



STATES OF DELIBERATION

HANSARD

UNEDITED TRANSCRIPT

**Royal Court House, Guernsey,
Wednesday, 8th November 2023**

PLEASE NOTE:

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

States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCAATION

Billet d'État XVIII

POLICY & RESOURCES COMMITTEE

1. States of Guernsey Annual Budget – Debate continued

5 **The States' Greffier:** Billet d'État XVIII. Article 1 – the continuation of the debate.

The Bailiff: Let us just try and complete as many people as possible before we launch into debate. So, Deputy Bury, Deputy de Sausmarez –

10 **Deputy de Sausmarez:** Yes please, sir.

The Bailiff: I have not said what you are being asked for yet! Deputy Dudley-Owen, Deputy Murray and Deputy Parkinson, you have all arrived not quite in the nick of time. The nick of time means being able to answer your name when it is given. Is it your wish to be relevéed? (**Several**
15 **Members:** Yes please, sir.) So we will mark you as present, so we are just missing two Members for the time being.

We are going to resume with Amendment 15, as the motion under Article 7(1) carried late yesterday and I will invite Deputy Dyke to move the amendment if he wishes to do so.

[Amendment 15.](#)

To amend Proposition 15 as follows: "To replace £80,000 by £90,000 in (iii) of the First Schedule.

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

I would like to move Amendment 15, to amend Proposition 15 as follows: 'To replace £80,000 by £90,000' in paragraph (iii) of the first Schedule to the policy paper.

Thank you.

25 **The Bailiff:** Do you not want to explain why you want to do that?

Deputy Dyke: Sorry, yes!

30 The purpose of amendment is to undo the proposal from P&R to replace the £90,000 clawback figure with £80,000 and to leave it where it was. Just to explain the clawback figure is the point at which, the income at which the personal allowances and a number of other allowances are withdrawn at the rate of £1 for every £5 in additional income over £90,000, as it now stands.

35 These withdrawal arrangements were first introduced on 1st January 2017, when the threshold was £138,000-odd, which was the upper earnings limit for Social Security contributions at the time. From January 1st, 2018, the figure was increased to £142,000, with the withdrawal ratio at that time remaining at £1 in every £3 of income above the limit. So these are very high figures.

40 At that point, the withdrawal was extended from simply the personal allowance to other allowances and deductions and a whole slew of them, dependent relative allowance, infirm persons' allowance, housekeeper allowance, charge of children allowance, pension contributions and mortgage interest relief. So it is quite a serious number of allowances that are slowly withdrawn over the figure.

The figure of £142,000 was reduced on 1st January 2019 to £100,000 and the withdrawal ratio was amended to £1 in every £5 of income and then it was reduced again at the beginning of this year to £90,000.

45 Since 1st January 2018, when the clawback concept was introduced, inflation has been approximately 26.6% up to 30th September, which was the latest that the Income Tax Department had figures for. So if we had increased it by inflation, from 1st January 2018, we would be at somewhere like £175,000, £180,000. But we are not. We are at £90,000. We have reduced it, reduced it, reduced it.

50 What was intended as a withdrawal from the incomes of very wealthy people has been reduced and reduced and is now going into the upper end of middle Guernsey families. By my calculation based on the figures I have had, there are about 4,000-odd families affected by this now and these are not wealthy families any more, particularly if you are a single income household, you have a wife, probably children, dependants, possibly a mortgage, so you have just been hit in the last couple of years with massive mortgage payments, so this is no longer a clawback for rich people. It is now delving down into middle Guernsey and it is quite serious. I have had a number of emails on it from people who say they are quite worried about this and the way things are going.

55 I think there comes a point where we need to stop this reduction, or its going lower and lower. The current reduction will affect around 4,000 families, by my calculation, and these are not all rich families living in mansions, eating caviar and driving Porsches. I just think that we need to stop the reductions.

60 Even if we leave the figure at £90,000, as I am suggesting, it is already effectively reduced by about 6%-odd in inflation terms. So if we just stuck with inflation, this figure would now be around £95,000, £96,000. We are not adding any sort of inflation increase as we do with benefits and all that sort of thing. We are not doing that. If we keep the figure at £90,000 that is still a 6%-odd drop in real terms.

65 So my suggestion is that we do not do any further drops from £90,000. If we leave it at £90,000 it is still a reduction in real terms. The cost of this involving about 4,000 families, as I say, will be approximately £1.5 million, which is a significant sum. I did think hard and long before bringing this but I was sufficiently worried that I thought I had to.

70 I have raised it with the Chief Minister and Deputy Helyar, who did not actually bite my head off at the time for doing so and I am thankful to them for helping me with the figure work and putting me in touch with the civil servants who helped me with the more detailed figures, which I have given you.

75 In that regard, I would thank the Civil Service, actually, for their excellent support on these things. I think we are really grateful to have such a good back-up team. I think that is all I have got to usefully say on the subject. I do think we should not simply choose what looks like an easy target, 'Oh, they are better off than the median.' Obviously, they are better off than the median. But they are not the super-rich. In a way, they are the backbone of middle Guernsey. They will include a lot

80 of people in the finance sector. They will probably include some of our harder working and more skilled white van guys, who will be approaching or over that level if they are doing a lot of overtime.

So I do think we need to not take easy hits and I would recommend this amendment to the Assembly. Thank you.

85 **The Bailiff:** Deputy Vermeulen, do you formally second the amendment?

Deputy Vermeulen: I do, sir, and I will explain why if nobody else is going to interrupt.

The Bailiff: Then I will call you to speak as well.

90

Deputy Vermeulen: Thank you, sir.

Now then, you know that I have been quite worried recently about Guernsey's competitiveness and I do not like losing. I do not like losing at local business, I do not like losing staff off the Island. I certainly do not like to see finance headquarters being moved to other domains off of Guernsey.

95 I have been involved in industry, not finance, but in the leisure industry, and we have employed people and for 43 years I know how a negative message from this States can rankle with businesses and the top end, the decision-makers, the directors of those businesses, on how business is going, how they are working, what cooperation they are getting from Government.

100 These people in this tax bracket are probably in the finance industry, which is 4,000 families, Deputy Dyke has referred to. They are probably the backbone of the industry. Imagine you are currently earning £90,000 and just before Christmas this States, in a Grinch-like move, wishes everybody a holly, merry Christmas, and you have just lost your tax allowance, £13,000 each, for Christmas. So it is happy Christmas, isn't it?

105 It is putting a further squeeze on those accountants that we need, sir, those architects, those paralegals, the advocates, the accountants, obviously, I have mentioned those twice, but they are very important. At the moment there is a recruitment and retention problem sweeping the Island. Some feel it is caused by lack of accommodation or lack of affordable accommodation but those young families, probably privately educating their children at the moment, probably having the squeeze put on them because they have had food inflation. They have had electricity go up, they
110 have had water go up, we would not lose any Income Tax if we pegged it at what it was for this year. We would not get the extra revenue that P&R project.

But I am saying that there is a flip side to that coin, sir. If you make it too uncompetitive, if you make it too difficult, if you tell people, you are earning more than average so we are going to take your mortgage interest, for instance, away, your allowance, when the interest rates are going up. to
115 they are going to leave, they are going to go elsewhere and I do not really want to see that happen. I think we should look after that industry, particularly in these difficult times, where people are struggling with that retention of staff and to get people to move over.

120 The States probably employ quite a few people in this price range too, so I would urge Members to support this amendment. We have got £25 million extra in Income Tax this year, which we did not know we were essentially going to get. But that has come in, so that is good news and I just say go very careful what we change in these delicate times.

Thank you, sir.

125 **The Bailiff:** Deputy Brouard, is it your wish to be relevéd?

Deputy Brouard: Yes please, sir.
Thank you.

The Bailiff: Deputy Burford.

130

Deputy Burford: Thank you, sir.

135 This amendment is to a degree the opposite of Deputy Gollop's amendment from yesterday. Now I was very sympathetic to Deputy Gollop's amendment but for probably three reasons I felt that I could not support it. One, I did not feel that the drafting was quite as tight as it could have been. Secondly, I think that something like that, a change to our Income Tax, really ought to come through a more rigorous overall process and, thirdly, Deputy Helyar's summing up, also, where he pointed out that the constraints on looking into personal Income Tax changes will not apply to the review that is meant to come back in 2026. So I did not support it.

140 But I certainly cannot go with this amendment, which effectively does the opposite. I listen to the history of the way the figure has reduced, both in real terms and in actual terms, since this idea was brought in to remove allowances, and it has been a progressive direction. I do not think we could have ever done it in one great, big hit, down to £80,000 or whatever. And I think that is the right direction.

145 At the end of the day, we are going to have to raise some money and every time a proposal, even a minor proposal, comes to this States, it is pushed back and we are having this about Deputy Vermeulen says it is going to stop us being competitive if we make this change. We are not going to be very competitive if we get to the point where we cannot fund any public services.

150 He says that people will go elsewhere. We are talking about a maximum of £8 a week for people on £80,000. Now if you are going to leave the Island for £8 a week you are probably going to go anyway. I am just not buying that argument. (**A Member:** Hear, hear.)

I will give way to Deputy Vermeulen.

Deputy Vermeulen: I am grateful for Deputy Burford to give way.

155 Eight pounds a week is the tax that you are obviously calculating but people are paying significant mortgages now. For decades we had low interest and now we are 1% higher than Europe, the base rate, and they are paying significantly more on top of everything else. It is stop squeezing middle Guernsey and let us look after our middle income earners.

Deputy Burford: Thank you, sir.

160 I do not know to what extent I would concur that people on £80,000 or £90,000 a year are middle Guernsey. We have already had it confirmed this is affecting 4,000 people. There is an awful lot more taxpayers in the Island than that –

165 **Deputy Dyke:** Point of correction, if I may, it is a –

The Bailiff: Point of correction, Deputy Dyke.

Deputy Dyke: It is affecting 4,000 families so that will be quite a lot more than 4,000 people. Thank you.

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The Bailiff: Deputy Burford to continue.

Deputy Burford: Thank you.

175 Coming back to the main point, we do have to raise some money. I think this is a sensible, moderate proposal from P&R. In the short-term at least, I will be affected by this proposal and I think I should. I am very fortunate. I am a lot more fortunate than many people on this Island who are really struggling with things and, yes, I think I should therefore pay more tax. So I will be opposing this, supporting P&R's Proposition in the Budget and I urge everyone to vote against this. Thank you.

180

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, I hold both viewpoints. I think the amendment has been well presented by the proposer and the seconder. But Deputy Burford is right. Every time there is a proposal to try and contain expenditure, try and reduce the tax take or whatever, people oppose it.

Now Deputy Dyke was absolutely right. When it was first introduced, the reduction was first introduced 2017, it was over £137,000. It kicked in at that level, which if you add basic inflation would be something over £150,000 now. A significant figure. So he is right. It has changed from the people who are very well off to those who I still regard, whether it is 4,000 families or 4,000 people, middle-ish Guernsey. Perhaps upper middle-ish Guernsey, but middle-ish Guernsey. I think that is a fair way of describing it.

If you are on £90,000 a year and have got an income, that is not a fortune. If you have got a Porsche it is probably a second-hand one and if it is caviar you probably bought it from a Co-op. But in relation to that, it is not a fortune. But we have got to look at the overall effect of where we are.

We are desperate for extra income. We have to control expenditure. Deputy Helyar will speak further about this amendment when he sums up but the point in relation to this that we are now in a position where we are Micawber-ish. The lights are not going to go out tomorrow, I hope the wi-fi works today so I vote when I could not vote last thing yesterday, I hope that has been repaired.

But in relation to where we are, we are heading towards a financial catastrophe in a number of years' time. If we do not start addressing it now. Because it is like everything, isn't it? This is it, we can afford that. That is it, we can afford this. All of a sudden you wake up and you can afford nothing.

I am in the same position as Deputy Burford. I will be affected by this amendment. I have got to pay a bit more. So what? That is the way it is. I can afford to pay a bit more, therefore I should be paying a bit more.

It is well-intentioned, though, and there is no criticism at all. Deputy Dyke did it in exactly the way that people should do an amendment. But he forgot to press the button to put it in in time; but he did consult us in good time and he did receive, and he has made it clear, a constructive response from P&R, even though we could not agree with him.

The points that we had from Treasury, which he has already referred to in part, is that if monetary thresholds in the Budget had been increased in line with inflation, the figure of £90,000 would actually be £93,510. I will read what they say: this means there is a gain in income of about £600,000 where nominal monetary thresholds are not increased. It is caused fiscal drag. This amendment:

... seeks to keep the threshold at which allowances are withdrawn from higher earners at £90,000 rather than reducing it to £80,000.

In the 2024 Budget, it is proposed that £2,500 of pension contributions are protected from withdrawal, that figure is currently £1,000, which offsets part of the reduction for those individuals contributing towards a pension. But as Deputy Dyke said, the financial impact of this amendment would be a reduction overall in revenues of £1.5 million. Now in our present financial circumstances and bearing in mind what Deputy Helyar said when he introduced this Budget yesterday and the gains that are going to be made overall by increasing revenues, etc. that is a significant sum. It is a sum we cannot afford and there is no magic, I think, about the £80,000, it is roughly twice, perhaps twice and a bit, the average earnings, or median earnings.

If you are earning £80,000 you are not a millionaire. If you are earning £90,000 you are not a millionaire. But in connection with that it makes it very difficult, if we are saying to the ordinary people – everybody is an ordinary person – if we are saying to the lower income people, who are on £30,000, £40,000 a year, we think that somebody earning £80,000, £90,000 a year should be more protected than you, then I do not think that is right.

We should be concentrating our benefits and our allowances on those that really need them. It is undoubtedly an advantage to have these allowances. But it is not really an absolutely necessity. So as well intentioned as this amendment is, I will not be voting for it.

The Bailiff: Deputy Roffey.

Deputy Roffey: Sir, first of all I suppose I should declare a lack of interest! This does not affect me.

235 At the risk of damaging my own chances at the next amendment, I would like to read the first sentence of the last paragraph of the foreword to the Budget Report, which says:

As mentioned, the States are already operating a structural deficit. It is not something that might happen in the future; it is happening today.

240 Like Deputy Dyke, I regret that this is being moved down. I would prefer that it was not and I would like to hear from Deputy Helyar when he sums up. I know he cannot guarantee how long he will be in his post but whether the mindset is that this is as low as it is going to get or whether this is a cumulative thing going forward, year after year, because if it is I will put warning that I think £80,000 is about as low as I would be willing to go.

245 But what has brought me to my feet really is Deputy Dyke and Deputy Vermeulen, particularly Deputy Vermeulen is worried about competitiveness. I think we are all worried about competitiveness and all of us would prefer that some of these measures in the Billet, whether it is this or TRP or whatever else, were not having to happen to the extent they are.

250 But somehow we have to heal our public finances and at the risk of fighting yesterday's battles, I believe that this States has failed to grasp a package, which would have addressed in a competitive way, because it would have not scared the horses, we would have not been doing anything that other communities are not already doing. In fact, with a 15% tax band, it would have probably made us more competitive against other jurisdictions, we ??? [9.57.09]

255 Now that is a democratic decision but then a few weeks later to hear two of the main opponents popping up and say, we cannot raise money in this way because it will make us anti-competitive, just sticks in my craw a little bit to be honest. I want to be able to support them. This Assembly has put myself and others in a position where we have to support measures like this even though we really do not like them.

Deputy Vermeulen says no. I cannot ask him to –

Okay, I will give way to ask how else he is going to address the structural deficit that is clearly set out in the last paragraph and if he says he thinks he can do it by savings alone, I will be absolutely gobsmacked. Give way.

260

Deputy Vermeulen: I am grateful to Deputy Roffey for giving way there. There are other options. You have got a fantastic Castel Hospital site. You have got a number of open market inscriptions, which we are not currently using. A little bit of thinking outside of that box, which the States uses very rarely would perhaps give a solution like that.

265 Another thing came yesterday. What about another 30 more people on these tax caps? Attracting another 30 people to the Island. Whether the Island has got the significant properties, the stock of properties to attract those people but there are other ways. This threat is very real and financiers tell me that we are not exactly reading the room of what is going on out there. We have got to go so careful.

270 I am gutted to see RBC leave. I wanted to extend the runway and tried very hard. I only got 10% of the Assembly to support economic growth but that is what we should be going for, sir, and the whole of Europe, where interest rates are 4% is going for economic growth. They are going to have 82% of all businesses next year investing in artificial intelligence and here we are doing the same old thing that we have always done, squeezing middle Guernsey when times are changing.

275 Interest rates have changed. I do not want to be derogatory to anyone but I am a pro-business Deputy, pro-growth and I want to see the Island succeed, flourish, I want to see our finance industry flourish and succeed. I do not want to see it moving abroad and people are very keen to have that business. They will eat our lunch if you let them. You have heard that the Isle of Man is looking for

280 5,000 finance workers over the next 10 years. Where is our strategy? Where is the P&R strategy for growth? Where is the Government strategy for growth? We are just doing it piecemeal.

At the moment we have got a Government Work Plan, yes, maybe, it might be funded, might not. Sure. So there you go, Deputy Roffey, there is some input from a man that has actually run a business and been in business many years, has a business-like approach and there are other ways of getting revenue in. We need to build not shoo people off this Island.

285 Thank you, sir.

Deputy Roffey: I confess, when I gave way, I was expecting a pithy intervention lasting about 60 seconds, but never mind! I enjoyed Deputy Vermeulen's second speech of the debate.

290 Absolutely nothing new. He served with me on the Population Management system review. He knows that I was one of those advocated that we did put more leverage in the open market and he knows that E&I are working on exactly that now and that is all factored in. It is not suddenly some new bonanza that is coming down the line. It is factored in. But we still have to meet the bills today.

