the position was well known – *extremely well known* – before the Election. She mentioned Employment & Social Security, and Policy & Resources, and Deputy Soulsby has referred to the work of Health & Social Care and drawing attention to this.

3235 Frankly, anyone who truly believed that they did not know what the position was at the time of the 2020 Election really should not have stood, because they either were dangerously ill-informed or they ignored the evidence to give them the space to parrot a lot of populist nonsense. And we have heard a lot of, frankly, vacuous claptrap in this debate also about how we must do things differently; we must do something different. This is all the same language we have heard on the election trail two years ago.

3240 And I am not referring to Deputy Leadbeater, who actually gave a very, I thought, excellent analysis of some ideas, and he referred to legal aid and the fire service, that could be done differently and that deserve to be done differently. And, as he was speaking, sir, I thought he would make an excellent member of the Policy & Resources Committee, (**Several Members:** Hear, hear.) in the absence of Deputy Soulsby, and if he is looking for somebody to nominate him I would of course be willing to do so.

3245 Deputy de Sausmarez could also perhaps have referred – she did not, but – to her own amendment; I think it was probably to a Government Work Plan debate, from memory, in relation to underscoring the waste in the primary sector of our education system, where we know we have excess spaces, pretty well amounting to two medium-sized primary schools. The majority of this Assembly decided they did not want to support a primary review, and education were quite open about that at the time; that it was really too politically uncomfortable, there was too much else going on, and it would almost certainly result in the recommendation to close a primary school. So,

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we are keeping at least one open that is effectively surplus to requirements, whilst we know we have got overcrowding in the Town schools, and at St Martin's in the process. So we had an opportunity to do something different, and we chose to carry on doing the same.

3255 Now, Deputy Trott, as others have said, speaks some uncomfortable truths; he does not always speak them in the way that some of us would, but he always speaks some uncomfortable truths and I am going to speak some more. But before I do that, I want to address some technical aspects of the Budget before I return to that theme.

3260 Members will note on page 11 of the Budget report, there are five bullet points which set out the risks in this report, in the next year. The risk of higher inflation; the risk of a weaker housing market; the risk of consuming less fuel, and therefore, lower Fuel Duty; the risk of lower investment returns that Deputy Trott referred to, and indeed Deputy Helyar in his opening speech; and the risk of Health & Social Care continuing to exceed expectations in demands.

3265 Sir, the downside risks are significant, and there is only one upside risk identified in this Budget report, in the paragraph below, paragraph 1.56, which is namely that we might get more ETI than we have budgeted for. So Members should be under no illusion that the downside risks to this Budget are greater than the upside, and that is important when we come to think about the expenditure side of the Budget, which others have referred to, and I will return to.

3270 Proposition 7 is a technical issue that deals with, and we have had some communication from a member of the public on this, in relation to so-called QROPs and QOPs, and this was a change which took place in 2012, as a result of some technical changes in the UK. We needed to change our position.

3275 That was something that I actually led on as the Minister for Treasury & Resources, at the time. And obviously, for whatever reason – I suspect it has dropped off the to-do list – the legislation has not been tweaked in that time, even though effectively we closed access to the schemes at the time, the section 157 schemes.

3280 But I have asked a question of Deputy Helyar, and I am hoping he will be able to respond when he sums up, because the report is a little bit thin on this, and I think 10 years later, it is incumbent on us to know what the impact of that Proposition will be in terms of the number of schemes that will be impacted. It should be very small, because we closed access for new schemes, but also the disallowances of contributions since the answer to that question should be nil, there should not have been any that have gone in.

3285 But I am hoping he can answer that, because if he cannot – and he may not be able to – and he has not got access to the information, then I will need to abstain on Proposition – and if we could have a separate vote on that, sir – because I just feel I have not got enough information. I understand the reason for it, it is a technical measure, but I do not feel I have got all the information that leaves me comfortable in making that change 10 years after we said we would.

3290 And the third point I wish to specifically refer to is the matter of economic crime. This is referred to in paragraph 3.36 on page 31. Deputy Prow will know this; this is yet another Budget where substantial sums are being provided through the Government Work Plan and service developments for substantial sums being put aside to boost the response to, and resources that are needed in order to tackle economic crime. That is, of course, largely being driven by external and international forces, and that has required us to put significantly more resources into the Committee *for* Home Affairs, the Bureau for Economic Crime, and indeed the Law Officers to prosecute it.

3295 And I do think the time has come when we do need to think about whether actually there is a methodology by which the financial services sector could make some contribution to that economic crime bill, because of course it is primarily that sector which is most affected – not exclusively, but most affected – and is the driver of the necessity of that.

3300 I think we need to be creative, because the burden on the taxpayer is rising, for reasons that we all understand, but we do need to think about whether we are getting enough of a contribution from those that are generating it. So I pose that as a question, and it is perhaps something for the Tax Review debate that Deputy Ferbrache asked for ideas for in due course.

Returning to the general themes, Deputy Kazantseva-Miller said that this Budget was going places, and I agree it is; there are one or two ideas around behaviours which I think are going places. But it is certainly not going places in terms of revenue, or expenditure.

3305 Deputy Matthews described it as 'boring'. This is not a bold Budget by any means; it is a timid Budget, it is really a tinkering Budget, I would suggest. It is neither one thing or, really, the other. It does not contain any bold recommendations.

3310 The response to helping households with the inflation crisis, I think, is frankly derisory, certainly compared to that which is going on elsewhere. The proposal for a one-year withdrawal of, or slowing of the pace, of the withdrawal of mortgage interest relief, will help a small section of the community, and the TRP proposals, as Deputy Ferbrache said, yesterday, and as the report makes clear, will benefit 74% of Local Market properties. All of that is absolutely to be welcomed. But at the macro-economic level, the amount that is being relieved by the mortgage interest proposals is netted off by the tax increases being taken out of the economy, out of taxpayers, out of Islanders, 3315 by increased excise duties, vehicle-first registration duty, and TRP. In summary, in short, there is no fiscal stimulus or relief coming from Government in response to the economic crisis. We are giving with one hand and then taking it back with the other.

3320 Now, Deputy Dyke talked about fiscal responsibility and the need for it. And the abandonment of all savings targets, frankly – I say all, because apart from £308,000 agreed by the last States, for the reduction of the grant, the three grant-maintained colleges, there is a target of £600,000 next year, which includes £200,000, we are told in paragraph 3.39 for procurement, and £200,000 for property rationalisation. We have a Budget of nearly £600 million, and we think we can only take £200,000 out of procurement, and with the laser-like focus of Deputy Mahoney in the last two years on property, as the dedicated lead for Policy & Resources on property, and we can only find 3325 £200,000 in property rationalisation, it is a *de minimis* number, frankly it lacks all aspiration, and it is pathetic, to pick up Deputy Trott's phrase.