I am not going to address this too far because the more I say the more it is actually a really strong argument against my next amendment, which is of course a totally different sort of amendment! (*Laughter*) But I have to say I think this States is in absolute denial over the need to balance the books. It is as simple as that.

300 If we were a family, we would be saying it was a dysfunctional family, they need some training on how to do a household economy and management because we are just not facing up to reality and I would love to support this amendment. I do not want the phase out area to go from £90,000 to £80,000. In fact, I would like it to go up with inflation. I wish I could. I know I cannot. This amendment may well be well-meaning but it just does not make any sense.

The Bailiff: Deputy Gollop.

305 **Deputy Gollop:** Deputy Roffey has stolen my thunder in a number of respects. I was mentioned in reference by Deputy Burford and she is right, there is a parallel mirroring of these amendments in a curious way. Of course I got rather a hard time yesterday from the titans on Policy & Resources, and pro-business Deputies may be but the truth of the matter is it is all the way you tell them and the truth is often in the small print.

310 Of course, I was deliberately provocative with this idea of a 2% rise for high earners, because it brings into mind all sorts of questions of uncompetitiveness and semi-socialism and social democracy and a change in the totems, as Deputy Parkinson said, of our success for the last 60 years.

315 But actually you can sometimes, if you are very clever like Deputy St Pier and maybe P&R, you can achieve the same ways with more subtle means. Of course, this reduction or an elimination of all the allowances from housekeeping and mortgage to personal tax allowance, is a 20 means 20 kind of policy, like Jersey have had for a long time. So I would argue that in certain respects, at least for middle earners, Jersey is less competitive than Guernsey. But that is another argument.

320 But effectively, I got a bit of a shock yesterday. One of our most interesting Members, Deputy Leadbeater, he pointed out that for some people, £80,000 is not a lot of money. And he is right. If you are buying a house in Guernsey you have got special costs, you maybe have particular needs to spend on, unusual family circumstances it is not. But if £80,000 is not a lot, what about some of us basic Deputies on just over £40,000, or people on £20,000? Or the pensioners? Deputy Queripel, especially, speaks lyrically on it, about £10,000.

325 This is all very relative and Policy & Resources, despite rebutting my amendment, have almost got to the same place by a different route. Because if they are reducing from £90,000 to £80,000, Deputy Burford gave a figure of £8, I think, a week, well I worked out that for people on £100,000, albeit there were complications in my amendment as to how you read it but I knew what I was trying to say, I was talking post allowances, it would have cost the average person on £100,000 an extra

330 £400 a year and this apparently costs somebody currently on £90,000, all the allowances going, roughly £400 a year. It is the same difference.

You will not see GIBA and other organisations maybe protesting about this, although the competitiveness point has been very well made by Deputy Vermeulen and Deputy Dyke because it will come to the same thing, where people really understand these points. But where I am full square
335 with Deputy Roffey, in a way regrettably, is I actually do not think squeezing people in this way is the best way to go. It actually would make more sense to have restructuring of our tax along the lines of a consumption tax, a GST with lower rates of Income Tax, with marginal relief, with people choosing to spend their money on purchases, rather than having it taken away from them under Law.

340 That is not the way we went and my friends and honourable Members, the Deputies opposite, they very much disliked GST but they are also disliking this extraction of money. But I do not think in the present financial situation, with the squeeze on services, in health and environment, we can afford not to let this one go.

345 **The Bailiff:** Deputy Leadbeater, Deputy Gollop has reminded me you have arrived, so would you like to be relevéd?

Deputy Leadbeater: Yes please, sir.

350 **The Bailiff:** Deputy Oliver.

Deputy Oliver: Thank you, sir.

I just have two questions. First of all, what is it in Jersey? Is it similar or is it actually higher? And the second question is actually probably more for you, sir, that with this one will we have to actually
355 declare if you are going to be affected by this?

The Bailiff: Deputy Mahoney.

Deputy Mahoney: Thank you, sir.

360 I only rise because of a couple of the points that Deputy Vermeulen made in his second speech today. So perhaps he could whisper the answer to Deputy Dyke so that he can respond in summing up because I am not going to give him the chance to have a third speech today!

Deputy Roffey challenged him where are we going to get this extra money on and he said Castel Hospital. I did not understand what he meant by that, whether I am going to sell it every year to
365 raise the extra money or what? So perhaps he could whisper to Deputy Dyke how he is going to raise £1.5 million every year from 'Castel Hospital'.

Then he also points a finger and says where is P&R's strategy, re growth? I guess I would point it straight back at him and say he is on Economic Development, where is his strategy for economic growth because I would have thought that fell within his mandate, especially?

370 Deputy Gollop makes some great points, do not disagree with many of them, there. But of course it is this type of revenue raising measure that actually allows this Budget to raise the personal Income Tax allowance by 7% in the Budget here, which of course benefits all taxpayers, except those of course that do not get a tax allowance any more because they are at certain levels of pay.

375 So if we remove this then again it just puts more pressure on those that are perhaps less fortunate, lower down the income scales, if you like. It is a very simple concept. I have not heard anyone say they are going to support it, other than the two that have brought it and seconded it. Deputy Burford is exactly right, it is £8 a week. Even if you are suffering the full worst effect of this, £8 a week really is not a huge amount of money.

380 No one wants to do this but I am afraid that is one of the horrible facts of life and sometimes those decisions we have got to make.

Thank you, sir.

The Bailiff: Deputy Bury.

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

It is just a quick contribution. The 'middle Guernsey' phrase that has been used several times in the debate, it needs correcting. This is not middle Guernsey; £80,000 or £90,000, statistically, evidenced, is not middle Guernsey. Our median earnings are £40,000. The definition of median is the middle point in a list of numbers – £40,000 is middle Guernsey.

390 So while this amendment may have its merits and I respect the reasons for giving it, it is not fair to use the trope of middle Guernsey, middle Guernsey are way further down the scale than we are talking now.

Thank you, sir.

395 **The Bailiff:** I am going to call somebody who wants to speak in favour of this amendment next, if there is anyone who wants to do that. (*Laughter*) Does anyone else want to speak on the amendment?

Deputy Queripel.

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

Picking up on what Deputy Leadbeater said yesterday, that £80,000 is not a lot of money to many people, I am reminded of the time when a few years ago in a previous Assembly when a colleague said they had a couple of friends, whose combined salaries was £110,000 a year and it was not enough and there was no way they could be classed as well off because they had four children and therefore needed a large house and they had a huge mortgage.

405 I was dumbfounded when I heard that because I know and I have worked with many parents living with four children in a four bedroom house, working all hours of the day to bring in a lot less than that and I am sure my colleagues know a lot of families who need to live in big houses because they have large families. Those are the people that are struggling.

410 I just want to elaborate on what Deputy Bury has just said. Deputy Dyke and Deputy Vermeulen have referred to this as people in middle Guernsey. Not in my opinion. This is nowhere near middle Guernsey, as Deputy Bury has just explained. Middle Guernsey, £40,000, £50,000 at the most. Anyone earning more than that is in the higher income bracket.

415 I am not interested in any textbook figures. I do not need textbook figures to tell me who is living in middle Guernsey and who is not. My judgement and my views are formed by working with Islanders who are struggling and earn a lot less than the figures we are talking about here. I very much appreciate this is a well-intended amendment but it seeks to take us backwards, resulting in a reduction of income of £1.5 million a year.

420 Now, if Deputies Dyke and Vermeulen had laid an amendment in front of us that sought to keep the figure at £90,000, with an additional Proposition that sought to raise the £1.5 million from somewhere else, I would have been tempted to support this. I am surprised they have not, actually because they are asking us to support a £1.5 million reduction in income without any option to replace it –

I give way to Deputy Vermeulen, sir.

425

Deputy Vermeulen: I am grateful for Deputy Queripel giving way but it is not a reduction, it is keeping it the same as it currently is so it is definitely not a reduction.

430 **Deputy Queripel:** Sir, just playing with words. It says Rule 4(1)d, the Proposition would 'reduce the budgeted revenues for 2024 by £1.5 million'.

As I say, I have got a lot of respect for Deputies Dyke and Vermeulen. They have brought with what they have considered to be the best of intentions. I just think they are way off beam with this one.

Thank you, sir.

435

Deputy Haskins: Sir, can I call a 26(1), please?

The Bailiff: You can indeed, Deputy Haskins.

440

Will those Members who wish to speak in debate on Amendment 15 please stand in their places?
Is it your wish, Deputy Haskins, still that I put the motion?

Deputy Haskins: Yes, sir.

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The Bailiff: The motion under Rule 26(1) is that debate be curtailed, subject to hearing from the Vice-President and the proposer of this amendment. Those in favour; those against?

Members voted Pour.

The Bailiff: I will declare that carried.

Deputy Helyar, the Vice-President, to speak to Amendment 15.

450

Deputy Helyar: Thank you, sir.

455

Very briefly, my eldest daughter was lucky enough to study at Sussex University in Brighton, so over the years I have spent quite a lot of time in Brighton. There is a game on the pier, that you can go and play, called whack-a-mole, and the issue with that game is that every time you hit a mole down somewhere, another one pumps up somewhere else. This is the portion of the Budget were we are playing that game.

We are going to have several, and Deputy Roffey has alluded to that there may be some amendments coming, which will be exactly the same, and the problem is if you put tax down somewhere else, you have got to put it up and take it off the budget of some other Committee or initiative or something else.

460

I do not know how many times we need to keep saying there is not enough money. We cannot afford not to do this. I do not want to do it either. I wish I had the luxury of being able to bring amendments like this, where there is simply no responsibility associated with them. But I cannot. I have a job to do and I really wish I was not taking these allowances away and I am sure the rest of the Committee and the rest of the Assembly feel the same way but we have to balance the Budget.

465

Whilst it is technically, in the world of semantics, correct to say we are not reducing it, in real terms, inflation is going up as are the costs of Government and we need to match those by putting tax up to match that, otherwise there will be an even bigger deficit.

470

So just to answer Deputy Roffey's question, how low will it go, and of course that is the game known as Limbo, which is a very famous band, which Deputy Queripel played in, I remember seeing several times, and the answer is I do not know. I have lost a fair bit of weight, which means I can get a bit lower than I could do in the past but I do not know what the answer to that is.

475

I do not know what the successors on this Committee will recommend, whether those should go down or not. But I can say if we do not find a way of filling our deficit substantially, and I mean substantially, not by tinkering around the edges with things in the next few years, all of these allowances are going to keep going down and down and all of the benefits we pay, including family allowances and all of those other things are going to necessarily have to disappear.

480

It is an inevitable consequence of having to balance the Budget. So much as I would like to agree with this amendment, I cannot. We are in a position where we are having to turn the temperature up very slowly to cook the frogs, rather than boil them suddenly, which is what we were planning to do yesterday.

So that is what the little amendments to the Budget, which are modest in different areas that do not attack sectors of the community as a whole, they do not damage areas of the economy as a whole, they are little bits, which when they add up together try to get us to a position where we are

485 raising enough money to pay for public services, so I would just say please do not vote for this, it just adds £1.5 million to the deficit.

Thank you.

The Bailiff: Finally, the proposer of Amendment 15, Deputy Dyke, to reply to the debate.

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

I will run through the comments in order. First, I thank Deputy Vermeulen for his support on this. The competition issue is important. We are seeing a drift in business to Jersey and other places. We are competing with other places with either equivalent or roughly equivalent Income Tax arrangements and also with other jurisdictions, such as Hong Kong with lower rates, and many very successful jurisdictions in the Caribbean with no personal Income Tax at all.

495 So we do need to bear this in mind when we are fiddling with our tax regime. And we also need to bear in mind that when a finance business in London or Switzerland or wherever is looking to set up a business, their tax people will look at everything, tax on the company, tax on the staff, what the wedge will be, the total take that the state takes between the employer and the employee and that wedge at the marginal rates here that we are talking about is the 20% Income Tax that the Social Security payments that both sides pay, which comes to about 15% or 16%, 36%, and as you are withdrawing these allowances, you are effectively adding another 4% tax. You have got to 40% on this tranche to a marginal rate of 40% on these people between £80,000 and £90,000.

500 We also have to bear in mind the other problems and disincentives we have for people coming here. We do not have the connectivity that Jersey has. I do not want to hark back but we have got a runway that is not long enough, you can barely land anything on it, so we are fighting against that and it is a big issue.

505 One of my sons in law was down here a couple of weeks ago. He works for a major hedge fund in London and we were talking about business and all that sort of thing and I said, why don't you guys set up your offshore business in Guernsey? He said, well actually the senior guys are looking at it but they are looking at Jersey because that is where most of the hedge funds tend to set up their offices.

510 So we are fighting against a tide that is not quite with us. So I think to be dismissive about the points that Deputy Vermeulen has raised is a mistake, long term –

515 I will give way.

Deputy Trott: I am very grateful to my friend Deputy Dyke for giving way because I wonder if this persuasive argument might work with his son-in-law, if he were to remind him that Guernsey is the best international finance centre in the world, according to the world's journalists. That might go some way to persuading him that this is the very best place to do business. (**Several Members:** Hear, hear.)

Deputy Dyke: I thank Deputy Trott for his helpful intervention, I will point out to him ??? [1022.11] but I always do build up the benefits of Guernsey.

525 So I will stop on that point, I do not want to take too long because I have got a load to get through. Deputy Burford said that what I was proposing is the opposite to what Deputy Gollop is proposing. I am not sure it actually is, funnily enough. What I am proposing is that we keep the clawback level at £90,000, not that we increase it by inflation. By leaving it at £90,000 we are still reducing it in real terms, which is a tax increase for the guys at this level. If we do what I propose there is still a real terms tax increase for these people because of the fiscal drag that the Chief Minister referred to.

530 The Chief Minister has politely said that he is not going to support this. I did not actually hold out much hope of that and I appreciate the issues he has got but on the where is the money coming from, we have had the figures in for the projections for this year that will put us about £20 million ahead of where we thought we were. The cost of this proposal, the reduction in additional income

from this proposal is £1.5 million. So it actually is reasonably well absorbed within that. I think that was the main point that Deputy Ferbrache raised.

540 Deputy Roffey has suggested that possibly we should revisit GST. Probably we will not do that. There are merits in those proposals, I can see that P&R worked hard on them and believed in them but that did not meet the approval of the Assembly. I think Deputy Roffey also dismissed slightly too out of hand the concept of savings getting us anywhere. We do have a savings committee working on things. We had proposals in the first States' Meeting discussing GST. We approved about 14 line item suggestions from Deputy Soulsby that should be looked at and which presumably are being looked at. So we have not really got to the bottom of where savings should
545 be.

We do need to put more focus on savings. I am not happy we are doing enough. Obviously, I do not know what our savings committee is coming up with. They are very good people, I am sure they will come up with some excellent suggestions. We have got a Civil Service which at various levels is working a huge amount at home, which I think is something to be looked at. You are looking
550 at changing the pension plan for new Members, all that sort of thing. So there is a big amount of work, a large amount of work to do on savings so I do not think Deputy Roffey should dismiss that out of hand.

Deputy Gollop mentioned the concept of 20 means 20. Yes, I think we are going there. But I simply think we have dropped this withdrawal level too low already compared to where it started.
555 As I mentioned earlier on we would be at around £175,000 or £180,000 if we had simply increased it with inflation from when we started it in January 2018. That we have not done. Deputy Gollop I think regretted that GST had failed.

Deputy Oliver asked two questions, one of the Bailiff, so I will not presume to answer that. One concerning what the position is in Jersey. I have to say I have not done a comparative analysis on
560 this particular point but I have made the general point of how attractive Jersey does appear to be and how well it is pulling in new business, including from us –

I will give way to Deputy St Pier.

Deputy St Pier: Thank you to Deputy Dyke for giving way because hopefully I can help him on
565 the question of a comparative analysis with Jersey. Because the way the system works in Jersey is to deliver, as Deputy Gollop has said, 20 means 20. What it effectively does is taxes individuals who have allowances at 26% and then gives what it calls marginal relief back to a level which is no more than 20%. In other words nobody ever pays more than 20%.

If you look at the calculator online, for an individual with standard allowances, the level at which
570 that marginal relief effectively falls away is in fact £80,000. So the position which P&R have adopted is not directly comparable and it depends on individuals' personal circumstances, depending on whether they have got pension contributions and so on but, in essence, it is very comparable, which exactly as Deputy Gollop has said, was the intention when the withdrawal allowance was introduced, I think as Deputy Ferbrache said back in 2017/18, to start to move us towards a Jersey system. But
575 we are doing it in a different way by withdrawal allowances rather than the use of marginal relief.

For Members' benefit, I will circulate the relevant page from the Jersey website with a calculator, which demonstrates quite easily how the system works there and hopefully that answers Deputy
Oliver's question.

Deputy Dyke: I thank Deputy St Pier for his intervention. That is not a definitive answer to the
580 problem. We do have a competitive issue with Jersey, that is absolutely clear. If we can perhaps give ourselves a marginal advantage on that particular point I think it might be a very good idea.

Deputy Mahoney questioned some comments made by Deputy Vermeulen regarding the Castel
585 Hospital. Well we do have a huge area around there, there is the Castel Hospital, the Edward VII Hospital, various other pieces of land in between, all of which potentially could be designated for housing. You have got the existing Castel Hospital, which probably lends itself for conversion to apartments, whether they be retirement apartments or something else.

590 There is a lot that could be done with our assets. We have a lot of assets and they could be more effectively used at the moment. So there are options for that and there are options for generating income from it or for selling it off for private development. One or the other. The area is quite suitable for mid-size family houses over there.

Deputy Bury questioned the idea of middle Guernsey, compared to someone on the median income. Yes, the median income is around £40,000, a little over that. These are at the higher end of what I would say are middle Guernsey. This area of the workforce, although they are better off than a lot, they are the beating heart of our economy. They are what our economy revolves around (**A Member:** Hear, hear.) and it is very easy to say, there is only 4,000, 5,000 families in that category but it is around them that our economy revolves.

600 If they all left, and we do seem to be having more trouble attracting them than other jurisdictions are, including the ones we always talk about Jersey and the Isle of Man, but also in the Caribbean, there are some major financial centres there that are hugely booming –
I will give way.

Deputy Moakes: Thank you.

605 I just want to pick up and ask Deputy Dyke's opinion on two things. First of all he has said a few things about the finance sector on the Island and I just want to point out, again in relation to what he was saying about his son, and that is that Guernsey really does punch above its weight on the international stage.

We can do that because we have enormous talent on the Island and because we are joined up. Guernsey Finance, number one, does an amazing job promoting Guernsey. Not here but all around the world, encouraging people to come here so maybe that is somebody your son could speak to.

And it is paying off because we are attracting new business and we are also being recognised internationally. Deputy Trott mentioned one award we have won. But just let me run through a few of the things just to give you an idea of how well we do as an Island and a little place that we are but on the world stage let me give you some ideas.

615 Winner of the Best International Finance Centre, IFC of the Year, at the International Investment Awards 2022; winner of the European Domicile of the Year of the European Captive Review of the Year Awards 2022; winner of the IFC of the Year at the CityWealth IFC Awards 2023. Guernsey rose 12 places in the latest Global Financial Centres Index, published by the City of London think tank, Z/Yen, I think it is. That puts us above Jersey. And finally, Guernsey also overtook Luxembourg in 620 2023 to become Europe's premier jurisdiction for captive insurance. (*Applause.*)

That is not a clap for me that is a clap for the industry because it is a phenomenal industry and serves us incredibly well. We should be proud of it. Now I understand where Deputies Dyke and Vermeulen are coming from but I think they are barking up the wrong tree to a degree.

625 The thing that businesses tell me is the biggest problem they have to hiring and therefore to expanding is housing. Housing is the biggest problem they face. We have somewhere, and I say this regularly, you are probably bored of it to tears, but we have somewhere between 1,000 and 3,000 open positions on the Island, 3,000 may be a bit pokey. But just think every one of those positions delivers Income Tax to help fill the fiscal deficit. Every one of those jobs results in spend in our local shops and restaurants. Build the houses, fill them with workers, who fill all those open positions, 630 and that is the best way probably to grow our economy. So focus on that and not tinkering around the edges.

Thank you.

Deputy Dyke: I thank Deputy Moakes for his inspiring words and I am glad we are getting all these awards. In answer to his point –

Deputy Inder: Point of order, sir.

The Bailiff: Point of order, Deputy Inder.

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Deputy Inder: I do wonder, sir, and this is really for your guidance, bearing in mind we have got so many amendments to go through. As much as I appreciated Deputy Moakes' interjection, some of these are sounding like speeches and under our Rules I thought the object was when summing up we do not introduce new arguments and I just wanted to get some guidance from you, sir.

645

The Bailiff: Certainly in relation to replying to the debate it is forbidden to introduce new arguments. So Deputy Dyke in replying to the debate cannot introduce new arguments, but he can respond to what has been said in the debate, however irrelevant some of the comments may well have been to this amendment.

650

In relation to what Deputy Moakes did, it is very difficult when a Member is speaking and chooses to give way to control what the Member will say. Deputy Roffey had a similar experience earlier this morning. The give way rule is there to enable people to interject but no Member who is speaking is obliged to give way to people and that is their choice. Once they have done that then a point of order can be raised as to whether or not what is being said is relevant to the matter that is currently being debated.

655

Deputy Dyke to continue, please and hopefully finish soon.

Deputy Dyke: Thank you, sir.

660

Perhaps I will not give way any more. In answer to Deputy Moakes' point, as he has raised it, yes we have got a huge number of open positions, which tells us various things but one of the problems for someone coming to any jurisdiction is the relationship between income, less taxes, the price of housing and the cost of everything else.

665

This proposal to drop the clawback from £90,000 to £80,000 has a marginal effect on the net income side of that equation, after tax. A lot of marginal effects all over the place every year, but that is one negative one from the point of view of bringing people to the Island and I do not think we want to, a, have marginal negative results here, there and everywhere, because they all add up, and this is a marginal detriment to the competitiveness of the economy, and it is quite hard that this particular range of people seem to get hit every year. You drop the clawback figure again and again. I do not know where it ends up unless we stop it somewhere.

670

So I thank Deputy Moakes for his intervention but I am not sure it was totally relevant to the point at issue. I think Deputy Queripel made a point about middle Guernsey, which I think is something I have addressed already. Deputy Helyar made the whack-a-mole point. I would say I understand where he is coming from and I appreciate all the work he has done, working on this Budget and the GST and the whole thing.

675

So I can imagine that this sort of amendment is not particularly welcome and as I say I did not bring it easily and casually for a headline. I brought it because I think it is the right thing to do in terms of fairness to this tranche of people and in terms of competitiveness for the economy. So I will leave it there, thank you.

680

The Bailiff: Well, Members of the States, it is now time to vote on Amendment 15, proposed by Deputy Dyke, seconded by Deputy Vermeulen and I will invite the Greffier to open the voting, please.

There was a recorded vote.

Amendment 15.

Not carried – Pour 4, Contre 32, Ne vote pas 0, Did not vote 3, Absent 0

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
De Lisle, David	Aldwell, Sue	Meerveld, Carl	Ferbrache, Peter	None
Dyke, John	Blin, Chris		Gabriel, Adrian	
Parkinson, Charles	Brouard, Al		McKenna, Liam	

Vermeulen, Simon
Burford, Yvonne
Bury, Tina
Cameron, Andy
De Sausmarez, Lindsay
Dudley-Owen, Andrea
Fairclough, Simon
Falla, Steve
Gollop, John
Haskins, Sam
Helyar, Mark
Inder, Neil
Kazantseva-Miller, Sasha
Le Tissier, Chris
Le Tocq, Jonathan
Leadbeater, Marc
Mahoney, David
Matthews, Aidan
Moakes, Nick
Murray, Bob
Oliver, Victoria
Prow, Robert
Queripel, Lester
Roberts, Steve
Roffey, Peter
Snowdon, Alexander
Soulsby, Heidi
St Pier, Gavin
Taylor, Andrew
Trott, Lyndon

685 **The Bailiff:** So the voting on Amendment 15, proposed by Deputy Dyke, seconded by Deputy Vermeulen, was that there voted in favour, 4 Members; there voted against, 32 Members; 1 Member abstained, 3 Members did not participate in the vote and therefore I will declare Amendment 15 lost.

690 We are going to move straight onto Amendment 16, which is being proposed on behalf of the Policy & Resources Committee by Deputy Helyar.

[Amendment 16.](#)

1. To insert the following Proposition immediately after Proposition 18:-

"18A. To agree that, for the purpose of determining liability to any enhanced tariff of Tax on Real Property as set out in proposition 18, any period during which a building is undergoing renovation shall not be counted for the purpose of determining whether the minimum period has been established and to direct the Policy & Resources Committee to take this principle into account when it issues guidance under section 45 of the Tax on Real Property (Guernsey & Alderney) Ordinance, 2007 for the purpose of the definition of "unoccupied"."

2. (a) To add the following at the end of Proposition 18:-

"provided that for enhanced TRP on unoccupied residential buildings (see paragraph 2.54) and unoccupied commercial buildings (see paragraph 2.55), the relevant periods during which a building has not been occupied as a person's residence or place of business, as the case may be, shall be at least 12 months, whether in aggregate or otherwise, in the period of 18 months ending on the 31st December of the year on which property tax is calculated", and

(b) to add the following at the end of Proposition 20:- "subject to substitution of clause 3(c)(iii) with the following:- ""unoccupied" means –

(a) in relation to a residential building, where (in accordance with guidance made under section 45) it has not been occupied as a person's residence for a period of at least 12 months, whether in aggregate or otherwise, in the period of 18 months ending on the 31st December of the year on which property tax is calculated, and

(b) in relation to a commercial building, where (in accordance with guidance made under section 45) it has not been occupied as a place of business for a period of at least 12 months, whether in aggregate or otherwise, in the period of 18 months ending on the 31st December of the year on which property tax is calculated, and for these purposes a "place of business" means a place from which a business, employment or trade is, for the time being, carried out,".

Deputy Helyar: Thank you, sir.

I just say, before I introduce the motion, Deputy Ferbrache and I understand Deputy McKenna have left the Assembly to attend a funeral so Deputy Ferbrache will not be able to second. I
695 understand Deputy Mahoney will do that in his stead, with your permission.

This amendment is being brought in order to consolidate two other amendments, Amendment 7 and Amendment 4, brought by Deputies Oliver and Roffey, in connection with certain of the definitions in relation to TRP on derelict properties. So we are onto something completely different, in true *Monty Python* style.

700 The reason they have been brought and hopefully Deputies Roffey and Oliver will confirm that, is just to finesse some of the wording. The Committee supports them, finesse some of the wording to ensure that firstly periods of renovation will be taken into account but also to redefine the period over which a building is not used will be extended to a 12-month period, and there were various ways in which that would have been easy to avoid so hopefully this wording does improve on that.

705 I would also say, sir, that there is another amendment which has been lodged following this one and it is quite important in the context of all of the dereliction proposals if I can call them that. There have been several submissions to different Members of the Assembly, I know, particularly from the commercial property sector, that the implementation of the proposals in relation to derelict property are too soon and that they need more time to firstly –

710 **The Bailiff:** Deputy Helyar, we will get to that amendment in due course. You do not need to trail it now.

Deputy Helyar: Fine. I shall stop it there but I will say that the Committee does support this and would urge Members to support it with as little debate as possible so that we can move on.
715 Thank you.

The Bailiff: Deputy Mahoney, do you formally second on the basis that Deputy Ferbrache is not here?
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Deputy Mahoney: Yes, sir.

The Bailiff: Thank you very much.
725 Deputy St Pier.

Deputy St Pier: Sir I raise to seek clarification from Deputy Helyar. Forgive me, I am a little bit confused and I appreciate that, as you said, there is another amendment coming but as I understand it that other amendment seeks effectively to defer the implementation of this measure by a year from 2024 to 2025. If that is the case then what is the necessity in dealing with this now in that will
730 there not be the potential for further changes as a result of consultation that is envisaged and referred to in that amendment that will potentially impact this Resolution and legislation?

735 It strikes me that there may well be merit in deferring the matter, given that the States have already given direction, P&R are already acting under a Resolution, which is to note that this matter is to be dealt with. Would it not be better to effectively vote down the Propositions and allow P&R the time that they clearly need between now and the next Budget, ahead of 2025, to really iron out all the issues, which have been identified.

I am trying to understand the interaction between the original Propositions, this amendment and the amendment which is to follow, in terms of the timeframes because, at the moment, in the absence of clarity, my instinct would be to reject this amendment and indeed go on to vote against the original Propositions until such time as there is real clarity about what P&R are seeking to do and that it does have a level of support from those who need to be consulted with that do not appear to have been consulted with up to this point.

The Bailiff: I wonder if it might be helpful for Members to have the paper copy of Amendment 17 available to them whilst the debate is continuing. I do not usually like circulating things in mid-flow but just so that people can understand what has just been said by Deputy St Pier. But I am quite happy to take another speech while that is happening.

Deputy Oliver.

Deputy Oliver: Thank you, sir.

This is, as Deputy Helyar said, this was an amendment joined together, and I think there were two amendments, both by myself, seconded by Deputy John Dyke, and then also an amendment between Deputy Roffey – I cannot remember who the seconder was, sorry – but it is really quite simple because I think the guidance notice with this will actually show a lot because I personally also think that the guidance notice should be a lot more, will say actually that if you are actively trying to let your property then that is different from just doing nothing with your property.

So if you are actively trying to let your property, it can take up to a year, quite easily, trying to let it, because there are so many things that you have to do. Draw up the marketing particulars, then you have also got to go down and measure the site and look at it. Then you have got to actually, when you find somebody after taking normally a number of people around a property, you have then got to do background checks on them, draw up a lease, and a lease can take at least six months to draw up, particularly a commercial lease. So that is why I thought it should be moved onto minimum of a year.

The second part of this is that I just do not think we should be penalising people if they are actually doing renovations to improve their property. This does not include a pot of paint sitting in your property to say you are going to do something, it will be substantial renovations. I know that when you do a particularly large commercial property, by the time you have got planning permission and then gone into the renovations, I just do not think that any renovations can be included in this because it can take, sometimes, three years to do a property up correctly and even longer and I just do not think we should be looking at putting TRP on people that are trying to do good to their property and try and better it because, at the end of the day, we all want to have better properties within the Island, we do not want them to go into disrepair.

I see that the other amendment is there and I still think get this one in and try and do the guidance and, while this is in, then do further consultation. The consultation that I have done, although limited, they would support this.

Thank you.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Thank you, sir.

I am very much the same view as Deputy St Pier on this. I was happy when the Propositions came through from P&R but then I was confused when we got the two amendments, which the definition of unoccupied buildings seemed to change and this reference to 31st December, which is not in the original Budget. I wonder why both amendments seem to have to same definition when it came to unoccupied properties.

Now we have got another amendment, which references 31st December as well. It does look to me like that more work needs to be done, here. There is confusion. I hear what Deputy Oliver says in terms of some renovations can take more than two years. Perhaps that is fine. Perhaps we should

790 have an enhanced rate, then, because we want things to move. But I just do not think the work has been done at the moment for me to be satisfied that we actually know the impact of what we are doing here.

I very much support what Deputy St Pier is saying here, just vote it down and let P&R go away and consider the best approach to doing this, rather than bring something in now and result in unintended consequences.

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The Bailiff: Deputy Inder.

Deputy Inder: Only, sir, to add some colour. Some of us appear to have received a representation from a commercial property lead and I took the call from that lady and her initial concern was the six months. There is no two ways about it. She had explained that she had conversations with P&R and I think Deputy Mahoney, when I picked up on it straight after, he said he was bringing this amendment.

800 I then communicated that back to the representative of industry that phoned me. She said that she was grateful for the six months. I asked her about the narrow issue of the year, she said it was better. I would not say she was entirely satisfied with it but no one wants to be charged with dereliction so that is all I will say on that matter.

805 But there was no mention of the issues raised by Deputy St Pier and Deputy Soulsby, even though I expect they have probably written it at a more technical level. The main concern appeared to me, and I believe it has been satisfied by this amendment, it sounds like P&R have listened, that the six months has now been moved to a year and, if it helps, two separate amendments, Deputy Gabriel, Deputy Roffey, seem to have been consolidated into one, so that actually looks like a reasonable bunch of people actually talking to P&R, along with the commercial sector, and actually coming to something like a solution. I am sure the rest of it will come out in the wash at some point. But the direction of travel is there.

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The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

820 I had a phone call from, I think, the same representative from the industry that Deputy Inder did and they have probably spoken to Deputy Mahoney and Deputy Helyar too. I have got some sympathy for the stance of Deputy St Pier and Deputy Soursby, to be honest, because I am quite confused and I do not think that I have enough engagement with the industry personally, after the phone call I have had and bearing in mind this is going to – Amendment 17, sorry, I am not speaking to this one I am speaking to Amendment 17 as well, actually, this is looking at consultation after the decision is made and this is what I am concerned about and I think it should be horse before cart and consultation before decisions being made.

825 So I think that I am not going to support the amendment on that basis. Thank you, sir.

The Bailiff: Deputy Taylor.

830

Deputy Taylor: Thank you, sir.

I have not got many notes here. This has come a bit sooner than I was expecting. For me, sir, I am questioning why this amendment is needed above the original Propositions. Now my understanding of the original Propositions was about driving economic activity. It was looking at these vacant buildings, realising that they are not contributing fully on an Island that has very limited resources in terms of building and land and putting in place a measure that would encourage the owners of those buildings, that land, to make them more economically active.

835 It was not necessarily about raising revenue although that would be a kind of bonus that if people do not want to partake in this economic activity and assist the Island moving forward, as we

840 all want to, they would be penalised and the benefit to Government is that we would at least see some money for it. That seems entirely sensible.

So I think there should be a differentiation between buildings that have been long term redundant. They sit there empty and I think when it was originally mooted, Mills Street, or Mansell Street would have been in the back of people's minds. Now there are a lot of buildings there that
845 are sitting empty, they are vacant. Now it seems there is a concern about buildings that might have a short-term period of being vacant and it seems the argument put forward here is that six months in a 12-month period, as per the original Propositions, is too short and that will somehow penalise landlords, whether domestic or commercial. I just think that is entirely misguided.

Now, I refer to points that Deputy Oliver has made, saying it could take a year to draw up a lease.
850 Well, if you are a commercial landlord and you have a tenant that is coming to the end of their lease, if you do not have a lease ready –

Deputy Oliver: Point of correction, sir.

I never said it would take a year –

855

The Bailiff: Point of correction, Deputy Oliver.

Deputy Oliver: ... to draw up a lease, I said it could take six months.

860 **The Bailiff:** Deputy Taylor.

Deputy Taylor: Forgive me, sir, but I heard it could take up to a year to draw up a lease. That is what I heard. If I am wrong, *Hansard* will be the correct one. Regardless, it takes six months to draw up a lease and a commercial landlord has not thought six months ahead of a lease term because if
865 we are talking most commercial leases are 15-year terms, they would be fairly standard, possibly longer, depending on the premise, if you know the end date for 15 years and you wait until that tenant has left to start drawing up the new lease, well you are not contributing in my eyes. You are not contributing enough to this economy. You should have that premises ready to go.