3330 Sir, even a 1% target per committee would save us £6 million a year, and I think the absence of any general savings target is unforgivable, and frankly is irresponsible. **(Two Members: Hear, hear.)** Pretty well every budget of committee for the last 10 years has managed to underspend its budget by the time we come to the preparation of the accounts. When the last committee did introduce the general savings targets of 1% each year for a number of years, it produced an awful lot of squealing and gnashing of teeth, and objections from other committees that it simply was not possible, and Policy & Resources were brutal and they did not understand the nature of the challenges that were faced; and what happened, at the end of the year, most of the committees 3335 were still managing to slightly underspend their budget.

So I think that the advantage of giving committees a general savings target is it actually delegates responsibility to committee members, many of whom have spoken in this debate about their desire and aspiration to control spending. It would delegate responsibility to work, and find savings within the committees. But frankly, Policy & Resources have bottled it.

3340 Coming back to Deputy Le Tissier, Deputy Le Tissier, sir, is one of those people who does not speak very often and when he does speak, he speaks for quite a short period. He is a bit like – I am not giving way – Deputy Leadbeater in that regard, unlike Deputy Gollop and I, who speak on everything and almost certainly for too long.

3345 But Deputy Le Tissier made the point about what would business do, and yes, we all understand that government is not the same as businesses. But what business would do is it would set a target, and I would rather that we set a target for committees, and failed at the end of the year to achieve that target, than not even try. That is the position that we have got to this year, that we have not even tried to deliver any savings, and Deputy Le Tissier is absolutely right in what he said.

3350 Deputy Helyar, when he opened debate, talked about us being at a cliff edge, and yet I think, frankly, this Budget gives every impression that he has been asleep at the wheel, and that we are heading towards the cliff edge with his foot firmly on the accelerator of spending, as we accelerate towards the edge of the cliff edge.

3355 As Deputy Kazantseva-Miller said, this is a runaway Budget: an extra £48 million increase in spending next year. We are hurtling towards that cliff edge, and this Budget does not do anything to slow the pace of that. It is fiscally incontinent. So, I will not be voting for Proposition 17, safe in the knowledge that I will be in the minority of those that do; Deputy de Sausmarez says the implications of not doing so means that she feels obliged to do so, but I will not be doing so.

3360 What would I do instead? I would absolutely impose a 2% general savings target across the board, which would take £11 million off the Budget. But that is not going to happen, and that is a failing of the Policy & Resources Committee that leaves us in a worse position as we hurtle towards the cliff edge next year.

The Bailiff: Alderney Representative Snowdon.

3365 **Alderney Representative Snowdon:** Thank you, sir.

I am just going to be very brief, but I think I have highlighted it before. We do have a working group looking at the 1948 Agreement working together, looking at how we streamline services across the Islands of Alderney and Guernsey, working at it, and looking at savings. So I just want to repeat, that is happening currently, between Members of P&R and Members of the States of Alderney, and I think we know that we are in difficult times. I would like to thank P&R for the amount of hard work they have done on this, and we are going to have an interesting tax review when we get there. But I just want to put that on record.

Thank you.

3375 **The Bailiff:** Now we turn back to Deputy Helyar to reply to the debate, please.

Deputy Helyar: Thank you, sir.

I am going to leave Deputy Roffey and Deputy Ferbrache's comments to the end, because I thought they were useful to bring me to a summary position, and I will go through everybody else that spoke, in order. Apologies if I do not pick you up on every point, and if there is something I do not answer, please do send me an email or ask me in person, and I will do what I can.

3380 Deputy Queripel – and actually this is something I should have put in my opening speech – was very keen to praise Aurigny's CEO, because one of the biggest differences with this Budget, and the outturn for this year, whereas the Budget last year and the outturn for the year before that, is the difference in the amount by which we are having to support Aurigny. That was an enormous amount in the refinancing last year, and not without some public concern at it. That is the biggest turnaround difference in our financial performance, and it is to be commended.

3385 Deputy Queripel thanked me for listening to his savings ideas; the door is still open to everybody on those. If they have suggestions about how we want to save costs, then I would be very happy to hear them, rather than at the last minute in the Budget debate.

3390 Deputy Falla spoke next, and I have to say he was very supportive of Proposition 11 which deals with the TRP measures; I accept there have been some different views on that today. But one of the remarkable things is how little contentious debate there has been about that issue, because I think if that debate on potentially punitive rates of TRP had been held five or six years ago, it would have taken up three or four days on its own. It is not an easy thing to propose, but we would like to see property to be put into some form of useful economic use.

3395 When I say economic, I do not just mean generating money; for example, we could look with Environment at uses for land which has been cleared for environmental purposes, which should be to the benefit of society, more generally. I thank him for his support, Deputy Falla, his support generally, on the Budget as a whole.

3400 Deputy Prow spoke next. He was supportive as well; I thank him for that. We went through his committee's spending plans in a lot of detail, and I would just like to reiterate the words that were said in connection with Deputy Le Tissier's challenges: these processes take many, many months,

before we reach the paperwork which we are all reviewing and supporting, or not supporting, today. They do get an awful lot of challenge.

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Deputy de Lisle next, and TRP was a big issue with Deputy de Lisle, as it always is, and I accept that it is always a matter of his concern. I will look into the table issue; I think the numbers are right, I just think they are perhaps presented in a way which is not easily understandable from year to year, and I do accept that as a criticism, sir. I shall do some work on that.

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I do not accept the idea that it might be rebates for 500 and over; I think the table on page 20, where it says '500 plus', is intended, and I would like to say that for the record to mean 'more than 500', so perhaps we could use parentheses next time to say 'greater than'; that would make it more easy to understand. But, unfortunately, there are many paradoxical speeches we have had today. Deputy Gollop's was one of them in particular, where he said that he thought it would be terribly unfair for people to have to pay TRP on empty property, at the same time as talking about extra money he wanted to spend on Victor Hugo.

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So, Deputy Dyke spoke next, on costs again. I will just explain to Members generally, because this was a point that came up in debate. We have not seen a policy letter in near-final form yet, but we have asked for it to be presented in a way where there will be a schedule of the types of services which committees have said they would need to cut if presented with a 10% cut target, and that may well become the case, if we do not decide how to move forward.

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We do need to have a plan; one of the reasons it is important for us to have a plan is our rating, so the next time that Standard & Poor's come to look at us as a nominative country, and we do not have a plan to be able to cost and pay for a lot of the things we have in our Government Work Plan, they will look at that and say, 'It is fiscally irresponsible, and therefore you will have a lower credit rating,' and that will directly affect the finance industry, because financial institutions which carry credit ratings can only carry the credit rating of the place in which they are resident. So if you drop a national rating, it has a knock-on effect on business.

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Deputy Kazantseva-Miller spoke next, and it sounded promising to start with; it was a Budget that was going places, but unfortunately it was going places and running away from itself. This has been mentioned by more than one speaker. Deputy St Pier finished in terms of those who were speaking, just before Alderney Representative Snowdon, but I found this rather ironic, from Deputy Kazantseva-Miller, having just submitted Amendment 7, which was thoroughly thrashed, I think, which would have resulted in an enormous amount of additional work, resources, extra staff, potentially breaching our international organisations. To then go on and say Government expenditure was too high, whilst at the same time suggesting doing that, seemed rather ironic to me, and slightly bizarre.

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Deputy Dudley-Owen was very supportive, and I have to say ESC has worked very hard in looking at its Budget and in moving resources from places where they felt less focus was needed into areas where more might be required, and I do commend ESC and its officers.

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Deputy Parkinson spoke next, and I actually support pretty much everything that he said. I completely agree with him; there are many trading assets which will require effectively permanent, quasi-permanent subsidies, because they are public services rather than businesses. It is how we chop them up, really, that is the question.

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Whilst Deputy Leadbeater had suggested some issues to do with the fire brigade, I noted one of the things that Deputy Parkinson said was about fire brigades; well, in Jersey, for example, Serco run the fire brigade at the airport, not the States. Having asked some of the officers from STSB when they attended at P&R recently, we do not need to run our own ATC; it can be run from Jersey. And Jersey get paid for running our airspace, so there is a trade-off there. So there are things that we could do differently; that is not suggesting that anything that he said was wrong, but I do think that there are different ways of doing things, and that has been mentioned several times in the Budget, and we are all open to those suggestions.

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If there is a keenness to cut, let's do it; let's just get on with it. (**A Member:** Hear, hear.) You do not need permission from P&R to cut costs. (*Interjection*) And to suggest that P&R is responsible for that is also itself irresponsible.

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Deputy Le Tocq spoke next –

Deputy Kazantseva-Miller: Point of correction, sir.

3460 **The Bailiff:** Point of correction, Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: The Rules of Procedure, under the mandates of the committees, specifically state that Policy & Resources has the responsibility, under point B, to set framework for approving, planning and containing public expenditure.

3465 Thank you.

The Bailiff: Deputy Helyar to continue, please.

Deputy Helyar: Indeed, and as I just said, P&R would like you to get on with it, thank you.

3470 Deputy Le Tocq spoke next, a really good speech, I thought, in terms of the cliff edge; we have spoken about the cliff edge several times. Having the public accept that we have a choice to make about the standard and quality of services that we receive, and that we provide at the moment, in comparison to what people are willing to pay for them. Now, I have been in the firing line on the GST thing for two years, now; I am not in favour of it, it was not something in my manifesto that I supported, because of itself and on its own, it is regressive. But we have worked very hard to build a package which makes it non-regressive.

3475 I hope that when it comes back to the States – and I will talk about this a little bit further when I go back to Deputy Roffey – that we will be able to demonstrate to the public that a very large proportion of the public will be better off as a result of the package that we are talking about, because we will be able to shift some of the burden further on to the corporate sector, which will mean that the whole rejigging of the structure will mean that many people in the Island will be better off. But we do need to make a decision, and that decision is coming in January, about how much we provide public services, whether we are willing to put tax up, to continue to provide them at their current level or further on, and that is going to be a very difficult one to do.

3480 Deputy Trott spoke next, and I really enjoyed his speech. He was very true to record the stellar performance of the economy in 2008 and afterwards; I think that certainly was very good for the lawyers. Everything going broke; I still have the record, I believe, sir, for the largest application for an insolvency, at \$21 billion. So we had a really good crisis. The bond issue, unfortunately, is not being recorded in the accounts as it was previously, so that corpus of return is very difficult to identify, and I do accept that.

3485 The fact that it has been placed at risk, given that the markets have been moving quite as fast as they have, and the need not to sell into a loss, there is not a great deal of change in the investment structure than we had previously. Just to put his mind at risk – not at risk, at rest rather! (*Interjection*) I know it is not. It is not as bad as it might look, but I am happy to give him, if we could separate the information out I would be very happy to give it to him so that he is able to continue to tell us what a good deal it was. Of course, in this inflationary environment, it is making money all the time, because we are paying less for it than it costs to buy it.

3490 Costs and Alderney: there are some fair criticisms in there, and just to record what Alderney Representative Snowdon said, we are engaged in discussions; I cannot say too much about them at the moment, but not only with Alderney, but with Sark, about the formality of our relations.

3495 Because there are costs slipping out of this Budget which are not identified and they are going in the direction of Alderney and Sark, and we need to better formalise how that is accountable for, because it cannot continue in a way which has been going on since the end of the War. Things are very different now, and we need to make sure that we are doing the best that we can for everybody.

3500 One thing occurred to me when Deputy Trott was speaking, is that there is this old maxim of 'having our cake and eating it'; and this is not a reflection of Deputy Trott's speech. But I think, very much, the Assembly likes to eat our cake before it is even cooked, because we do like to start

debating things before we are actually ready to have the debate about them; there was some element of that, I thought, in the debate today. It is not unsurprising, because it is mainly about tax.

3510 In terms of structural deficit comments that Deputy Trott made, they may well have been flagged up, but the situation has changed. This applies very much to several other speeches, saying, 'You should have known it was going to be like this.' I did not know the investment environment would look like this; I did not know we would have 8% inflation, I did not know Brexit would dry up the supply of nurses. All of these things, and *many* more, have changed very significantly, and Deputy
3515 Le Tocq made this point as well. We have to deal with what we face, not look at each other, and say, 'It would have all been different if we did not have all these newbies in here, doing things differently.'
(*Laughter*) Because aren't we in such a fantastic position?

There was some comment about the 100% contingency reserve, and the idea about that, and this is the reflection, I think, of we have talking a little bit today about the good old days, when there
3520 was such a surplus that we had to spend a lot of time hiding those surpluses in various different reserve accounts so they could not be used. I think the rainy day fund was, effectively, one of those. What we now call the contingency; well, the investment reserve only has just over £170 million in, when it should have a whole year of spending.

Deputy Trott may well be right, that we do not need that much, and that needs some thought; I
3525 am not an expert in that. He is right to talk about FRRs and capital adequacy calculations, and if industry can help provide some perspective on what would be a better capital amount, then that would reduce the deficit, because there would be less to have to apply in that particular direction. So those comments are very welcome.

'Be bolder in telling the public about how much everything costs,' I think that was the content,
3530 and that is not the first time that Deputy Trott has given that advice, and it is sound; I think it is very sound. We need to keep giving that message over and over again: this is how much public services cost, this is how much everybody on average is paying for them.

There was a technical question about how the PSO and the deficit for Aurigny is recorded, and I
3535 have looked at the accounts again. The PSO is being recorded as, effectively, the purchase of the service, and it is recorded in Aurigny's accounts as a receipt, and so the position that we have is a netting of those two. I hope that answers the question. If it does not, then I am happy to provide more information as may be required.

Deputy Oliver was next.

Absolutely yes, I give way.

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Deputy Trott: Thank you for giving way.

It very much does answer the question. The point is that Aurigny is still losing £3 million a year, because the £1 million loss is after the application of £2 million worth of subsidies; specifically, of
course, to service the routes to Alderney.

3545 But I am grateful, while I am on my feet, for the manner in which Deputy Helyar has embraced the speech that I gave and the questions that I asked, and I am grateful to him.