If there are some tweaks, get it done ahead of time. You know the end date. Get it sorted.
870 Similarly, with regards to work that might be needed. Now I appreciate there will be a very significant difference between a commercial lease and a domestic lease for residential properties and that most commercial leases would have a clause allowing a landlord to enter premises before the end period of the lease, significantly before, to assess what work needs to be done. They can draw up scheduled dilapidations and most of the times it will be at the cost of the tenant anyway.

875 So at the end of the lease it should be well known what needs to be done to that premises to bring it up to condition that the new tenant might like. So again it should not suddenly be, 'Oh no, we need more time, we need to inspect the premises, six months, that is not enough time.' Six months is a significant amount of time and of course it is not really six months because it is six months ending on 31st December. So you have a significant amount of time as a landlord to ensure
880 that your property is not then considered vacant or unoccupied.

The next point that Deputy Oliver has put forward is the potential for some buildings need three years of renovation. I do not dispute that. There are buildings that will need significant work to do them. But I would imagine the cost of those works, spanning a three-year period, with all the extra costs in terms of professional fees, insurance and bits and pieces, and loss of revenue from rental
885 income over those three periods, the TRP increase of five times is insignificant. It is really not going to affect her.

Deputy Oliver is shaking her head. She has got experience in commercial contracts for renovation works extending three years. We are talking significant sums of money and if you want to work out the numbers, I think those numbers will be horrifically more expensive than the potential TRP hike
890 that you might face.

So that is my main concerns. Looking at the wording on Amendment 16 itself, in Amendment 16, 18A, we get reference to guidance under section 45 that would in effect, I think the intention is that this guidance would give more detail on what would be included but I am slightly worried that the wording here:

... any period during which a building is undergoing renovation shall not be counted for the purpose of determining whether the minimum period has been established ...

895 Now the definition of renovation, I am kind of a bit unsure about that and I guess that is the information that would come through in this guidance, under section 45. Renovation in my eyes, or if you ask an RIBA architect what renovation is, that is pretty extensive works. I do not think that would likely cover decorative works, because how small do you go? I will not be supporting this amendment but I would like some assurances from Deputy Helyar on this amendment what he or
900 P&R, if they are supporting this, as it is an amendment to their proposals, what exactly are they viewing as renovation? What have they got in their mind so far?

If we are talking about removing the roof, changing all the rafters, fair enough. If we are going down to just cleaning the kitchen, how far are we going to go with this? That is a big concern of mine. I would like that set out so it is on *Hansard* what their intention for renovation might be or
905 how that might be established.

The second concern I have got and I think Deputy Soulsby has slightly touched on this is this period ending on 31st December. I have to say, I confess, I have got in my favourites a date calculator on my Internet Explorer and I love calculating dates and adding and subtracting them, I find it fascinating. But on this one I cannot get my head around how it will work. It is a 12 month
910 period in aggregate or otherwise, within an 18-month period ending on 31st December. So could someone give me an indication exactly how long a building could be vacant before we decide to actually go ahead and put an increase on the TRP as we decided to do a year ago.

Because the 12 months or 18 months ending on 31st December. So straight away, you have got a potential 18-month period where that building could be vacant without having a TRP hike but if
915 you have only got an aggregate of 11 months as of 31st December, what happens in the following year? Is there any carry over or is your 18 months, where it has been vacant for 11 months, do you only have one month in the next 18 months or do you start a fresh slate with another 18 month period and I cannot get my head around it. So perhaps this is just something that is too complicated to actually administer or perhaps my mind is just too simple to actually work it out. That is quite a
920 real possibility.

With that sir –

I will give way before I sit down to my good friend Deputy Leadbeater.

Deputy Leadbeater: Sir, I thank Deputy Taylor for giving way.

925 I think it might be worthwhile if Deputy Helyar can give us an indication when he sums up if there is a difference between refurbishment and renovation in this term. Because renovation, as Deputy Taylor points out, is major works, and refurbishment is more internal cosmetic stuff and if they both would apply?

Thank you.

930

Deputy Taylor: Thank you.

The Bailiff: Deputy Mahoney.

935 **Deputy Mahoney:** Thank you, sir, just briefly.

A bunch of rabbit holes here we have gone down for something that is actually quite simple. 18, the original Proposition, as everyone knows, was not so much about raising huge amounts of tax revenue because it simply will not raise a huge amount of tax revenue. Nice but not life changing.

940 It was, as someone has already said, as a bit of an economic enabler, to try and get people who actually use properties for a commercial purpose, generating income, etc.

945 So Amendment 16, which was an amalgamation effectively of Amendments 4 and 7, laid by Deputies Oliver and Roffey, who are supportive, I understand, of Amendment 16, because they felt it wrapped up what they wanted to see, is of course in addition to 18. It does not replace 18, which is more around the definitions and trying to put a bit more detail on it for everybody. Both are happy, P&R are happy with it and we were happy for that to be amended and, as Deputy Helyar said, actual collaboration between different people, which is how it is supposed to work, and we came to an agreed Amendment 16.

950 I know we are not talking about it right now, but 17 is kind of wrapped, 17 then of course seeks to replace the original 18 that we have because everyone – can we call it every side of the Assembly? I am not sure if we are allowed to – everyone agrees that we should be listening to industry and people that actually know what they are talking about.

955 A number, by the sounds of it, of Deputies were contacted, I was one of them, to say you have got that wrong, you really need to have a look at that and here are some suggestions, some of which were taken, some of which were not and that then gave birth to 17, which says, okay, listen we appreciate, it is still our intention to do it, it should be done, we still do need to do something about this and therefore we should have some positive statement of what are you actually going to do, or reaffirmation of it, effectively.

960 So that is where Amendment 17 seeks to replace original Proposition 18 with an acceptance that, rather than 1st January 2024, 1st January 2025 would be a better time to look at this, after we have had time to properly consult, regarding the impact of those changes and everything else. So that is really what this is about. I have nothing more to say.

Thanks.

965 **The Bailiff:** Deputy Matthews.

Deputy Matthews: Thank you, sir.

970 I will be very brief but there does seem to be an awful lot of backwards and forwards about these, whether or not something is unoccupied or occupied. The principle of charging more for unoccupied house, there is some direct revenue that you would receive from that, but it is really to try and encourage greater economic activity in the economy by having many more people. Building houses is very difficult and if we have got a whole load of houses that are sitting there vacant, which we know we have, we know there is a vacancy rate that is quite high in Guernsey, and we know that it is likely to be like that because people will just buy houses and they are difficult to do anything with but it is easy to just leave it to sit there and go up in value.

975 I think one of the issues, though, and I think part of the reason why we have had these representations, is that we are applying this to commercial property as well and TRP for commercial property is much higher and so for renovating a commercial property there will be a much bigger impact for somebody who needs to take a year or two years or however long it takes to renovate a commercial property.

980 Whereas in residential property the rates are such that even if you did need to, and I think there is some question mark about whether you would actually declare yourself, or whether you would need to declare yourself as not being resident. If you were moving out to your mum's house you could still technically be resident in your house that you are repainting or whatever.

985 But it will not really have a great deal of effect in residential houses because the cost of doing that is going to be, as I think Deputy Taylor alluded to, so much higher than the few hundred quid that you would spend on TRP. It is not really going to make a great deal of difference for residential.

I think that we are being caught up with needing to look at these six months and 12 months periods mainly because I assume most of these representations would be in relation to commercial property –

990 I give way to Deputy Oliver.

995 **Deputy Oliver:** Would Deputy Matthews agree with me that in commercial property, if you are talking a large office space, then the additional TRP could be roughly £100,000 additional. I am just looking at the market behind the post office. There is a large office space that would be about an additional £100,000 while they are renovating it.

1000 **Deputy Matthews:** Exactly. I think that is the thing, exactly as I have said. The commercial TRP effect of this will be very significant or could be very significant. Our residential rates are nothing like as high and so actually, where this really has an impact in residential homes, that is where we really want to get the secondary impact.

1005 We will not get very much in the way of primary, direct revenue, but you really want to try and get that secondary impact, we want to try and get more people living on the Island without having to build the houses. So we have, I assume, had a lot of representations because of the issues in commercial, whereas really it is the residential unoccupied houses where we really ought to be putting our attention.

Thank you, sir.

1010 **The Bailiff:** As I do not see anyone else rising, I will turn to the proposer of this amendment, Deputy Helyar, to reply to the debate.

Deputy Helyar: Thank you, sir.

1015 I think I can deal actually with most of the comments by referring Members to section 2b, where there is a substitution of clause 3Ciii with a definition of unoccupied and the reason that the Committee has taken the step of looking at the subsequent amendment, which I shall not talk about, is that the devil is in the detail with these things and there are several lacunae that have been pointed out as a result of representations, which have been made, and really have to thank the Law Officers in this because it is incredibly difficult to draft something which is really bullet proof from a perspective and this is what I think Deputy Leadbeater's comments were going to.

1020 What does renovation mean? Is it a lick of paint or one roll of wallpaper? Getting the drafting right on that is very difficult, which is why in both of those a and b in brackets it says, 'in accordance with guidance made under section 45'. The point being that Members and indeed the industry itself will not have the detail until that statutory guidance is drafted and it is not.

1025 So what we have decided to do is say to Members we will go away and work up the statutory guidance in accordance with industry and we will get feedback and we will see whether it can work because it is still a possibility this may not work if I am being quite frank. If it has got so many holes in it and people can just get around it by having a tenant on day one of the year or either side of 31st December, which I think is what Deputy Taylor was getting at, then it would not be worthwhile doing. But it does require more time to put that together and I think it is only fair to industry and to Members that they should see the guidance alongside the legislation they are improving.

1030 That is the point of the amendment subsequent to this one. This one is a technical one. It deals with a definition of unoccupied and it also deals with the amendments that were made by Deputy Oliver and Deputy Roffey and tidies up their language, because there was some issues with the language. P&R received advice from the Law Officers that it could be problematic in the way that it was drafted in the original form. I think both Members are happy that we tidied that up in here but the industry feedback that we have had is that you need to see the statutory guidance in order to be able to understand what renovation and these other things mean and that needs more work.

1035 So the amendment that we are not debating here, that comes after this one, will say Members will have another bite of the cherry next year to look at all of the detail before it is ??? [11.09.53] so it just enables us to continue with the work.

1040 I do not think we should throw the baby out with the bathwater and come back again with the same thing. If Members wish to do that then that is absolutely fine. This is purely an amendment,

which seeks to tidy up those lacunae that were in the subsequent amendments and hopefully to speed up debate, so I will just ask Members to support the amendment and subsequent Proposition.

Thank you.

1045

The Bailiff: Mr Comptroller, I think it would be helpful to try and assist Members as to what Amendment 16 will do to the Propositions and then to touch briefly on what Amendment 17 will also do. So if we start with the first Proposition in Amendment 16, that is simply to insert a Proposition 18A into the original Propositions. If that is inserted then Members can decide whether to approve or not approve it when we get to the final vote.

1050

But Proposition 2 in Amendment 16 will potentially, because of paragraph 2(b), which substitutes wording in the end of Proposition 20, mean that when it comes to dealing with Proposition 20, the draft Ordinance, the Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance 2023, would then be capable of being approved with that wording in?

1055

The Comptroller: Yes, sir.

The Bailiff: That draft Ordinance appears, at least in my paper copy, at page 56 in the Budget Report, Goodness knows where it is if you are looking at it electronically. And if one looks at the final section in that draft Ordinance, it is going to come into force on 1st January 2024, except for section 3, which makes the amendments, which would come into force on the last day of this year.

1060

So if Proposition 2 in Amendment 16 were to be approved for 2(b) that would change the wording of that draft ordinance and one would have to read it in that way as and when one comes to voting on Proposition 20. (**The Comptroller:** Yes.)

1065

If Proposition 2(a) and (a) and (b) cannot be separated for this purpose in Amendment 16 were to be approved, it would add some wording to the end of Proposition 18 as it currently stands. But then if Members approved Amendment 17, it would knock out those words in any event because it would be Proposition 18 as it stands, as amended, which would then be replaced with a new Proposition. Do you agree?

1070

The Comptroller: Sir, I agree. But I think also, I am just checking this at the moment, the draft of the Ordinance, if 17 is approved, I think that the ordinance will need to be amended to reflect that because the deferment is for a year.

1075

The Bailiff: But at the moment we do not have an amendment in relation to that.

The Comptroller: Correct. So it may have to come in due course.

The Bailiff: Alright, so the Proposition 20, if it were to be amended by Proposition 2(b) in Amendment 16, may result in another amendment having to come forward?

1080

The Comptroller: Correct, sir, to tidy the drafting.

The Bailiff: If somebody wants to do that.

1085

Thank you very much Mr Comptroller. It is crystal clear, isn't it Members?

We will now go to the vote on Amendment 16, which is proposed by Deputy Helyar and now seconded by Deputy Mahoney. There has been no request for separate votes on Propositions 1 and 2 so will take it as a whole and I will invite the Greffier to open the voting, please.

There was a recorded vote.

Amendment 16.

Carried – Pour 27, Contre 6, Ne vote pas 3, Did not vote 4, Absent 0

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

1090

The Bailiff: So the voting on Amendment 16, proposed by Deputy Helyar, seconded by Deputy Mahoney, is that there voted in favour, 27 Members; 6 Members voted against, 3 Members abstained and 4 Members did not participate in the vote and therefore I will declare Amendment 16 carried.

1095

You now have a copy of Amendment 17, which is similarly to be proposed by Deputy Helyar, seconded by Deputy Mahoney, and I am going to take that one next because this is about the Committee getting its Propositions into the order it wants and then we will move onto the other amendments on TRP.

So Deputy Helyar, Amendment 17.

1100

[Amendment 17.](#)

To delete Proposition 18 and replace with:-

"18. To approve in principle the introduction with effect from 1 January 2025 of an enhanced Tax on Real Property tariff for derelict glasshouses, derelict glasshouse land and unoccupied domestic and commercial buildings at five times the standard tariff, as set out in paragraph 2.64 of this Budget Report (but reading "2025" in place of "2024" at the end of that paragraph), subject to the Policy & Resources Committee undertaking further consultation regarding the impact of this change and reporting back as part of the 2025 Budget Report."

Deputy Helyar: Thank you, sir.

1105

It is giving me something of a headache. I will endeavour to resolve the issue that you raise in terms of delaying, effectively, the commencement of the Ordinance, in due course. This one is hopefully slightly more simple in terms of the Committee being obliged, as a result of what I have just said, about statutory guidance and so on, to do the consultation that is necessary to sort out some of these really quite difficult wrinkles, if I am very honest with the Assembly, in order to ensure that it works correctly and that the Assembly will have the opportunity to look at everything and obviously to consult with us and discuss it in the meantime but to have a look at the whole thing in

1110 the round during the Budget debate next year, if the Committee so decides to proceed in that manner.

So I will just ask Members to support the amendment but reading 2025 in place of 2024 at the end of paragraph 2.64 of the Budget Report.

Thank you, sir.

1115 **The Bailiff:** And Deputy Mahoney, again, do you formally second that amendment?

Deputy Mahoney: Yes, sir.

The Bailiff: Thank you very much.

1120 Deputy St Pier.

Deputy St Pier: Thank you, sir.

I accept that this amendment is, in light of developments, is an improvement on the original Proposition. However, given Deputy Helyar's response to the last amendment, his acknowledgement that this is an extremely complicated area, which of course is why it has taken as long as it has for this idea, which has been bouncing around for many years, to come to fruition, and I accept that P&R have done quite a lot of work on this, but can I strongly encourage P&R, whilst the rest of the debate is continuing on other amendments, to consider actually withdrawing this and encouraging Members not to proceed with voting for the amended Propositions, for the very reasons he has just articulated, that it is complicated, that further consultation is required and indeed he said in his previous speech that in fact we might not proceed at all because of the wrinkles, as he describes it.

I think it is unfortunate if this Assembly votes to approve legislation, and we are going to need another amendment to enable that to happen, for something which is now to be deferred a year, when it is very likely, there is at least a possibility that it will require further change, in addition to the explanatory notes, the guidance that he and Deputy Oliver referred to. I think it would be better for us to do much as P&R have done with the matter of the withdrawal of interest relief on commercial development to advise the Assembly not to proceed with this for now and allow that work to take place, rather than pushing on with legislation that is clearly not quite ready yet.

1140 So I accept this amendment is an improvement and therefore should probably be voted in, supported in that basis, but I would please just ask P&R just to take a little bit more time before we get to final base. I see no great merit in proceeding with great haste in this, given the problems, which Deputy Helyar has himself spoken to already.

1145 **The Bailiff:** Deputy Oliver.

Deputy Oliver: Thank you, sir.

1150 There is a very big difference between derelict and unoccupied. Ironically, dereliction, we have actually got a policy letter that Planning will have a lot more power to deal with but we are waiting for that to be drafted. There are currently, roughly, approximately, 460.7 vergées of redundant glasshouse sites and we believe there is approximately 1,000 derelict domestic properties that could come to the market.

1155 So we are talking quite big numbers here that we are looking at. I just think that sometimes if we could actually just let the policy letter get drafted when it deals with redundancy, we would actually have much clearer guidelines on what is redundant and what is derelict, because is what that whole policy letter is looking at.