Deputy Helyar: Thank you, sir.

3550 Just to continue there, the only point I would make about that Aurigny position, and talking about the gross losses, is I think we are expecting that provision to be lower than it is at the moment, in terms of the year-end turnout. Also that the PSO was originally, I believe, it was going to be forecast to be near enough £3 million, but actually it has reduced quite significantly in that time, down to two, so that is a plus from that service because it has been running well and services have been full, as colleagues from Alderney will know.

3555 Deputy Oliver spoke next, and mentioned Aurigny again, and what a great job they have done, and absolutely, I agree again; and was also supportive of Proposition 11 and saving costs, which is good because that is the decision that we may all have to make in January. I thank Deputy Oliver for her support.

3560 Next was Deputy Brouard, who was likewise supportive. Deputy Brouard, in terms of this Budget, and expenditure and savings and trying to control service provision, expansion and cost expansion, is in the worst position in the Assembly. He has the most difficult job, along with his team at HSC, and I look forward to continuing to support them in that difficult work.

3565 Deputy Murray, next, gave a really interesting speech and looking again, as he said many times, to how we can build some vision into this process, and look again, very much following on from what Deputy Le Tocq said in terms of having a collective responsibility for developing that vision, but also for working collectively to ensure that we try and do things differently to achieve pulling ourselves away from the event horizon, because 'black hole' was the analogy that was given, and of course, once you pass the event horizon, you cannot leave your ultimate fate.

3570 Deputy de Sausmarez spoke next, and I thank her for the support for the Budget, generally. There was a lot of discussion in that speech about E&I's work and the need to maintain its income and so on, which is fully understandable. But every committee says exactly the same thing, unfortunately, and that is the difficult part about this process: finding balance in it somewhere; it is not letting it run away or being necessarily irresponsible.

3575 Then we entered into an interesting series of speeches; the first was from Deputy Gabriel, and a lot of it was about fuel. I had not heard anything before the debate about there being concern about biodiesel. There will still be a 125,000 litre allowance for the year, which will be not subject to duty so the allowance that was there before will continue. The problem when I looked into this, and I did meet some of the fuel companies about this issue, was that biodiesel is more expensive to start with, which means that you cannot sell it at the pump at the same price without the duty being significantly lower.

3580 The £4 million figure that Deputy Gabriel mentioned is 800 taxpayers, so it is quite a significant loss to the revenue; it is not something, unfortunately, that we could consider at the moment, there is no wriggle room.

3585 Deputy Le Tissier spoke next, and, well, it was a strange speech; demands, in other words, requests, are not instructions. P&R cannot instruct. We can request, but committees can overspend – and they do, as Deputy St Pier will very familiar with – which is what the Budget Reserve is for. There is very little that we can do, unless we carry the whole Assembly together, (**A Member:** Yes, that is right.) and we agree a particular direction. It is not just this group of people's force of will that will enable that to happen.

3590 Now, if there are suggestions, again – and this is something Deputy Ferbrache has said several times – for cost-cutting, and we want to see us spending less money, by all means suggest them. Let's do them, let's discuss, let's reprioritise, and I think that is something ... Next year's Government Work Plan debate is going to be much more, I think, involved and in-depth, because we are really going to be scrabbling, I think, for a shrinking Budget. That is going to make everyone's priorities, bring all of those things much more into focus.

3600 One of the things, of course, that Deputy Le Tissier will be interested in, and it is one of those additional expenditure pressures at the moment, is Moneyval. Moneyval is something that we absolutely have to get through. (**A Member:** Hear, hear.) It is a very clear and present danger to us. As I said earlier, in I think one of the amendment speeches, there are people out there working away to make sure Guernsey does not get through this. And that is a really big problem for us all. So investing some more in that for the moment – and that will not be permanent expenditure – is very important and I fully support that, (**A Member:** Hear, hear.) and I hope Members do as well.

3605 Deputy Inder made a good speech, and that was followed by several who said the same thing about middle Guernsey; and I hope, when we are able to publish the Tax Review policy letter, that people will be able to see that we have really worked very hard on trying to make sure that that middle Guernsey is not punished by the proposals that will be put forward.

We need to do everything we can, and indeed that was echoed in the measures in the Budget. I know Deputy St Pier thinks we should go further, but he has not given us any suggestion about where we would find the money to do that; for example, with mortgage interest relief. The Budget

3610 is costed, so the money that we are able to give back in one area, for example, we have brought back by reducing the level at which allowances for the high earners start to disappear.

The Budget is costed and we have done as much as we can. We cannot print money. In fact, that has just been the problem in the UK; that is why we have seen such turmoil, it is because central banks have turned off QE. There is going to be no more money printed. Now, everybody is going
3615 to have to pay for it by their assets being devalued; that is what is happening.

Deputy Leadbeater was next. Fire brigade – it was a very good example, and as I already said in connection with Deputy Parkinson's suggestions, the fire brigade at the airport in Jersey I understand is run by Serco, which is a private enterprise. It is not run by the States. There are things that we could do, and there are things that we could consider. That is not a criticism at all of the
3620 Fire and Rescue Service. I do understand that a retained service that Deputy Leadbeater suggested has already been investigated and discounted for safety reasons.

Legal aid is another one; I hope that particularly the new process that we have in connection with divorce being a non-adversarial, or less adversarial, process, will help in the reduction of civil legal aid costs. I do not have any interest in that, sir, because I do not practice in those particular
3625 areas.

And then Deputy Soulsby. Really interesting comments there about inequality. I looked at the same OECD figures when they were released here and the thing which really struck me about it was that we were winning on almost every measure. The thing that brought us down, in that Gini coefficient, was housing costs. We were wealthier on average, we had all sorts of other things going
3630 for us as a jurisdiction; the thing which made the big difference to everybody's, effectively, international standard of quality of life was housing.

Prioritisation, I agree with Deputy Soulsby, it has to form a large part of the GWP going forwards, and I commend her for her work in putting all of that together over the last couple of years; it has been an absolutely incredibly difficult task to marshal everybody's ideas, and trying to get them in some form of priority. It has been very welcome and it will lay, I am sure, even though I am sure
3635 over time it will transmogrify into another format, it has laid the foundations of a sound means of bringing everything together in one document, to the extent possible.

Deputy Matthews spoke next: the Budget was 'boring'. We have got an Arsenal budget; well, it is better than a Millwall one, I have to say that. (*Interjections*) States' loans and deposits: I think, the
3640 type of fiscal stimulus that we might look at, and we have to be careful with States' loans because we must not tread on the market's toes in terms of lending. But there may be areas in which we can interject, and I think deposit finance is another one of those areas.

I mentioned yesterday how dispiriting it was to hear that development finance is being offered to developers now at 9% because, as I said, if you have got the peak of the housing market at 9%
3645 of borrowing, rising interest rates at the same time, that is almost certain to stop the market dead in terms of building, unless we do something to stimulate it. That is my view, so I do think that using some of our investments, which may not be returning particularly well in this environment anyway, if we have any cash to put aside to that, then I do think that would be certainly worthwhile considering, and bringing back to the Assembly to discuss.