1160 Then the Budget could be much clearer on actually just saying we really want it five times the standard TRP on those properties. A lot of them will actually be looking at the greenhouses because that is where we have one of the largest problems to really overcome. I know there are a few gateways but since between 2016 and 2019 with the new IDP came in, to now, looking at the AMR

in 2021, we have only actually seen 54.9 vergées that have been cleared out of 460.7. I think we just need to start actually putting pressure on people to start clearing these greenhouses. Because at the end of the day these greenhouses are on agricultural land and there is a lot of unusable agricultural land at the moment being taken up with redundant greenhouses.

1165 So anything I think that the Budget can do to put pressure but also if we can get the policy letter done, that will help as well because then we can actually tackle some of these eyesores. I just think, in some ways, this number 17 is quite tricky because it is almost a wrecking amendment to the original amendment but I still think that even with the limited details that we have on this and with the limited consultation, we do need something in place to give people a push to actually start dealing with these properties.

1170 Thank you.

The Bailiff: Deputy Leadbeater.

1175 **Deputy Leadbeater:** Thank you, sir.

It is Deputy Oliver who brought me to my feet, just talking about redundant glasshouse sites and the fact we have still got a considerable amount of people who are not dropping them down. There is a reason they are not dropping them down at the moment, because it changes the status of them. With a redundant vinery site you can have light industrial, you can have renewable energy, I think, but as soon as you drop that glass it reverts to agricultural land and you can do very little with it.

1180 It is a very difficult circle to square, as Deputy Oliver would know, being President of the DPA, but donkeys prefer carrots than sticks. If we can find some incentives for landowners to clear them up because a lot of these people that own these sites have not got a lot of disposable income and it costs a lot of money to declare these sites and then they are not having to spend a lot of money to clear these sites, they are actually limited their possibilities that they can achieve with these sites as well so I am not surprised that people are not rushing to clear them.

1185 It is not an easy answer. I have not got the magic bullet, the magic solution to it. I just thought I would point out to Members, this is probably one of the major reasons why we are not progressing. Also, Deputy Oliver mentions that she is bringing a policy letter that is looking to look at what is – I will give way to Deputy Oliver.

1190 **Deputy Oliver:** The States have voted on a policy letter for it to go ahead, to looking at the derelict properties. And I do know, it roughly costs about £50,000 to remove because you have also got to remove the top soil as well to get rid of all the glass. So I know it is not easy.

1200 **Deputy Leadbeater:** And also, once you have dropped the glass, a lot of these glasshouse sites have been used over from the fifties, sixties, seventies, eighties, for tomato growing, etc. The soil is really poor quality, riddled with DDT, heavy metals, etc. So they cannot really necessarily be put back to agricultural use. If you drop the glass on the site you have got all the lead paint that was in the timber over the years and stuff like that. You cannot start growing food in that. You cannot start putting all that stuff into people's systems.

1205 It is not that easy. What we need to do is find something else to be able to do with these sites that we have got that have been horticultural sites over the years that will revert back to agriculture as soon as it is dropped. But realistically, honestly, they are never going to be put back to agricultural use again and Deputy Oliver is nodding away in agreement. So we have to think creatively about what we can do because if you look at some of the old photos you see on Facebook of the sixties and stuff when you see, the Island is covered in glass.

1210 We have got swathes of our Island which are locked in with the bygone legacy, horticultural industry and we have to try and think creatively and use policies within the review of the IDP, maybe, to be able to offer some levers out there for landowners to be able to maybe effectively, I know people have talked about picking and choosing various greenhouse sites for housing. I do not think

that is going to work but we need to do something collectively that people with these greenhouse sites that have sat there rotting and doing nothing can be put back to some sort of productive use.

1215 Thank you.

The Bailiff: Deputy Falla.

Deputy Falla: Thank you, sir.

1220 We seem to be in a bit of a muddle over this one and as Members will recall I am quite preoccupied by the amount of derelict, unsightly glass around the Island and indeed the potential for some of those sites even to be freed up for housing where they will never be of any useful purpose for agriculture in the future.

1225 We seem to have this massive millstone, unfortunately, around our necks, which is a sad legacy of what was the glory days of growing, with the Island covered in glass. I agree with Deputy Leadbeater that we need to find ways for people to move forward when they have got this glass on their property and I think often that will mean we should not let envy get in the way of common sense.

1230 I think sometimes it is a case of we do not want someone to make a profit to use that land for something more valuable when it is long past its sell by date for growing. I would like to think that there would be a review of the glasshouse sites and I hope that the IDP review might draw some of them into the local centres and then there would be more flexibility about how they could be used.

1235 I appreciate that will not be for all but I think it could be some. I have been recently over the last year looking at houses because I have downsized and one of the properties that we looked at did have quite a considerable amount of glass behind it and the estate agent said do not worry, we have looked into how much it would cost to get it cleared, it will only be £30,000. Now you can sort of see why a lot of people would not wish, because you could not use it for anything other than open space, which is pleasant, but £30,000 on top of the price of the property already? I understand how that could be punitive for some people. Actually also punitive to put up the rates by five times the standard tariff.

1240 I could have supported this amendment on the basis that it is caveated with further consultation, reporting back. But what I would much rather see is an holistic policy about how are we going to deal with all this redundant glass and it needs to be a combination of factors that needs to draw in the DPA, needs to draw in Treasury and other relevant Committees to really tackle this issue and make some positive use of land, which currently is serving no useful purpose.

1245 Thank you.

The Bailiff: Deputy Brouard.

1250 **Deputy Brouard:** Thank you, sir.

1255 First to declare an interest, I have some glass and Storm Ciaran was not particularly happy with it. I just want to widen the debate just a fraction more. One area where we have struggled over the years, certainly in St Peter's Douzaine and I think in some of the other Douzaines as well, is where we have got lost owners, where we have got fields and I think in some cases there are some houses where we just do not have any track as to who the owners are.

1260 It just maybe, just as a sideline for Treasury to look at. It has been talked about but I do not think any progress has been made, to facilitate giving good title to property and that would bring the property back into use. It would certainly help the Douzaine and the Cadastre in trying to find the owners and it would also save a lot of time for everybody faffing around and it would also then give the opportunity for the Government to sell those properties by auction and bring funds in. So I just hope that Deputy Helyar may be able to just pick up on that point when he sums up just to see if it is worthwhile looking at.

Thank you very much, sir.

1265 **The Bailiff:** Deputy Taylor.

Deputy Taylor: Thank you, sir.

1270 It is interesting that this has taken a bit of turn, the debate focussing more on greenhouses, glasshouse sites, whatever you might want to call them. I accept it would be nice to do something with those glasshouse sites, but at the moment I do not see that as a priority. Whether there is 100 acres, vergées, 200 vergées, 300 vergées, I do not think we should really be committing human resources in the form of labour to clearing those sites because our number one priority, as an Assembly, as Deputy Trott reminds us quite regularly, and Deputy Moakes often refers to, is housing.

1275 We already have a labour shortage. If we are going to be now concentrating, and the way this debate seems to be going, on clearing glasshouse sites, whoop-de-doo, what happens at the end of that? Give everyone a tent they can go and camp on their clear glasshouse sites? I do not see why that is the focus.

1280 We are meant to be focussing on housing. Actually, I lose track, the government reset, refresh, call it what you like. I do not know if housing is the number one priority any more or not. I do not feel like we are doing much for it, which is why I cannot support this amendment, even though I think Deputy St Pier has put forward a very good reason why we should be throwing most of this out, I cannot support a further delay in this.

1285 I have looked back, I think it was 8th October 2022, when we had a presentation where this was put forward but the reasoning was to address housing concerns, the concerns in the housing market, we were trying to encourage people, force them to put their properties that are currently unoccupied or not being utilised properly, we will get them onto the market, we will get them going.

1290 It is easier than building new ones. I am pleased, I do not know if pleased is the right word. Deputy Oliver said there is 1,000 derelict properties. I do not know if that is unoccupied properties. If it is that is incredible. That is a huge amount. I do not know where the figure comes from but if there are 1,000 properties that we are not currently utilising that is staggering and we should be pulling every lever, waving and kicking levers, moving with our toes, whatever level you can find, wiggle it to get those 1,000 properties active.

1295 But instead we have got an amendment here to delay a Proposition that was intended to bring these properties onto the market, get them active, to delay it further. Let us look what the actual delay is, then implementing these proposed TRP hikes to encourage these buildings back into property.

1300 So from 8th October, when it was first mooted, although I accept it has been talked about previously, it was first mentioned that it was coming into a Budget, that was the 2023 Budget, that it would then be coming forward with proposals for 2024 Budget, under this, you would not actually even become liable for anything until 31st December 2026 because if the proposals come in in 2025, January, and you need an 18-month period ending on the 31st December, that is the 31st December 2026. That is four years and two months after it was originally quoted in the *Press* saying that we are doing this measure to encourage housing.

1305 So not only are we not really building any houses, we are not encouraging people to use the 1,000 that are currently sitting doing nothing. So I urge Members to throw out this amendment. It might be difficult for P&R. It might be difficult to find the resources to get this done, to get this workstream up and running and put this TRP hike into place but if housing is indeed the number one priority, I think we can pull our finger out on this occasion and prioritise it.

1310 So, Members, please do not support this amendment. Vote Contre. Thank you.

The Bailiff: Deputy Meerveld.

1315 **Deputy Meerveld:** I am forced to my feet. I was not planning on speaking but I am forced to my feet for a little reality check. This Assembly is the one that passed the legislation, the Island Development Plan that has tied us in knots and is still preventing houses being build and again we are – I am going to support this amendment simply because it gives a direction to a future Assembly

and it is an issue that does need dealing with – but our own rules, as Deputy Ferbrache has mentioned in previous debates, outside of Alderney, we have the most restrictive property development rules in the world.

1320 So little examples. I had a greenhouse on agricultural land outside my house, which I grew vegetables in. Along came a gale and demolished my greenhouse. So I went to DPA officers and said can I rebuild my greenhouse to carry on growing vegetables on my agricultural land and they said, no, you are not allowed to rebuild or replace a greenhouse if it falls down, under the rules. I said, hmm, seems a bit strange that I am not allowed to replace a greenhouse to carry on growing
1325 my veg. But okay, can I put up a polytunnel? No, you are not allowed to that. It is a structure. You are not allowed to put up a polytunnel to carry on growing vegetables –
I will give way to Deputy Oliver.

Deputy Oliver: The reason why you cannot replace a greenhouse is because there are so many
1330 but you can now put a polytunnel under the exemptions, just to let you know.

Deputy Meerveld: At the time I was told that I could not put up a polytunnel. The suggestion of officers was I extend the curtilage of my house and turn agricultural land into a garden and I could then make an application for a polytunnel or a greenhouse to grow vegetables on my own
1335 agricultural land.

So we are the ones tying ourselves in knots. The other points that Deputy Taylor made about we are focussing here on trying to clear potential eyesores. My next door neighbour, Mark Fletcher and Fletcher's Freesias was very publicly in the media recently with Ciaran having flattened one of his greenhouses completely. But if he is forced to clear that land, it is agricultural land. The village zoning ends just next to my house. Just at Marks & Spencer. There is a big sign that says from here to the traffic lights you can accelerate from 25mph to 35mph. But that land does not fall in it.
1340

So he will be presented at £10,000 per greenhouse span for clearance, he will be presented with £100,000, £150,000 bill for clearing his land to revert it back to agricultural land. And, as people have said, the quality of the soil is not good after intensive farming for 90 years. And – I will give way in a second – what are you going to use it for? Grazing our cattle? Who is going to walk their
1345 cattle down from St Saviour's to St Sampson's –

Deputy Inder: Point of correction, sir.

1350 **The Bailiff:** Point of correction, Deputy Inder.

Deputy Inder: There is a report that was brought out, I was suppose it was the Environment Department when Deputy Burford was running it, and reflected on there are a number of greenhouses that are effectively just sitting on what are fields. It would be incorrect to say that all
1355 greenhouses have got difficult soil underneath because that work was done by the previous Environment Department. It is just a mild point of correction but we have got to be very careful when we say all greenhouses have effectively got poisoned land underneath them because I think that is quite far from the truth.

1360 **The Bailiff:** Deputy Meerveld.

Deputy Meerveld: I will accept that. Some greenhouses may have good soil under them but whether it is economic to spend, for Mark Fletcher for instance, £150,000 clearing his site to then rent it out to somebody to graze cattle or horses, because that is probably all it is used for, when
1365 the cattle or horses are the other end of the Island generally, it begs the question of whether we are tying ourselves in knots and also, as Deputy Taylor has pointed out, shouldn't we be emphasising building houses instead of messing around with the scenery at this stage and the Island and the ??? [11.38.34] –

I give way to Deputy Leadbeater.

1370

Deputy Leadbeater: Sir, I thank Deputy Meerveld for giving way.

It is just something that came to my mind between the little interjection from Deputy Oliver when Deputy Meerveld said that he could not rebuild his greenhouse because you cannot rebuild them any more. Deputy Oliver says you can have a polytunnel. Does that mean the Victorian glasshouse in Candie is going to have to be replaced with a polytunnel? (*Laughter*)

1375

Deputy Meerveld: A good question!

I must say that my greenhouse blew down some years ago, therefore the exemption for a polytunnel may have appeared since but I was told at the time, no you cannot have a polytunnel. I specifically asked for one.

1380

We do have our own rules, we have tied ourselves in knots with the Island Development Plan, the review is desperately needed, GP11 is the biggest obstacle in my opinion to building a lot more houses but cannot be addressed apparently, by this Assembly. The previous Assembly bound this Assembly. But I would just emphasise to Members we should not be looking at glasshouses, we have got bigger problems to fry and, despite the fact I have been driven to my feet and taken up a few minutes of your time. We really need to move on.

1385

Thank you, sir.

The Bailiff: Deputy Mahoney.

1390

Deputy Mahoney: Thank you, sir.

Just a couple of points. Deputy St Pier says we need to change the Ordinance so therefore we should not be doing it. We are talking about a date or two right at the back. I am pretty sure that is not beyond the wit of anybody to be able to do that pretty quickly. Deputy Brouard, I was not aware of a number of lost properties, just for want of a better phrase. Certainly, we will ask Treasury or Cadastre, whoever that is, to have a look at that. I was not aware of that issue so I thank him for raising that.

1395

Deputy Falla asks if this is an holistic approach. I entirely agree with that. I think we should be. We do not get too far into the roots of it. He is absolutely right, we should have done all of these things in one bit and I am not sure what Deputy Taylor meant with all these derelict glasshouses, vineries, that that would then divert attention from actually building houses. I do not think anyone is suggesting that the States clear any old vinery sites, so there would be no one from the States suddenly doing this. So I did not really get the point of that. I will not be giving way.

1400

Deputy Taylor also seeks to paint this whole housing issue, this issue of derelict sites, as the housing bogeyman in all of this. It is absolutely not true. Deputy Meerveld has just highlighted what actually is the bogeyman here, which is the IDP, which is entirely not fit for purpose, has not been for many years. GP11 anyone? Those are the real issues that we have here and why we have a housing problem, not the fact that we are not clearing derelict greenhouses –

1405

Deputy Taylor: Point of correction, sir.

1410

The Bailiff: Point of correction, Deputy Taylor.

Deputy Taylor: I think it is misleading to say the IDP is the root of the housing crisis because there are currently over 500 houses with extant planning permission that could be built immediately. But they are not being built.

1415

The Bailiff: Deputy Mahoney.

Deputy Mahoney: I thank him for his *opinion* on that matter.

1420

The reason that we have this issue is the IDP, in my opinion. Anyone that thinks that is fit for purpose, I would have to start questioning their judgement on all of these housing issues.

I thank everyone for supporting –

I will give way to Deputy Oliver, because I know she is going to be very brief!

1425

Deputy Oliver: We might have tied ourselves in knots but we are reviewing it and going forward it will be streamlined so you can change things much quicker than we currently have tied ourselves in knots. That is what we are doing but it is being reviewed.

1430

Deputy Mahoney: I am very grateful for that interjection, which just goes to prove that the IDP does need changing because it is not fit for purpose.

I thank everyone for supporting Amendment 16. I am glad that received good support. Amendment 17 effectively says now listen into industry. They have said you have got it wrong, could you please do this. That is what this is suggesting. Let us do that. Let us listen to industry, let us see what they have got to say. Let us get it right. Let us not take the line of do it and do it now, even though we know it is wrong. I would rather get it right and, given that as I have said previously this issue here, the whole original Resolution 18, is not the reason we have a housing problem, that lies squarely at another policy's feet.

1435

1440

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir, and I suppose I should declare an interest. I have got a very small ... actually I do not think it would count. It was a vinery but it has been cleared so I think it is deemed as agricultural now.

1445

I wanted to speak, really. There are all sorts of issues with former vineries or with vineries and in a lot of ways people find it frustrating that they have not been able to be developed because the IDP or the planning rules have not been able to get to them. Really what I wanted to speak to more than that was the statement that Deputy Oliver made about the number of vacant houses, which we actually know that there is a huge amount of vacant houses in the Island and that is really an area that we do need to be looking at. I do not think this amendment will address it but that is something that, in the Budget as a whole, we do need to be looking at.

1450

As far as this amendment goes, I think it is a sensible thing to look at how this will operate but I think it does need to be looked at in the round with the planning policies that dictate what can be used with those sites.

1455

Thank you.

The Bailiff: Deputy Trott.

Deputy Trott: Very briefly, sir.

1460

Every so often in this Assembly a statistic emerges that genuinely surprises me and we have had one of those occasions this morning. I have just looked up in facts and figures and according to the facts and figures book at the end of 2022 we had just under 27,500 residential properties and Deputy Oliver, I am sure, has accurately advised us that 1,000 of those are derelict. That is 3.6% or, if you prefer, one in 28. That is an absolutely extraordinary number.