Deputy Trott made an intervention during that speech, again, during Deputy Matthews' speech to express his concern about just how little reserves local business rely on, and Deputy Trott's experience is from the first lockdown, and my experience is from the second, and I have to echo that. I was really surprised how many small businesses, which are, I think, when we had the anti-discrimination debate, we were looking at it being 60% of businesses below five employees,
3655 something of that nature. But anyway, speaking in general terms, those businesses have a two-week lifespan, when they run out of cash; they literally run out of cash almost immediately, and the telephone calls went during the second lockdown, from nothing to exponential within five or six days. It made us very busy indeed, very quickly, and I am also very grateful for Deputy Trott's assistance in that difficult period.

Now, Deputy Gollop then went on to make a paradoxical speech, one while musing about whether to bring an amendment for a budget towards a Victor Hugo centre, and then bemoaning

the fact that why would we do unfair things like charging TRP to people. Well, the money needs to come from somewhere; it just does. To put his mind at rest about Alderney, Alderney sets its own TRP, so for the time being, that will not happen, but I suspect when the wording starts to work its way through, Alderney may look at doing the same thing, because actually, they suffer much more significantly from some of those problems than Guernsey does.

Deputy Gollop also, at the same time as bemoaning the increase of TRP, described himself as a 'champion of expenditure', which I found confusing. But I think, overall, accepted that we need a bit of both; and I will come back to that, because we have talked a lot about costs and lack of ambition, and there were other points made as well. But tax alone is not going to do this, growth alone is not going to this, and costs alone are not going to do this. Inevitably, like any political compromise, we are going to end up having a bit of everything, and that is the way I expect this to turn out, now it will be a question for us to decide how much of which bit, and which bit of which bit, in terms of the cost savings.

Deputy Fairclough spoke next. He was supportive; thank you very much for your support. He mentioned the fact that we had been listening to his extra ideas, and the fact that his was the first to come through, actually, with the Proposition amendment suggestion. I had already been thinking about it anyway, but absolutely happy to confirm. In fact, I think several things that came through on Deputy Fairclough's suggestions ended up on the list, so they are much appreciated, and the offer still stands; if people have a view about how we might save costs, or innovative areas where they believe taxation could drive particular types of behaviour, such as redevelopment areas, then the door is always open to looking at that.

The point that came at the end there was about the property portfolio, and I do sympathise with that, but in fact, we have been wrestling with some of those issues only this week in P&R, because we do need to do that rationalisation, but we need to decide what we want. We had a requête about not building modern accommodation in a field next to the Hospital, but we are desperate for that accommodation; we are desperate. We are so desperate that this week we had a whole list of rundown, ramshackle properties which HSC would like us to buy for about £11 million, then redevelop, just to put nurses in, or key workers of different sorts. On the one hand, we are being asked to rationalise, and on the other hand, we are selling property that could be done up and put back to good use. So I do not think we have reached a view on how to do that properly, and we do need to have a proper plan, so that everybody understands what is happening, and that it is more transparent, I agree. So Deputy Fairclough's challenge there is very welcome.

Deputy St Pier came in at the end, I am sure that was to avoid anybody standing up and saying anything different, or challenging what he said. I think the hyperbole became more and more as we went through it. One of the questions about QROPs ... now, in fact I drafted the first section 157 QROP and had it approved when the legislation came through, or when the UK allowed us to do it. I cannot give those numbers in the debate; I have not had a response to the question, so all I can say is that I have had it confirmed there have been no new applications since 2012, so my understanding would be ... and I have had no representations other than one individual, so other than that, then I have no further detail to go.

Now, we do get some commentary in the *Press* now and again, saying we do not like to be challenged, and I hope seconding some of the proposals and amendments that we have seen over the last couple of days demonstrates that is not correct; we certainly are willing to listen, but this is a two-way street, because it is not just about turning up to a debate and then saying, 'I don't like this, it's all wrong,' you have to take part in the process. We have had a lot of process with the Budget, and we have had an awful lot of process about the Tax Review. And there are some Deputies in this room who have played no part in it whatsoever. **(A Member: Hear, hear.)**

Now, this takes me on to the last couple of speeches that I would like to refer to, which are Deputy Roffey and Deputy Ferbrache. Because one of the clear and present dangers that they gave us, and this is just to repeat what has been said again, is that we get into the Tax Review, and we find some wrecking amendment come in which has the real ability to seriously destroy or undermine our primary economic sector, and to drive investors and wealthy people that come to the Island

and do put a lot of money into the third sector and take part in our local community, we put all that at risk.

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I want to reassure Members that we have spent a huge amount of time, Deputy Roffey included ... and Deputy Roffey and I, as you all know, do not necessarily same the political path, but we have reached a conclusion that we can agree to compromise on, and I wanted to reassure him that his favoured structure is likely to be the one I suspect that we land on, so that should make him feel better about having to do any more drafting over Christmas! (*Interjection*)

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I was a little bit disappointed that yesterday, I was giving a doom and gloom speech, that STSB decided that would be the day to have a front-page headline saying '£90 million on new marina'. I do appreciate that Deputy Roffey is not responsible for what is printed in the *Press* – except his own column of course! (*Laughter and interjections*) But the other thing –

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Sorry, I will give way to Deputy Roffey.

Deputy Roffey: The timing may have been unfortunate, but the DPA have insisted that we have a period of public consultation and if we are going to meet the expectations of the States when we were going to be bringing that project back, it had to be started then. Whether or not £90 million is justified will be an economic decision taken by this Assembly, which I have no doubt they will lean heavily on the expertise of P&R in making that assessment, because it is certainly outside the expertise of the STSB.

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Deputy Helyar: I thank Deputy Roffey for that. Just to reassure members of the public listening in, I have had several emails about it saying, 'Why on Earth are you making speeches saying we have got no money, and then spending £90 million on a marina?' – we have not made that decision yet, and the way things are, that is looking like quite a challenge without some fairly inventive corporate financing.

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There was some talk about cuts and there have been several mentions of manifestos that I am not going to go into. Cuts are possible – (*Interjection*) Maybe a little bit. Cuts are possible. I floated one, for example: do we need to be paying millionaires a state pension? No, is probably the answer to that. How do we achieve that? It is difficult but there are places we can make cuts. There are; they are just not nice and we have got to the point where we cannot make nice decisions any more. We cannot make decisions because they are popular. I do not want to see GST. It was not in my manifesto. I am entitled to change my mind. It is as simple as that and I apologise to people who felt that they voted for me because I was just going to do what I was told all the time. That is not going to happen.

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I feel I have a public duty to make the right decision and I think we all should feel the same way in the best interest of the Island and in the Bailiwick as a whole and the type of cliff that we are talking about, it is a real one now. It is not something that is 20 years away, hence when everybody gets a little bit older and I can fully understand why several decades ... and I have not pointed the finger at any of those former Treasury Ministers, particularly that are in this room, because the problem started much earlier than that and I think everybody understands that, particularly in terms of the long-term funding for things like pensions and long-term health. But in those days nobody really had any expectation that things would change and that things would get more expensive and that regulation would become such a difficult thing to deal with. So cuts are possible, they just are not very nice.