1465

Just imagine if all of those were redeveloped, and I certainly appreciate Deputy Taylor's points and others, I make them myself, about the capacity of the industry making that extremely unlikely in a reasonable timeframe. But if they were and there were two people living in each of them, that is another 2,000 souls without developing any greenfield sites or any of the high density sites. It is absolutely extraordinary, I know, I have not heard the information in that stark way before.

1470

And then this point about 460 vergées of redundant glass, that is a statistic we have heard many times before because my friend Deputy Queripel translates that into football pitches for us. I cannot remember how many but I know that every time I hear it –

I give way to Deputy Queripel.

1475 **Deputy Queripel:** I thank Deputy Trott for giving way, sir.
The last time I looked at the figures it was 216 football pitches.

Deputy Trott: It really is quite staggering. Notwithstanding the issues that Deputy Leadbeater and others have articulated this morning, clearly there is huge scope here and, like I say, I am
1480 absolutely bewildered that one in 28 properties on the Island of Guernsey are derelict. Quite extraordinary.
Thank you, sir.

The Bailiff: I will turn back to the proposer of this amendment, Deputy Helyar, to reply to the
1485 debate, please.

Deputy Helyar: Thank you, sir.

I am not going to say very much, again. I very much welcome Deputy St Pier's interjection and take on board everything that he said. In fact there may be another benefit to withdrawal, which it
1490 is it would be possible to bring this back sooner than the next Budget Report, if necessary. It seems to me from what Deputy Oliver has said that if these things were brought together so you would be looking at it from a planning and from a tax perspective at the same time, that might actually be a useful way of doing it and sooner potentially than next year.

I cannot give the word of the Committee at the moment. Deputy Ferbrache has just come back
1495 to the Assembly so we will discuss that as soon as possible. I am in the position of asking Members to approve an amendment that I may subsequently in summing up ask them to reject. That is the position that we have.

What this does is puts us in a hover, if you like, until the statutory guidance has been created. If it subsequently turns out that I recommend to Members that we vote these Propositions down at
1500 the end of the debate, then it gives us the option to come back sooner or another Committee should that be the case.

Deputy Brouard did raise the issue with me and I thank him for whispering in my ear the detail because I was occupied at the time, the issue of property with lost owners. I am not going to give
1505 a lecture on Guernsey property law but the principle is *nulle terre sans seigneur*, which means property is always owned by somebody it is just you have to go through several legal processes of prescription, sometimes for up to 20 years, in order to be able to establish that the person that is registered is no longer there, whether it be *absence* or *disparition* or whatever it might be.

I do agree that that is something that is worth looking at. I suspect, though, if we had a shortcut to the prescription periods then the Government would need to underwrite any risk of that person
1510 reappearing at some point in the future and the loss to their estate, so they would have to cover that.

I appreciate what Deputy Taylor is saying. Yes, I wish we could do it much faster but we also need to balance that with doing it properly and industry has said that there are various lacunae that we do need to cover off in order for them to be satisfied that we are doing it properly. So I just ask
1515 Members to approve this amendment. If subsequently P&R believes that it would be better to withdraw and come back sooner and do it all in one go then I will make such a suggestion in my summing up.

Thank you, sir.

1520 **The Bailiff:** No, you would have to have another amendment.

Members of the States, we go to the vote on Amendment 17, proposed by Deputy Helyar, seconded by Deputy Mahoney and I will invite the Greffier to open the voting on Amendment 17, please.

There was a recorded vote.

Amendment 17.

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

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

1525

The Bailiff: So the voting on Amendment 17, proposed by Deputy Helyar, seconded by Deputy Mahoney was that 32 Members voted in favour; 5 Members voted against, 3 Members abstained and therefore I will declare Amendment 17 duly carried.

1530 Now, sticking with TRP, we are going to move next to Amendment 14, which is proposed by Deputy Roffey, if he wishes to move that amendment now.

[Amendment 14.](#)

1. *At the end of proposition 20, add "subject to the amendment indicated below:-
For Table A1 in the Schedule to the draft Ordinance, substitute Table A1 set out in the Schedule to this amendment."*
2. *To insert the following Proposition immediately after Proposition 20:-
"20A. To agree that rates of Tax on Real Property shall not be increased above the rate of inflation unless and until a suitable deferred payments scheme is put in place for qualifying taxpayers who are unable to afford to pay such enhanced rates."*

Deputy Roffey: Thank you, sir.

1535 For complete transparency, my owner occupied home is in the TRP range of 200-300. Some years ago, shortly before I rejoined the States, a vote in principle was taken to double TRP rates in real terms over a period of years. As soon as I was back in this Assembly I repeatedly warned that I would not and could not support such a policy unless there was some sort of safety net. Something

put in place for those homeowners who simply could not, in a million years, afford to pay those bills. Whose actual income was so low that they were already struggling to put food on their table and to stay warm, even though they did happen to be a homeowner.

1540 If Members think that is an unusual combination, let me assure them that it is not. As a long-serving Member who has always taken on I believe more than my fair share of constituency work, I can tell Members I have come across such people in very significant numbers. Why is this the case? Well Guernsey has had a long tradition of high levels of home ownership and in generations gone by even those who were by no means wealthy aspired to and very often achieved home ownership.

1545 Frankly, although it was certainly never easy to own your own home, it was more achievable back then than it is now. So we have a high percentage of home owning pensioners. Now I accept some of those are relatively wealthy, with very significant private pension provision. But many of them are absolutely no such thing. They may own what is an expensive asset, but in terms of day-to-day living they are as poor as church mice.

1550 When a whopping great big TRP bill falls on their mat, of course they will pay it. They will prioritise it over other things. It is an official bill. They will prioritise it. That is how that generation behaves. But the other essentials of life will have to be curtailed in order to allow them to do so. If they are living solely, for instance, on their States pension, the bill could represent several weeks of their total income. It is not sustainable.

1555 But the question is what to do about it. Clearly just excusing them the bill or reducing it would be completely unfair on the rest of the community because they do have an asset that may be worth half a million pounds were other people do not. They do not think of it in those terms. They do not think of it as an asset. They have benefited from household inflation. They would have been very often, I will not say Mrs Le Page in case Deputy Helyar thinks I am talking about his gran, Mrs La Cuta could be really happy if her house was still only worth £200,000-0dd. She does not think of it as an asset she thinks of it as a home, somewhere she wants to live.

1560 But she does have an asset that is worth that so we cannot just reduce their bills. What about the trite answer that is always trotted out, why don't they just cash in on that asset? If they are struggling to live why don't they just cash in on that asset? Well, sir, it is not so easy when you are
1565 75, 80 or 85, leaving aside the upheaval that such a move may involve at that age, the first question to ask is where do they go if they sold their house? Into the private rental sector? Firstly, good luck in finding anywhere. Secondly, out of the window goes the security of tenure so important to elderly people.

1570 What about just downsizing? Remaining a homeowner but going for a smaller home. It is an option I would always encourage anybody to consider but it is not always practical. Suitable properties can be limited and, frankly, after paying document duty and legal costs and estate agents' fees, the equity they release can often be quite modest. In fact, very small indeed. Out of which, of course, they will have to continue to pay their ever-escalating TRP bills.

1575 But there is a third reason why downsizing is not always the best option. Why should Government effectively force the elderly of their homes, their homes of many decades, where all of their fondest memories were made and created, where they desperately wished to spend the last years of their life? I actually do not want to be a part of such a hard-hearted policy, as I see it. (**A Member:** Hear, hear.)

1580 Some years ago the suggestion was put forward, quite a few years ago now, of providing an option to allow the asset rich but cash poor to defer payment of TRP bills until their prime asset was either sold or became part of their estate on their death. There was no suggestion before Deputy de Lisle tells us that that is a dreadful thing to force anybody to do, there is no suggestion that anybody would have to do this. It was just an option to avoid what I would call TRP-induced pensioner poverty.

1585 But so far no such scheme has been introduced. And it does not have to be, I am proposing a deferred scheme because it is what has been put forward in the past, it has been worked on in other contexts in other policies in relation to other aspirations of the States' Assembly but there are other ways it could be done, if you had a cost-effective equity release scheme in Guernsey.

1590 Not only would it help with TRP bills it may help the asset rich and cash poor live decent lives by
cashing in on their illiquid assets, turning it into a liquid benefit, over the last 10-15 years of their
life. But that does not exist in Guernsey, either. Yes, I know we voted in principle that it could, but it
does not.

Members, to my mind, too much time has passed and the TRP has now been increased too much
already just to allow continual delay and allow that to persist any further, So this amendment does
1595 two things. Firstly it limits the increase in TRP bills next year to 12% for larger properties. Still way
over the rate of inflation. While retaining the lower increases for small properties at the levels
proposed in the Budget Report.

What this would mean overall is that the income from TRP would still go up by well over inflation
next year. Indeed by above 10%. But the second part of the amendment is to introduce an additional
1600 Proposition, which of course can be voted separately on if the whole amendment is passed and it
becomes part of the substantive Propositions.

That is to limit TRP rises in future to inflation unless and until such a scheme is introduced. The
idea is not to curtail a future P&R from raising money from property taxes. But actually to make
sure that we have put in place the procedures that allow that to be a decent thing to do without
1605 creating pensioner poverty.

It is not that hard. It should not be. The States has operated at least once similar scheme in the
past. Of course, for those using it, it would mean and I have been quite transparent, that they would
be effectively living off part of their currently illiquid assets. I think that is a good thing but the other
side is that the inheritance they then leave behind for their heirs would be reduced, marginally in
1610 most cases.

But I cannot believe any decent son or daughter would actually want their parents struggling in
day to day living and meeting day to day bills just in order to fully protect their inheritance. If they
do, shame on them. And anyway, this would only be one option. If the next generation down do
not want the States to have any claim on the estate the option is always open to them to pay the
1615 TRP bills themselves.

But without such a scheme and with the levels we are now taking TRP to, this is yet another year,
particularly on larger properties and some of these asset rich poor people are living in larger
properties, the sort of eye-watering increases we are seeing, I think will be creating genuine poverty
amongst those who would have to pay those bills out of very small and fixed incomes and I want
1620 no part of that and I hope Members do not either.

So I recommend this amendment for the States but I have to flag up that it will result in a loss
of £700,000 income compared to the very draconian TRP proposals in the Budget Report and I take
Deputy Queripel's comment earlier when he was talking about Deputy Dyke's amendment. I have
always taken the view that when I am proposing something that is going to reduce income I look
1625 for a counter proposal to put it up somewhere else, to balance it. And I have to say I spent a day,
virtually, going through the Budget trying to do that and I think it is a very good sign of the position,
the cul-de-sac we have gone down and the type of position we got in that I could not find any kind
of conceivably sellable way to the States of actually balancing that with £700,000 raised elsewhere.

We are in a pinch and so I have to say, yes, it will mean that whatever our revenue account comes
1630 out as at the end of next year, it will be £700,000 worse if this amendment goes through. That is the
downside to this amendment and I very much regret it and I realise that overall as a Government
we actually need to raise significantly more revenues but it must be done fairly. It must be done
fairly.

And I do not believe that what we are about to land on the laps of many older people, some of
1635 them in larger properties, in terms of TRP bills they cannot conceivably afford, is fair. Where we go
if you bring in that scheme, I do not know. How much can be raised by property taxes?

Personally, I think we are getting towards maxing out this income source. Others will totally
disagree, including, I imagine, my seconder in this respect. That is a debate for another day. I accept
that we probably do have to put up property taxes in real terms quite a bit more. Not because I
1640 actually think it is a good idea but I think it needs to be where the devil drives.

My red line is only once we have put in suitable protection for those on low and fixed incomes and that is my reason for putting forward the amendment.

The Bailiff: Deputy Matthews do you formally second Amendment 14?

1645

Deputy Matthews: Yes, sir.

The Bailiff: Thank you.

1650

Deputy Matthews: And I would like to speak on it.

The Bailiff: Nobody is rising to raise any procedural motions? In that case I will call Deputy Matthews as well.

1655

Deputy Matthews: Thank you, sir.

I am happy to second this amendment, which limits the increase of TRP until the tax deferral mechanism can be brought in. Some Members may ask why I would support limiting TRP when I have previously brought amendments to increase property tax and argued that more revenue from property tax is achievable.

1660

It may appear inconsistent at first glance but there is no inconsistency. I will set out my reasoning here. Although some Members have mistakenly claimed that I would like to see much higher rates of TRP, I have in fact not proposed higher rates of TRP any time. I have however consistently suggested higher rates of revenue are achievable using a fair system of property tax and there is a big difference between those.

1665

There are two main missing components from a fair property tax compared to our current system. Firstly a value-based assessment and secondly a deferral mechanism. Currently our system of TRP is area based, which means that we charge amounts based on the measured area or size of a property. This is unfair, it is widely acknowledged to be an unfair mechanism. To create a truly fair system of property tax, it really needs to be value based.

1670

The OECD, in a report from 2022 *Housing Taxation OECD Countries* explained value based property tax systems, particularly those relying on market values rather than annual rental values are more efficient and equitable than area based ones. Value based systems that rely on market values are preferable to area based systems that rely on the size of the property, which is likely to be a poor proxy for taxpayers' housing wealth and ability to pay, as it disregards other physical characteristics of the property and its location.

1675

So if we acknowledge that our area-based system is inequitable, it does not seem right to push rates ever higher, based on those unfair assessments. There is some work going on, as part of the Tax Review subcommittee to consider the possibility of moving to a value-based system so I will not describe in detail the advantages of that here, just to mention that that is happening in the background already.

1680

The second component of a fair property tax system, which is called for in this amendment, is tax deferral. So what is tax deferral? You could say it works a bit like a miniature form of equity release but specifically for property tax bills and without the sometimes excessively high rates of interest that some commercial equity release providers in the UK have been known for in the past, although not consistently.

1685

From a States' point of view, it means delayed payment but eventually all tax does get collected for use. The IAAO, that is the International Association of Assessing Officers, in their document from 2020 *The Standard on Proxy Tax Policy* explain property tax deferrals are used by some governments to relieve the tax burden on low income seniors or in some cases all households. Deferrals delay but do not excuse taxes, which accrue as an increasingly lien until the property is sold or the estate is settled.

1690

1695 Deferred taxes are usually subject to interest charges but not penalties and the property is not subject to forfeiture. Deferrals directly address the liquidity problem faced by home owners who are housing rich but income poor. They allow home owners to use an otherwise illiquid asset, their home equity, to pay current property taxes. Since the tax is repaid out of the proceeds when the property is transferred, deferrals have no long-term cost to other taxpayers.

1700 Providing a deferral option to taxpayers is important because it essentially precludes the possibility of long-term homeowners being forced out of their home due to rising taxes. However, most deferral programmes suffer from low participation rates. Part of the reason for low participation is that seniors are reluctant to place a lien on their home unless they want to leave their home to their heirs free of incumbrances.

1705 Whilst such sentiment is laudable, it is not necessarily an argument for providing an exemption or other subsidy to a taxpayer holding a valuable asset. Participation rates can be increased by raising public awareness of deferral programmes throughout outreach and advertising and by streamlining application processes and by offering low interest rates.

1710 So deferral can solve liquidity issues, sometimes referred to in Guernsey as the asset rich but cash poor issue. This is important because with increasing rates of property tax and especially if they were more serious attempts to tax property at increasingly higher rates, some pensioners would find themselves caught in the net when the intended subject of higher rates is likely to actually be more high net worth individuals who own large and high value properties.

1715 Again some work is already going on in the background to introduce land charges, which are an equivalent, as part of work on other legislation. So I do not believe it would take a great deal of time or effort to introduce this mechanism to TRP. The amendment would add a great impetus to introduce tax deferral and, in the meantime, limit the increase in TRP to those who would not be able to afford to pay higher charges, particularly pensioners, who are more likely to abort property when prices were far lower than they are today. And so for these reasons I urge Members to back this very sensible amendment.

Thank you.

1720 **The Bailiff:** Deputy Aldwell.

Deputy Aldwell: Thank you, sir,

1725 I am in a bit of a dilemma here really on this one. Having been a Constable, I understand how different parishioners found TRP incredibly difficult, especially with all the rates and the waste collection charges and everything else. Everything piled on top and I really know how difficult it was for them.

1730 Then deferring a payment, that worries me because we need to pay the bills. We need to maintain this Island, we need to do all of those things as well. So that is not having cash in the pot. That is deferring it to whenever we will have it. Also, during the election time around the different parishes and speaking to the older generation and the one thing that they said, which was a hardship for them and trying to find the funds, was TRP. That was the real hardship for them.

1735 So I am in a real dilemma here. We need to pay the bills. We need to maintain our Island and on the other side, I absolutely agree with Deputy Roffey that it is a tricky situation and I am going to hear the rest of the debate and decide but I am in a quandary on this one.

Thank you, sir.

The Bailiff: Deputy de Lisle.

1740 **Deputy de Lisle:** Sir there is no quandary in my estimation and, since 2004, in this place every Budget. I have been warning of the dilemma that we would come to eventually with regard to hiking TRP on residential homes year after year and what it would eventually come down to.

I have seen what has happened in other jurisdictions by living in those jurisdictions and seeing that once a person gets to retirement then they basically have to sell their house or dispose of it

1745 and go into rental accommodation because of the costs involved for any pensioner who is no longer earning a salary, as they might have been used to.

So there is no doubt about the fact that many property householders are in difficulty through the continued uplift of ever higher domestic TRP taxes, which risks creating significant pockets of poverty as the amendment indicates. The answer, of course, is to stop the annual hiking of domestic TRP above inflation for all sizes of residences. Many people otherwise will lose their homes and many elderly will be forced into care.

1750 The States basically, by hiking domestic TRP year upon year, are pushing people out of their homes with excessive uplifts, particularly excessive uplifts and this is an excessive one that is being proposed today, excessive uplifts in TRP tax and that has to stop. For example, for the larger homes, it is £1,000 that is being asked, in addition to the tax that is already being committed. Another
1755 £1,000 to find on a home, on a larger property.

Now you might say where is Mrs Le Page going to find that? Something is going to have to be done to in some way adjust that uplift. In this particular amendment something is done from that point of view, with regard to the larger homes, from 200 rating and up, the amendment calls for an 8% increase for each of the categories above 200 rating.

1760 But there is another aspect to this particular amendment. And that is the deferred payment scheme or the introduction of such. Because why should we compound the dilemma by introducing another programme? It is a matter of rolling back and saying we have gone in the wrong direction on this so let us stop taking that action. Enough is enough.

Because the deferred payment scheme will gradually turn the private property debt that has accumulated into States' ownership, which basically a property grab by the States of Guernsey against its own population. Absolutely incredible that this should be allowed to go on. (**A Member:** Hear, hear.)

Now many jurisdictions offer what they call senior freezes – lovely term – to help keep people in their homes and their neighbourhoods. Because that is very important to seniors, that they remain
1770 in their own neighbourhood where they know friends, accomplices and so on, and they can depend on people in the neighbourhood, perhaps, to come and help in times of need.

After all, a senior citizen is often living on a fixed income. If property taxes keep climbing a senior making a low to moderate income may struggle to remain in a home that they have spent most of their lifetime paying for and living in for the benefit of themselves and their family. So the state not
1775 having a right to take that family home away from a person, some jurisdictions are coming out with support for seniors in terms of freezing their TRP increases or tax increases on their property.

Now, so committed has this Government been to actually pushing up TRP rates to people that they even, in the last Budget, actually, this States, came out with a scheme to encourage downsizing, which was set up in the 2023 Budget last year. It was Proposition 14 and Proposition 14 was to get
1780 people out of their large homes. A reduction in document duty on the first £400,00 of the replacement of the principal private residence, purchased by the downsizer. Just how far will P&R go in its TRP hikes on larger properties to facilitate moving people out of their homes? I ask you.

Now I had some help in all of this, with regard to Treasury, who were very helpful, and they showed that in fact in relation to the policy that was put in in April 2015, following consideration of the Personal Tax, Pensions and Benefits Review, if you recall, the States resolved to direct as part of
1785 the annual Budget Report, the T&R Departments increases the rates of domestic tax on real property by no more than 7.5% per annum in real terms between 2016 and 2025. That was just about 100% increase, just a little more.

Now where have we got, I asked Treasury, from 2015 to the current time, and they said that the average above inflation increase from 2015 to the proposed 2024 Budget rates is 81%. So we have
1790 not got to the 100% yet. So expect more increases if you want the 100%. But the fact is they also showed that the increase in TRP, 2015-2024, for the larger homes and I talk of 200 and above, was 146%, 210%, 281% and 369% for the 500 plus category; 369% growth in their tax rate. As I say, this year it will add £1,000 to that one category at the top end.

1795 So in conclusion, with regard to the little bits and pieces that I have put forward, it is not really a case of little bits and pieces according to Deputy Helyar in his earlier comments. The jumps in TRP are certainly more than little bites or little bits. They are massive and I think we have to realise this.

1800 So I would support, actually, the numbers, the percentage increases that are being indicated in this particular amendment, which is essentially for the lower ratings to continue with the current, but with the upper ratings to get back to 8%. But then I would not support the deferred payment scheme, which I think is a matter of increasing property debt to householders so that in fact they are forced to sell at the end of the day, rather than passing on their property to their own people. But one can at the end of the day deal with that second Proposition if one wants to separate it out in terms of the final voting on all Propositions because it is divided into two parts.

1805 So I would –

Deputy Matthews: Point of correction, sir.

The Bailiff: Point of correction, Deputy Matthews.

1810 **Deputy Matthews:** Deputy de Lisle, I do not know if he had misspoke when he was saying it but he said that he felt deferral might mean pensioners were forced to sell their property. In fact, deferral is the exact opposite. It means that there is no compulsion to be able to seize a property or to sell a property in any way. It would be for the estate, for the inheritor, perhaps, that they might choose to sell the property once it had been inherited but that there would be no compulsion at all upon pensioners to sell their properties.

1815 Thank you, sir.

Deputy de Lisle: Thank you for that intervention. But the fact is the deferred payments start adding up year after year and eventually the debt has to be settled in some way and that is generally through the sale of the property.

1820 So I ask people to support the amendment, the first part of the amendment, and look very cautiously at the second part, which I will not be supporting.

1825 Thank you, sir.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, I thought Deputy Roffey presented his amendment splendidly. He was open, he was frank and, as you would expect from him, he put the pluses and he put the minuses and I do commend other Members who put forward not only in this policy letter but other policy letters to actually consult because that is exactly what, over a lengthy period of time and in a sensible way, Deputy Roffey did.

1830 Now I am an old person who lives in a big house. *(Interjection and laughter)* I would just like to finish my sentence! But clearly I could afford the increase if it was made. So I have got to declare an interest because I personally would benefit from this particular proposal in the sense that I would not have to make a payment if the States otherwise ordered the payment of the TRP. So I declare that. I am not likely to move so we never know the course of history but I am not likely to move before 2025 or whenever it might be. So this proposal would impinge upon me.

1840 And I understand that. I think we have also got to speak some realities. Not every person who lives in a big property is in the position where they cannot afford to pay. In fact, I would think that most people who live in big properties can afford to pay. But I fully accept there are some, Deputy Roffey has highlighted them, I do not know the exact statistics, but there are some who cannot.

1845 In connection with that, Deputy Aldwell highlighted her quandary and I think it is a very full and fair point for her to make and have that quandary. We have got to pay the bills. Every month the nurses, the teachers, all the other bills that the States have got to pay have got to be paid. Money has got to come from somewhere and I have not heard, and I am not going to invite any

interruptions, I have not heard Deputy de Lisle over a lengthy period of time come up with any proposal, which says you increase your revenue by doing this, you increase your revenue by doing that. I have not heard him say that.

1850 He is always against the increase of revenue and yet sometimes he puts his hand up when there is an increase of services. Now I cannot balance that. Deputy Roffey has said he has looked through this Budget and it shows what I think an excellent job Treasury and in particular Deputy Helyar have done. It is very difficult to say we are going to lose £700,000 here, how do we get that back elsewhere? Because we wax long and hard when we came to these particular proposals and let me
1855 read the explanatory note, which Deputy Roffey has already in effect summarised. It says:

The financial implications to the States of carrying the proposal into effect are: A reduction in revenue of £0.7m compared to the proposed 2024 Budget; Limits the ability to achieve the £1m real-terms revenue increases through budget measures agreed by the States until a deferred payments scheme is put in place; The cost of setting up and administering a deferred payment scheme is unknown.

Well it is unknown but it is certainly going to cost money and I do not know what that is going to be but it will cost something. It is not going to happen for free. Because civil servants have to be paid their wages and I just commend that to Deputy de Lisle and others when they say defer things.

1860 The last thing I want to do is force any elderly person out of their home. That is the last thing that we should be considering. I am not in favour of that and this proposal, if this amendment is accepted, and I am not quite sure how Deputy de Lisle is going to vote for one bit of it because it is conjunctive, not disjunctive, because it talks about 'shall not be increased above the rate of inflation' until a suitable deferred payment scheme. It may be the first part he is going to vote, and the second part, I understand now, sir, actually on reflection.

1865 But where are we? What are we going to do? Now he says that this States – well actually this States consists of the 40 Members of the people who are in this room – the States that he was a Member of in 2015 consisted of 40 people or whatever the number then was that was in that room. It has been the same throughout.

1870 So every Budget, whoever was the Treasury Minister, or the President of Policy & Resources who presented the Budget over that period of time, put the Budget proposals to the States and the States voted through every single one of those increases. You cannot blame it on one person or another. You blame it on the majority. In fact you blame it on all. We have got to accept our decisions collectively. To say it was not me, it was him, it was not me it was her, it was all of us that made those decisions. I was not in the States in 2015 but I probably would have reluctantly taken
1875 it.

He is absolutely right, 369% I think he said it has gone up over the last seven or eight years for the most expensive properties, which means if you look at the overall figure of 81% because we are not far off from 2025 now, it has actually been pro-rated for the higher properties and that is the general proposal with these TRP proposals. Because I come back to the point that I started with:
1880 generally, and it is a generalisation, people with bigger properties have deeper pockets, can afford to pay. But that is not always the case.

Now the deferred payment scheme has got merit to it and he talked about well in other jurisdictions they do this and another jurisdiction said they do that. He did not highlight those jurisdictions and he did not say what their overall tax structure is. I would think some of them have
1885 consumption taxes. Some them have inheritance taxes. Some of them have capital gains taxes. Nearly all of them will have higher rates of tax.

It is easy to pluck something from one jurisdiction and take it to another jurisdiction without balancing where we are. Very easy to do that but it is not economically mature so to do. So this is a very difficult one. I think if there is going to be a deferred payment scheme it is going to have to be means tested because it would be an absolute nonsense for people like myself and others in this
1890 room, who can afford to pay it, not to pay it.

I would willingly pay it. Nobody willingly wants to pay tax but you understand what I mean. I can afford to pay it and I think it is fair that I would pay it but there are people, not Mrs Le Page because

1895 she has got a rich grandson, I hope he is a rich grandson anyway, and I have got a Mrs Le Page who is a grandmother of many, six or seven grandmothers back. But she has been dead so she is not worried about TRP there.

In connection with all of that, we have got to look at the situation whereby we have got to be realistic. We cannot live in this continuing *Alice in Wonderland* fear of where we are with our economy, whereby put all the decisions off, do increase expense. Yes we have want more hospitals, yes we have want more schools, yes we want better benefits. I want all of those, every much as anybody else in this room. But how are we going to pay for it?

1905 Because I know how I referred to that money being blown down the wind. But I do not think it is because it does not exist any more. Whereby we are going to find the money to do all of these various things. Deputy de Lisle was almost saying what about the instalments. Now the instalment scheme if it came about I would anticipate it being you would pay a deal on the sale of your property or your estate would pay when you die. That would be a way and it would be whatever it was that would be accumulated and I would imagine there would be some kind of interest element because money loses value every year and that would be.

1910 Now if you are going to inherit a £500,000 or a £1 million or a £2 million property, where you have parents have lived all their life, so they have had security of tenure, which I fully accept they should have because the last thing you want is somebody of say 70 years of age, but something is wrong with that, perhaps 80 years of age, the last thing you want is being told you have got to go and find somewhere else.

1915 As Deputy Roffey said, to try and find rented accommodation at a reasonable cost, you have got to be lowly lucky. I do not think he actually used that phrase but I think he would agree with it. And I do not want people to do that. If they have lived in their house 20, 30, 40 years, it is their family home. They should be able to live there until the day they die. But when they die, and I make this point, and I am not joking, inheritance is a great thing and all the people who could get it, I think very lucky for them. Come to me but I have got no adverse interest against it. But your parents or your grandparents, whoever they may be, have a right to live in their house. You do not have the right to inherit it if there are other commitments, which need to be paid for your contribution to the state.

1925 I am sorry that is the way I think about it – I am not going to give way to Deputy de Lisle; I am not giving way so he can stand up as long as he likes – but in relation to where we are, the position is that this is a very difficult one. The quandary that Deputy Aldwell said, I am sure there will be more than one person who has got a quandary in this room that she says. I think I am going to have to abstain on this because of my personal interest because I have got a personal interest, which I have already declared but I do have sympathy for it.

1930 But please, I cannot address Members directly, can we have some degree of financial reality as to where we are going? I do not want to be telling people that we put up TRP by 20%, 30%, 40%. I do not want to be telling people that we have got to increase taxes or whatever. I do not want to be doing that at all. I do not want to put any body in fear of losing their homes or having an adverse standard of living.

1935 I would like, not now, we have not got the time and it is not the debate, I would like somebody to tell me on a constructive basis how we address our long-term problems. I would like Deputy de Lisle, who is an intelligent man, a thoughtful man, a good man, a decent man, to sit down with me over a cup of coffee, which he could actually pay for (*Laughter*) – I think I might be waiting a long time for that – and tell me how we square the circle.

1940 Thank you very much, sir.

The Bailiff: Members we will now adjourn until 2.30.

*The Assembly adjourned at 12.34 p.m.
and resumed its sitting at 2.31 p.m.*

POLICY & RESOURCES COMMITTEE

**States of Guernsey Annual Budget –
Debate continued**

The Bailiff: Deputy Bury.

1945 **Deputy Bury:** Thank you, sir.

Like Deputy Aldwell, I find myself in a bit of a quandary as well. The lens that Deputy Roffey has presented this amendment through, which I know is very genuine from him, I absolutely agree with and I know it to be true. I have seen it with my own eyes when delivering Meals on Wheels, you often rock up in your little car to a big old Guernsey farmhouse, or similar, possibly looking a bit past its best, and when someone opens a door you find your way in, you realise that the person in there, living alone, is living in one room, because they cannot afford to heat and maintain the rest and they do not want to leave.

I think to myself, why don't you leave and go somewhere nicer like Maison Maritaine? Or somewhere like that. But they do not want to and that is absolutely their right and I appreciate the argument that Deputy Roffey is making there. But it is a blunt instrument. We do not know, as far as I am aware, how many people there are in that circumstance and how many, to Deputy Ferbrache's point, will not suffer in the same way. And that is the difficulty I have with it. Of the money we would be losing potentially from not making the increases suggested by P&R, how much of it is being saved by those who really need it and how much of it is being saved by those who do not?

So that is the difficulty I have with the first Proposition in the amendment. The deferred payment scheme, I do quite like and I think it can have a place in, potentially several policies that we have in the pipeline but, again, to Deputy Aldwell's point, cashflow is a bit of a problem on that front. That is not how we provide services. You cannot have a bumper crop of operations, a couple of months, because we have had a bit of a windfall. That is not how we provide our services.

I will not go into the weeds of my concerns about a deferral scheme now because that will be for another time. I do think it has got potential but the devil will be in the detail. In terms of this amendment what concerns me about the proposed deferral scheme is that it is tied to the first Proposition and, as Deputy Roffey has said, the Proposition of a deferral scheme has been on the table for quite some time and has not happened.

The intention behind this is maybe to nudge it along a bit but if it does not nudge it along a bit, the blunt instrument in Proposition 1 carries on until the end of time, or for an endless amount of time because there is no timeline in Proposition 2.

So, yes, like Deputy Aldwell, I am going to carry on listening. If any of those points can be addressed in summing up or by other Members, that would be incredibly helpful. As I say, I really sympathise with the points made but there are broader –

I will give way to Deputy Matthews.

Deputy Matthews: I thank Deputy Bury for that.

We did ask, actually, to see if we could find out how long it might take to develop and introduce a deferral mechanism. That was not available. But it is being worked on. Parts of it are being worked on for other parts of legislation and so I do not think it would carry on indefinitely and part of the structure of amendment was, as you said, to try and prod things along. I cannot see it carrying on

1985 for years and years. I could not put a timeline on it but I think it could be fairly quick that it could be introduced.

Deputy Bury: I thank Deputy Matthews for his contribution and positivity that he cannot see it carrying on for years and years. I think we have evidence and many examples across Government where that does happen but I appreciate his point.

1990 So, yes, that is where I find myself. Sympathetic with the points made but also bearing in mind that it is quite blunt and there are broader considerations to take into account.

Thank you, sir.

The Bailiff: Deputy Dudley-Owen.

1995 **Deputy Dudley-Owen:** Thank you, sir.

I tried to rise before lunch but did not realise that we were quite on lunch so I was quite pleased to be able to gather my thoughts a little bit more before I stood up because, in looking at the amendment, I decided to ask myself about the correlation between what it says for qualifying taxpayers and what Deputy Roffey said in his opening, where he majored on older people, and it caught my attention, Deputy Ferbrache making a declaration that he is an older person living in a property and he is well able to pay the TRP.

2000 It does not say older qualifying taxpayers in the amendment. It does not give any profile to those qualifying taxpayers and that seems to be extremely broad and I would have thought that, if it is intended for people of a certain age, you would state that within the Proposition that you eventually wanted to come into being.

2005 The other thing that I am finding hard to square with this particular proposal is that we had a SLAWS debate last term brought by the previous ESS and there was a scheme that was put forward that I seem to remember was defeated or at least, roundly, a lot of votes against it, and it was targeting these very people that we are talking about, who are asset rich and cash poor and who were struggling to pay their way but who, under this scheme, I think they were targeted to either move out of their properties and sell them for their old age care and that was resoundingly defeated.

2010 I am happy to be corrected and I will give way if anyone, either President or Vice-President would like to correct me? No. Not at the moment. Deputy Roffey says he will do it in his closing speech. Anyway, I am struggling to see the difference between why we have not got a scheme to defer payments, etc., through the TRP system and not through the benefit system.

2015 Surely this is something that should be picked up through the benefit system rather than through the mechanism of TRP, which seems again, as Deputy Bury has said, a very blunt instrument that does not actually give a profile and qualify who the qualifying taxpayers are by age but actually that is the intention? Also we do not really understand what unable to afford to pay means, either, by definition in this particular amendment.

2020 I understand the sentiment and I absolutely get that and I absolutely recognise the profile of individuals who have been described. I think we all do. We all get it. But this particular amendment, I do not think, does get to the point of where it needs to be and I do not think that using TRP as a mechanism to assist these people is the right way to go.