3750

3755

I have seen the list and everybody will get to see the list at the end of the month because we will do what we can to publish it as a schedule with the policy letter. We have to be quite sensitive about some of it because some of it involves a lot of people losing their jobs, if I am honest – a lot of people in the Public Service losing their jobs, because our main outlay in this Budget is staff.

3760

So if we want to save costs, it is not toilet rolls, it is not filling holes in the runway in Alderney. It is in day-to-day paying for staff doing things. So if we want to make decisions about costs, it is going to cost people, because that is the main cost that we have. So just to warn people, it all sounds great saying, 'I think we need to save more' – it is going to be a very difficult choice to make.

3765

I am not going to apologise to anybody for saying that it is going to be difficult and I think I have a responsibility to present it the way it is rather than the way I would like it to be.

3770 Deputy Ferbrache then brought us to the end and it is just to reiterate what I said earlier. He made an excellent speech, not countering so much but supporting what Deputy Roffey said. But most important, I think, he said, 'Let's please not have any surprises in the tax debate.' Please, we owe it to each other and to the Bailiwick not to bring in amendments which are going to be so damaging, like Amendment 7, which we saw today, which was thrown out without any debate. We need to make sure that amendments are sensible, they are balanced and that they bring a better outcome than the one that is in the policy letter, because we have spent an awful lot of time trying to find the best way.

3775 Just to finish that, I have already said it is going to be more than one thing; there is going to be savings, there is going to be tax and hopefully a bit of growth in there as well. Just to finish then, Deputy Le Tocq and I were talking this morning about an old Guernsey French story and this really just describes what we are facing. It is the difference between a *bousar* and a *bousette*, *bousar* being something a cow leaves in the field and a *bousette* being something that the horse leaves in a field. Neither of those, we want to eat for lunch or spend any time picking up. But those are our choices. It is the *bousar* or the *bousette*.

3780 I hope that is a good Guernsey way to finish off the Budget. I commend it to you and I thank you for your support.

3785 *(Applause)*

The Bailiff: Well, Members of the States, is it your wish that we continue to take the votes on the 22 Propositions? Those in favour; those against?

3790 *Members voted Pour.*

3795 **The Bailiff:** We will extend the sitting to deal with voting. Now, we could have 22 discreet votes or we could batch some of these together. Now, let me say I am keen to see you all go earlier than 22 votes, so at the moment, I have got Propositions 7, 10, 11 probably coupled with 12, 13 and 17 as discreet votes, are there any requests for any other Propositions to be taken separately?

Propositions 20, 21 and 22 result from the three successful amendments, numbered 3, 4 and 6.

As there are no further requests, what I am going to do is I am going to take Propositions 1-6 collectively together. They are the ones on the front page, if you have got a printed paper copy of the Propositions. Greffier, we will take 1-6, please, collectively.

3800 We will open the voting, please, Greffier, on 1-6.

There was a recorded vote.

Propositions 1-6.

Carried – Pour 37, Contre 0, Ne vote pas 0, Absent 3, Did not vote 0

| POUR | CONTRE | NE VOTE PAS | ABSENT | DID NOT VOTE |
|---------------------|---------------|--------------------|----------------|---------------------|
| Deputy Aldwell | None | None | Deputy Burford | None |
| Deputy Blin | | | Deputy Bury | |
| Deputy Brouard | | | Deputy McKenna | |
| Deputy Cameron | | | | |
| Deputy de Lisle | | | | |
| Deputy de Sausmarez | | | | |
| Deputy Dudley-Owen | | | | |
| Deputy Dyke | | | | |
| Deputy Fairclough | | | | |
| Deputy Falla | | | | |
| Deputy Ferbrache | | | | |
| Deputy Gabriel | | | | |
| Deputy Gollop | | | | |

Deputy Haskins
 Deputy Helyar
 Deputy Inder
 Deputy Kazantseva-Miller
 Deputy Le Tissier
 Deputy Le Tocq
 Deputy Leadbeater
 Deputy Mahoney
 Deputy Matthews
 Deputy Meerveld
 Deputy Moakes
 Deputy Murray
 Deputy Oliver
 Deputy Parkinson
 Deputy Prow
 Deputy Queripel
 Alderney Rep. Roberts
 Deputy Roffey
 Alderney Rep. Snowdon
 Deputy Soulsby
 Deputy St Pier
 Deputy Taylor
 Deputy Trott
 Deputy Vermeulen

The Bailiff: In relation to those first six Propositions, there voted in favour, 37 Members; no Members voted against; no Member abstained and 3 Members are absent at the time of the vote. Therefore I will declare Propositions 1-6 duly carried.

3805 Turning over, Proposition 7 on its own, please, Greffier. This is the section 157E issue.
 And will you open the voting on Proposition 7 please.

There was a recorded vote.

Proposition 7.

Carried – Pour 32, Contre 0, Ne vote pas 5, Absent 3, Did not vote 0

| POUR | CONTRE | NE VOTE PAS | ABSENT | DID NOT VOTE |
|---------------------|---------------|--------------------------|----------------|---------------------|
| Deputy Aldwell | None | Deputy Kazantseva-Miller | Deputy Burford | None |
| Deputy Blin | | Deputy Queripel | Deputy Bury | |
| Deputy Brouard | | Deputy St Pier | Deputy McKenna | |
| Deputy Cameron | | Deputy Taylor | | |
| Deputy de Lisle | | Deputy Trott | | |
| Deputy de Sausmarez | | | | |
| Deputy Dudley-Owen | | | | |
| Deputy Dyke | | | | |
| Deputy Fairclough | | | | |
| Deputy Falla | | | | |
| Deputy Ferbrache | | | | |
| Deputy Gabriel | | | | |
| Deputy Gollop | | | | |
| Deputy Haskins | | | | |
| Deputy Helyar | | | | |
| Deputy Inder | | | | |
| Deputy Le Tissier | | | | |
| Deputy Le Tocq | | | | |
| Deputy Leadbeater | | | | |
| Deputy Mahoney | | | | |
| Deputy Matthews | | | | |
| Deputy Meerveld | | | | |
| Deputy Moakes | | | | |
| Deputy Murray | | | | |
| Deputy Oliver | | | | |
| Deputy Parkinson | | | | |

Deputy Prow
Alderney Rep. Roberts
Deputy Roffey
Alderney Rep. Snowdon
Deputy Soulsby
Deputy Vermeulen

3810

The Bailiff: In respect of Proposition 7, there voted in favour, 32 Members; 5 Members abstained; 3 Members were absent, nobody voted against and therefore I declare Proposition 7 duly carried.

We will take 8 and 9 together, please, Greffier. And will you open the voting on Propositions 8 and 9 please.

There was a recorded vote.

Propositions 8-9.

Carried – Pour 36, Contre 1, Ne vote pas 0, Absent 3, Did not vote 0

| POUR | CONTRE | NE VOTE PAS | ABSENT | DID NOT VOTE |
|--------------------------|---------------|--------------------|----------------|---------------------|
| Deputy Aldwell | Deputy Gollop | None | Deputy Burford | None |
| Deputy Blin | | | Deputy Bury | |
| Deputy Brouard | | | Deputy McKenna | |
| Deputy Cameron | | | | |
| Deputy de Lisle | | | | |
| Deputy de Sausmarez | | | | |
| Deputy Dudley-Owen | | | | |
| Deputy Dyke | | | | |
| Deputy Fairclough | | | | |
| Deputy Falla | | | | |
| Deputy Ferbrache | | | | |
| Deputy Gabriel | | | | |
| Deputy Haskins | | | | |
| Deputy Helyar | | | | |
| Deputy Inder | | | | |
| Deputy Kazantseva-Miller | | | | |
| Deputy Le Tissier | | | | |
| Deputy Le Tocq | | | | |
| Deputy Leadbeater | | | | |
| Deputy Mahoney | | | | |
| Deputy Matthews | | | | |
| Deputy Meerveld | | | | |
| Deputy Moakes | | | | |
| Deputy Murray | | | | |
| Deputy Oliver | | | | |
| Deputy Parkinson | | | | |
| Deputy Prow | | | | |
| Deputy Queripel | | | | |
| Alderney Rep. Roberts | | | | |
| Deputy Roffey | | | | |
| Alderney Rep. Snowdon | | | | |
| Deputy Soulsby | | | | |
| Deputy St Pier | | | | |
| Deputy Taylor | | | | |
| Deputy Trott | | | | |
| Deputy Vermeulen | | | | |

3815

The Bailiff: In respect of Propositions 8 and 9, taken together, there voted in favour, 36 Members; 1 Member voted against; 3 Members were absent and therefore I declare both Propositions duly carried.

Proposition 10 on its own, please, Greffier. And will you open the voting please, Greffier.

There was a recorded vote.

Proposition 10.

Carried – Pour 33, Contre 4, Ne vote pas 0, Absent 3, Did not vote 0

| POUR | CONTRE | NE VOTE PAS | ABSENT | DID NOT VOTE |
|--------------------------|-----------------|--------------------|----------------|---------------------|
| Deputy Aldwell | Deputy Cameron | None | Deputy Burford | None |
| Deputy Blin | Deputy de Lisle | | Deputy Bury | |
| Deputy Brouard | Deputy Gabriel | | Deputy McKenna | |
| Deputy de Sausmarez | Deputy Gollop | | | |
| Deputy Dudley-Owen | | | | |
| Deputy Dyke | | | | |
| Deputy Fairclough | | | | |
| Deputy Falla | | | | |
| Deputy Ferbrache | | | | |
| Deputy Haskins | | | | |
| Deputy Helyar | | | | |
| Deputy Inder | | | | |
| Deputy Kazantseva-Miller | | | | |
| Deputy Le Tissier | | | | |
| Deputy Le Tocq | | | | |
| Deputy Leadbeater | | | | |
| Deputy Mahoney | | | | |
| Deputy Matthews | | | | |
| Deputy Meerveld | | | | |
| Deputy Moakes | | | | |
| Deputy Murray | | | | |
| Deputy Oliver | | | | |
| Deputy Parkinson | | | | |
| Deputy Prow | | | | |
| Deputy Queripel | | | | |
| Alderney Rep. Roberts | | | | |
| Deputy Roffey | | | | |
| Alderney Rep. Snowdon | | | | |
| Deputy Soulsby | | | | |
| Deputy St Pier | | | | |
| Deputy Taylor | | | | |
| Deputy Trott | | | | |
| Deputy Vermeulen | | | | |

3820 **The Bailiff:** In respect of Proposition 10, there voted in favour, 33 Members; against, 4; 3 Members were absent at the vote and therefore I declare Proposition 10 also duly carried.

I think we can take 11 and 12 together, please Greffier. Will you open the voting on those two Propositions please.

There was a recorded vote.

Propositions 11-12.

Carried – Pour 32, Contre 2, Ne vote pas 3, Absent 3, Did not vote 0

| POUR | CONTRE | NE VOTE PAS | ABSENT | DID NOT VOTE |
|---------------------|-----------------|-----------------------|----------------|---------------------|
| Deputy Aldwell | Deputy de Lisle | Deputy Gollop | Deputy Burford | None |
| Deputy Blin | Deputy Dyke | Alderney Rep. Roberts | Deputy Bury | |
| Deputy Brouard | | Alderney Rep. Snowdon | Deputy McKenna | |
| Deputy Cameron | | | | |
| Deputy de Sausmarez | | | | |
| Deputy Dudley-Owen | | | | |
| Deputy Fairclough | | | | |
| Deputy Falla | | | | |
| Deputy Ferbrache | | | | |
| Deputy Gabriel | | | | |
| Deputy Haskins | | | | |

Deputy Helyar
 Deputy Inder
 Deputy Kazantseva-Miller
 Deputy Le Tissier
 Deputy Le Tocq
 Deputy Leadbeater
 Deputy Mahoney
 Deputy Matthews
 Deputy Meerveld
 Deputy Moakes
 Deputy Murray
 Deputy Oliver
 Deputy Parkinson
 Deputy Prow
 Deputy Queripel
 Deputy Roffey
 Deputy Soulsby
 Deputy St Pier
 Deputy Taylor
 Deputy Trott
 Deputy Vermeulen

The Bailiff: In respect of Propositions 11 and 12, there voted in favour, 32 Members, 2 Members voted against; there were 3 abstentions; 3 Members were absent and therefore I declare both Propositions 11 and 12 duly carried.

3825

We will take Proposition 13 on its own, please Greffier. And will you open the voting, please.

There was a recorded vote.

Proposition 13.

Carried – Pour 33, Contre 1, Ne vote pas 3, Absent 3, Did not vote 0

| POUR | CONTRE | NE VOTE PAS | ABSENT | DID NOT VOTE |
|--------------------------|-----------------|-----------------------|----------------|---------------------|
| Deputy Aldwell | Deputy de Lisle | Deputy Dyke | Deputy Burford | None |
| Deputy Blin | | Alderney Rep. Roberts | Deputy Bury | |
| Deputy Brouard | | Alderney Rep. Snowdon | Deputy McKenna | |
| Deputy Cameron | | | | |
| Deputy de Sausmarez | | | | |
| Deputy Dudley-Owen | | | | |
| Deputy Fairclough | | | | |
| Deputy Falla | | | | |
| Deputy Ferbrache | | | | |
| Deputy Gabriel | | | | |
| Deputy Gollop | | | | |
| Deputy Haskins | | | | |
| Deputy Helyar | | | | |
| Deputy Inder | | | | |
| Deputy Kazantseva-Miller | | | | |
| Deputy Le Tissier | | | | |
| Deputy Le Tocq | | | | |
| Deputy Leadbeater | | | | |
| Deputy Mahoney | | | | |
| Deputy Matthews | | | | |
| Deputy Meerveld | | | | |
| Deputy Moakes | | | | |
| Deputy Murray | | | | |
| Deputy Oliver | | | | |
| Deputy Parkinson | | | | |
| Deputy Prow | | | | |
| Deputy Queripel | | | | |
| Deputy Roffey | | | | |
| Deputy Soulsby | | | | |
| Deputy St Pier | | | | |

Deputy Taylor
Deputy Trott
Deputy Vermeulen

The Bailiff: In respect of Proposition 13 on its own, there voted in favour, 33 Members; 1 Member voted against; there were 3 abstentions and 3 Members were absent and therefore I declare Proposition 13 duly carried.

3830 Then we will take Propositions 14, 15 and 16 together, please, Greffier. And will you please open the voting.

There was a recorded vote.

Propositions 14-16.

Carried – Pour 34, Contre 0, Ne vote pas 3, Absent 3, Did not vote 0

| POUR | CONTRE | NE VOTE PAS | ABSENT | DID NOT VOTE |
|--------------------------|---------------|-----------------------|----------------|---------------------|
| Deputy Aldwell | None | Deputy Haskins | Deputy Burford | None |
| Deputy Blin | | Alderney Rep. Roberts | Deputy Bury | |
| Deputy Brouard | | Alderney Rep. Snowdon | Deputy McKenna | |
| Deputy Cameron | | | | |
| Deputy de Lisle | | | | |
| Deputy de Sausmarez | | | | |
| Deputy Dudley-Owen | | | | |
| Deputy Dyke | | | | |
| Deputy Fairclough | | | | |
| Deputy Falla | | | | |
| Deputy Ferbrache | | | | |
| Deputy Gabriel | | | | |
| Deputy Gollop | | | | |
| Deputy Helyar | | | | |
| Deputy Inder | | | | |
| Deputy Kazantseva-Miller | | | | |
| Deputy Le Tissier | | | | |
| Deputy Le Tocq | | | | |
| Deputy Leadbeater | | | | |
| Deputy Mahoney | | | | |
| Deputy Matthews | | | | |
| Deputy Meerveld | | | | |
| Deputy Moakes | | | | |
| Deputy Murray | | | | |
| Deputy Oliver | | | | |
| Deputy Parkinson | | | | |
| Deputy Prow | | | | |
| Deputy Queripel | | | | |
| Deputy Roffey | | | | |
| Deputy Soulsby | | | | |
| Deputy St Pier | | | | |
| Deputy Taylor | | | | |
| Deputy Trott | | | | |
| Deputy Vermeulen | | | | |

The Bailiff: In respect of Propositions 14, 15 and 16, there voted in favour, 34 Members; no one voted against; there were 3 abstentions; 3 Members were absent and therefore I declare those three Propositions duly carried.

3835

We will take Proposition 17 on its own please. And, Greffier, will you please open the voting?

There was a recorded vote.

Proposition 17.

Carried – Pour 34, Contre 2, Ne vote pas 1, Absent 3, Did not vote 0

| POUR | CONTRE | NE VOTE PAS | ABSENT | DID NOT VOTE |
|-----------------------|--------------------------|--------------------|----------------|---------------------|
| Deputy Aldwell | Deputy Kazantseva-Miller | Deputy Taylor | Deputy Burford | None |
| Deputy Blin | Deputy St Pier | | Deputy Bury | |
| Deputy Brouard | | | Deputy McKenna | |
| Deputy Cameron | | | | |
| Deputy de Lisle | | | | |
| Deputy de Sausmarez | | | | |
| Deputy Dudley-Owen | | | | |
| Deputy Dyke | | | | |
| Deputy Fairclough | | | | |
| Deputy Falla | | | | |
| Deputy Ferbrache | | | | |
| Deputy Gabriel | | | | |
| Deputy Gollop | | | | |
| Deputy Haskins | | | | |
| Deputy Helyar | | | | |
| Deputy Inder | | | | |
| Deputy Le Tissier | | | | |
| Deputy Le Tocq | | | | |
| Deputy Leadbeater | | | | |
| Deputy Mahoney | | | | |
| Deputy Matthews | | | | |
| Deputy Meerveld | | | | |
| Deputy Moakes | | | | |
| Deputy Murray | | | | |
| Deputy Oliver | | | | |
| Deputy Parkinson | | | | |
| Deputy Prow | | | | |
| Deputy Queripel | | | | |
| Alderney Rep. Roberts | | | | |
| Deputy Roffey | | | | |
| Alderney Rep. Snowdon | | | | |
| Deputy Soulsby | | | | |
| Deputy Trott | | | | |
| Deputy Vermeulen | | | | |

3840 **The Bailiff:** In respect of Proposition 17, there voted in favour, 34 Members; against, 2 Members; 1 abstention; 3 Members absent and therefore I declare Proposition 17 also duly carried.

Finally, we come to the remaining Propositions, 18-22 inclusive, so that includes the three from the amendments. Will you please open the voting, Greffier.

There was a recorded vote.

Propositions 18-22.

Carried – Pour 37, Contre 0, Ne vote pas 0, Absent 3, Did not vote 0

| POUR | CONTRE | NE VOTE PAS | ABSENT | DID NOT VOTE |
|---------------------|---------------|--------------------|----------------|---------------------|
| Deputy Aldwell | None | None | Deputy Burford | None |
| Deputy Blin | | | Deputy Bury | |
| Deputy Brouard | | | Deputy McKenna | |
| Deputy Cameron | | | | |
| Deputy de Lisle | | | | |
| Deputy de Sausmarez | | | | |
| Deputy Dudley-Owen | | | | |
| Deputy Dyke | | | | |
| Deputy Fairclough | | | | |
| Deputy Falla | | | | |
| Deputy Ferbrache | | | | |
| Deputy Gabriel | | | | |

Deputy Gollop
Deputy Haskins
Deputy Helyar
Deputy Inder
Deputy Kazantseva-Miller
Deputy Le Tissier
Deputy Le Tocq
Deputy Leadbeater
Deputy Mahoney
Deputy Matthews
Deputy Meerveld
Deputy Moakes
Deputy Murray
Deputy Oliver
Deputy Parkinson
Deputy Prow
Deputy Queripel
Alderney Rep. Roberts
Deputy Roffey
Alderney Rep. Snowdon
Deputy Soulsby
Deputy St Pier
Deputy Taylor
Deputy Trott
Deputy Vermeulen

3845 **The Bailiff:** In respect of Propositions 18-22 inclusive, there voted in favour 37 Members, no one voted against, nobody abstained but 3 Members were absent and therefore I declare all of those Propositions duly carried, which means all 22 Propositions have been carried and that concludes the Budget debate.

We will now adjourn to 9.30am in the morning, when we will start the other item of business for this Meeting.

The Assembly adjourned at 5.54 p.m.