2025 The other concern for me about the deferment scheme is that it could just become an inheritance tax by default. Could it be that actually, in deferring this, what you end up with a person who passes away who then leaves that debt onto their heirs and successors and those people have to end up paying that deferred debt and it becomes a debt of their inheritance and almost a *quasi*-inheritance tax, which of course we know that we do not want in the Island.

2030 So I think that those are issues that I would like to be addressed in any summing up but suffice to say I am not keen on this at all. Whilst I recognise that there is a problem in some pockets, I do not think that this is the mechanism by which to address it.

2035 **The Bailiff:** Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, sir.

I understand the sentiment of Deputy Roffey and he has shared that on numerous occasions for the last couple of years, all while we have had reasonably substantial increases to TRP rates over the last years. First of all, I believe, if I am reading correctly but I stand to be corrected otherwise, that I think there is a contradiction in the amendment between the two Propositions.

Because Proposition 1 suggests that we replace Table A1 in the schedule with the table suggested in this amendment, which is in the explanatory note, it helps us summarise the situation, that the proposer and seconder suggest that their TRP changes are amended to smaller increases but they are still RPIX plus a certain percentage. So the proposed changes, except for properties under 99 TRP will be above RPIX and the average increase will be 10.1%.

However, the second Proposition is then saying that we should agree that the rate on the TRP property shall not be increased above the rate of inflation. I think there is a complete contradiction in what this is trying to say. On one hand we are saying, let us amend the Budget to increase the TRP rates by RPIX plus. But then Proposition 2 is saying let us not increase anything above inflation, until we have a scheme established.

Secondly, I think it has been stated by other Deputies that Proposition 2 is extremely generic. It is in no way targeting a specific sector of our population and specifically pensioners with large properties. It is actually targeting everyone. So technically anyone with any TRP could potentially say, I am sorry I cannot pay my TRP so I would like to embark on these deferred schemes.

How will we really establish whether this person ... basically means testing TRP. So what we are going to be creating is another layer of civil servants who are going to be checking entitlement for this TRP scheme, whether people will be able to participate in it or not. In the absence of such scheme, neither would this Budget nor any future Budget, we will be able to the type of TRP increases that may be deemed suitable. They will be extremely restricted.

I think Deputy Dudley-Owen mentioned that whether there will be better avenues to be able to support people that might be subject to hardship. However, and also what Deputy Bury was saying, right now we have zero evidence to understand how many Islanders will, unfortunately fall under those circumstances.

As I mentioned before, we have gone through quite substantial increases over the last years. We have not seen any kind of evidence that, while it has, Deputy Aldwell mentioned that there is increasing hardship, but it has not been to a point where it has been presented as a crisis or an emergency. We do not want to go there but we literally have zero evidence to indicate what the problem might be, while trying to basically crack the nut with a hugely blunt instrument at a time when we cannot afford it and no idea how such a scheme would be administered.

Also, it will potentially mean the States having to oversee this, kind of becoming a bank, a financial instrument, in terms of managing this kind of deferral scheme. I think it is the last kind of thing we really need to potentially looking into further complicating the financial management of liabilities, etc., liens on properties and stuff like that.

So I would not be supporting this amendment in the way it is drafted but I wonder if there areas through ESS to be able to target support if needed in the short term.

Thank you.

The Bailiff: Deputy Queripel.

Deputy Queripel: Thank you, sir.

I commend Deputies Roffey and Matthews for laying this amendment in front of us today. I also commend Deputy Roffey for his opening speech. He absolutely nailed all the issues encapsulated in this amendment. Even the downside of a £700,000 reduction in revenue. I am prepared to accept that £700,000 reduction in revenue on balance because, on balance, there is a huge benefit here to our fellow Islanders, who are asset rich and cash poor.

For colleagues who are undecided, such as Deputy Aldwell and Deputy Bury, I ask them to read the last paragraph – I am sure they have – of the explanatory note, it always helps to read things again, which reads as follows:

Proposition 20A seeks to restrain any future TRP increases until the issues surrounding this cohort of islanders has been addressed. The concern being that continued pursuit of ever higher property taxes, without such provisions, risks creating significant pockets of poverty.

2090 I will just repeat that last sentence because it nails the whole issue: 'The concern being the continued pursuit of ever higher property taxes, without such provisions, risks creating significant pockets of poverty.

In my view this is worth the price to pay because it will provide much-needed help to our fellow Islanders who would otherwise really struggle to pay. When Deputy Ferbrache spoke early on, he reminded us that not every pensioner is poor. I have done that myself in speeches. Not every pensioner in the Island is poor. Some pensioners in Guernsey are millionaires. Some pensioners in this Chamber are millionaires! (**A Member:** Name them!)

2095 Not every pensioner is poor. Out of approximately 18,000 pensioners who draw their pension I think I am right in saying, I stand to be corrected, 977 receive Income Support. There will be some also in addition to that who do not claim Income Support but would qualify purely because they are embarrassed and their pride will not let them do that. I urge them to do it because the money is there.

2100 On the other side of that we have many pensioners in Guernsey who own their own homes who cannot even afford to heat them, let alone maintain them. I am reminded of the time when I was visiting a home of an applicant for the Age Concern Fuel Fund not so long ago. She was 83 years old and in very poor health. She was born in the house where she lived, she was living on her own and she was surrounded by her memories. She very much wanted to stay there, even though it was falling down around her and it was absolutely freezing.

2105 She had her coat on, a hat on, she was sitting in the lounge by a one-bar electric fire with a blanket on her legs, drinking endless cups of tea to try and keep warm, and a hot water bottle. And it was not even that cold. But she felt the cold because she had health problems.

2110 So I sat with her. In fact, one wall was covered with two huge curtains, ceiling to floor curtains. I said that is a good idea, keeps the heat in. She said, no, it is not that, it keeps the smell of the damp out. Go and pull the curtain back and have a look. So I did and the smell of the damp was horrendous. I put the curtain straight back.

2115 I sat with her to help her fill out the application form. I explained to her that I needed to take it away to run it by the other people on the committee and I would get back to her as soon as we had made a decision. I will never forget the look on her face when she said to me, please Mr Queripel, every penny counts. And that is exactly what we are talking about. Islanders in a position where every penny counts.

2120 So, moving towards a close, I will read what we are told in Rule 4(1) at 4(1)a, where we are told the following:

The Propositions contribute to the States' strategic objectives by helping to avoid pensioner poverty.

2125 I want to repeat that, sir, in the hope it might persuade colleagues who are undecided about this amendment to support it. 'The Propositions contribute to the States' strategic objectives, by helping to avoid pensioner poverty.'

Surely, seeing as we have objectives like that in place, we need to pursue them or else they just become words? Thank you, sir.

2130 **The Bailiff:** Deputy Mahoney.

Deputy Mahoney: Thank you, sir.

2135 Earlier today Deputy Roffey warned us, quite correctly, about the risks of supporting amendments that would reduce income and now we have this. Although in fairness he did warn us that he was going to argue one way in respect of Deputy Dyke's amendment, I think it was, and then the other when this one came up.

I hope and I am sure it is obvious from the Budget that these rate changes have been specifically targeted at the higher TRP bands. Deputy Roffey, I think, noted that a pensioner in their half a million pound house, I think it was the number he used, being hit with a big TRP hike. But of course a half a million pound house these days is not the ones we are talking about at the wrong end of the scale. That is a substantial amount below the average house price right now.

2140 These half-million-pound houses do not fall into these higher TRP bands. Those at the top end here, 500-plus, are most likely to be in the multi-million pound price range these days, unfortunately.

2145 Deputy Ferbrache touched on something just before lunch when he was talking about 20A, and in fact it has been picked up by Deputy Kazantseva-Miller and Deputy Dudley-Owen about, a, we do not know how many people we are talking about in any event and there is probably no way we can find that out.

2150 So I had a question as well, unable to afford to pay, I do not know what that means? Is that self-certification that we just go through? In which case, I cannot pay either, so I would like to defer all my taxes. If there is means testing, which I think is the point that Deputy Ferbrache first raised, is that income-based means testing or is that asset-based means testing? Again, big holes there.

2155 There are the anomalies that Deputy Kazantseva-Miller has mentioned. I am certainly not going to raise those again. Deputy Dudley-Owen talked about is this age-based, which certainly is not mentioned there but presumably the discrimination legislation would mean we could not do that in any event. Otherwise we would be saying, if you are above 65, whatever age, you could qualify for this. If you are below then you cannot. I am not sure you can do it based on age anyway and that certainly would not be fair in any event.

2160 But I have another question re the deferral scheme. I am currently living in a rented property, for which I am responsible for the TRP, under the terms of my lease. So when I declare I cannot pay it then what does the payment deferral scheme look like for me? Because you cannot put it on the house – well you can if you want, that would be great if that happened, in fact you should do that, that is a very good idea! But I wonder if he could clarify that. That would be quite useful because lots of us, I am allowed to say it because I am living in rented property, do live in rented properties, for which we are responsible for the TRP.

2165 No numbers, we have already touched on that. We do not know how many people this does affect. Hammer for a nut, as has already been said.

2170 I am sorry for speaking after Deputy Queripel because I have a question for him, which I am very unlikely to give way for now. Yesterday he said, for the sake of fairness, he was big on fairness yesterday, which I questioned and then withdrew the question for the sake of an hour for all of us, rich is what? I still do not get. Income rich, yesterday, that we were talking about, is the over £80,000 crowd – his definition not mine. That is fine. We should definitely hammer them. My words. But today of course the asset rich, which is what we are talking about, big houses, £1 million, £2 million houses, that is asset rich to me in any event, they should be protected.

2175 So asset rich we protect, income rich we hammer. I do not really get that. I was going to ask for a definition. I am not going to give way now to do that.

2180 Deputy Matthews earlier said that what fair looks like is value based. The value of your house. That is fair. That is the amount you should be taxed on. He is nodding so I am glad I have got it right. But of course for the vast majority of properties in the Island, TRP is exactly that. It is based on a broad definition or guesstimate of what your property is worth. At the higher end, they are worth – now he is shaking his head, but he is wrong I am afraid; got it right first time but he is wrong second time. But TRP kind of does that that is the point of TRP.

Deputy de Lisle – I have got lots here but I am not going to read them all out – deferral can solve liquidity issues. That was the thing I wrote down there. I wrote it down deliberately because, when

2185 the pay reviews come round next year and I have 14 union reps in front of me, I am going to trot that out and I am going to say: I think I would pay you more but deferral can solve liquidity issues and the States has no cash so I am deferring it. Come back to me.

He talked about a property grab, which I thought was entirely bizarre. Nobody, I do not think, certainly the intention is not that at any point we can say, I am having your property. No one has suggested that and I suspect no one will do that. It is very emotive language used, a 'property grab'.
2190 Just for the benefit, in case there are any pensioners listening at home that may be listening are now worried for their property, no one is proposing a property grab.

If the Assembly decide to agree with a deferral scheme, whatever it looks like, any sums would have to be collected at some time and somehow. I do not know what that looks like and I am sure we will get some clarity on that a bit later. But it is a fact of life that if you incur an expense you have to pay it. You have to pay it now or you have to pay it at some point.
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If I do not pay a bill, the courts will come and perform a cash grab on my bank account. I am due to pay it and I will have to pay it and if I do not someone sat in a chair like that will tell me I do have to pay it and if I do not they are going to take it from my bank account in any event. So I do not accept a lot of those arguments, I think it is very inflammatory and very emotive language, which I understand.
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I just want to finish with a light-hearted bit at the end of it. Deputy Ferbrache and Deputy de Lisle were talking about who should buy the coffee and I would like to sit and sell tickets to that event to see which of them finally caved in and actually paid for the coffee! (*Laughter*)

Thank you, sir.

2205

The Bailiff: Deputy Gollop.

Deputy Gollop: Deputy Mahoney talked, I think, it a lot of sense but politics is partly about rational and technical mastery and partly about emotions and perceptions. It is quite easy, including with my own amendment yesterday, to demolish an amendment on many technical grounds, because we have all had limited time and resources to do them and we have heard a few analytical arguments about this, how it would be means tested, how it would be done, what were the quantum are. But it is the sentiment.
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I would have loved to have heard Deputy Queripel's hour-long speech on fairness because that would instruct us enormously. (*Interjection*)
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Deputy Queripel: I thank Deputy Gollop for giving way, sir.

I was wondering if he would actually like me to make that speech now? I am being flippant, sir!

Deputy Gollop: I should be a pro-business Deputy, like Deputy Vermeulen, but nevertheless in some people's minds, the idea of a successful entrepreneur or high achiever in the corporate or other sectors is one thing, because there is a sense that they are young and they will go somewhere.
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The other stereotype is of an older person who is living in a rambling house that is collapsing and they are kind of capital rich but cash poor and this is perhaps a picture behind the amendment because people have mentioned Income Support, which does a wonderful job, but I would imagine that quite a lot of the people in this category would not be eligible for Income Support but they do not have the income sufficient, really, to maintain their lifestyles and to heat and to eat. So they are in between. Probably not on £80,000 a year either. If they were then this would not apply to them.
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In a way, I was surprised to see Deputy Matthews seconding this amendment because I know that he has had a strong view that he puts across eloquently that certain kinds of rateable value is a potential source for revenue for the Island, as an alternative to other means. But as I would expect, though, he takes a very fair view of it and he does not want to put people into poverty.
2230

The amendment, perhaps unfortunately, under 2a, says contribute to strategic objectives by helping to avoid pensioner poverty, which I think is true. But there may well be other people with disabilities, who might benefit from this when it is fleshed out more. What is a pensioner? It used
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to be somebody of 65, we recently came across somebody, a States' Member, I think, who had to wait until he was approaching 66 for the bus pass.

2240 But a pensioner could be 103. Indeed I know somebody just like that. So it is broad but the point of it, the policy is to support these people. I am also a supporter of Deputy de Lisle at the moment, indeed I would have been happy to even second that. But this is different from that. Because Deputy de Lisle likes part of this but not the whole of it and Deputy Bury perhaps in a different way, is like that too.

2245 But I take Deputy Dudley-Owen's point about the SLAWS debate we had in 2020 but this is a standalone issue and I think, whatever happens, we need to ensure that people who have a bill, rather than going before the magistrate or the judge, as Deputy Mahoney says might happen to people, they have a way out of it, not by saying I owe you but by actually going into a respectable, well-organised scheme of deferred payments. Because this is double-edged. First of all it says we should create a suitable deferred payment scheme. That has been on the cards for a long time.

2250 Until that is done and I, like Deputy Matthews, hope that it will be achieved in about a year, if not sooner, we are both on Legislation, he is on Health so we can work on that, we should not be raising the money because we are using property owners as a cash cow and it is a very blunt instrument and it is causing hardship across the Island for many people. I would go further and say, if you go onto page two, it says the P&R proposed rate increases for property, it keeps them but limits the increases for property with higher rates:

The reason being that there are a number of people with very modest incomes who may be impacted by the proposed very high increases in the higher bands, particularly ...

2255 This is my core point.

... as TRP rates are applicable to property size and not property value.

Now I remember Deputy Matthews has argued both in little groups and the bigger groups and in the Assembly, that he would have liked to have seen, and I think it is worth looking at, a property value-based rate rather than size. Now I believe that was put to the SACC subcommittee and I was told I should have consulted them but they did not really look at it.

2260 Value might be hard to do but you could employ professionals to do it. But it would not be fairer because we can all imagine penthouses and apartments and new-build that are quite small in the scheme of things but they are worth more than half a million –

I give way to Deputy Matthews.

2265 **Deputy Matthews:** Very, briefly.

I thank Deputy Gollop. Just to say that the tax subcommittee, it has been taken to that subcommittee and there is some work going on to continue to look at it, which I hope will get some results in the form of something that could be taken forwards.

2270 **Deputy Gollop:** That is helpful, because I think we do not have in mind brand new apartment blocks, although they may be occupied and sometimes are by older people, that are expensive to buy, because they are new and they have mod cons and they are designer, but they are relatively small.

2275 The image we have in mind and I am sure the experience of Deputies like Deputy de Lisle and Deputy Roffey and others are of older people, of moderate means, in large properties, which as Deputy Queripel said they have spent 80 years, they have built up memories and everything else, and every day they have to watch their pennies, it is heating or eating, can they get a taxi, can they drive a car, can they afford a bus, can they afford a treat, can they afford to go out even and meet their friends for coffee?

2280 We do not want to saddle those people with large bills. There are other, better ways of doing taxation but perhaps that is another story.

The Bailiff: Deputy Inder.

2285 **Deputy Inder:** Only briefly, sir, and we do need to speed these things on and I am not entirely sure I am going to help. (*Interjection*) No I will not.

When Deputy Helyar opened debate he reminded Members that the Budget is about balancing the books. I think that is what he actually said. It was not that long ago we were talking about that and it was not the Tax Strategy. The problem with deferring payments, I find it rather odd a Member of ESS and Health have not really worked this out because we do know, and we have all been to presentations recently that when the SLAWS comes to this Assembly, ESS, along with possibly Health as well, of which Deputy Aidan Matthews is a Member and, as I understand it, agrees it, they are looking at deferred payments for long-term health care.

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2295 It is going to be thousands and thousands of pounds. If you are ever stupid enough to get ill in Guernsey or need any long-term health care, basically Health and ESS are going to come knocking on your door, looking to defer the payments for those for when you die. They will be taking a percentage of your house.

2300 Deputy Roffey, when you do respond, given that you have got the SLAWS work in your back pocket, through you sir, how can you have not given any consideration to the deferred payments and how they are going to work? I think it is important and the public need to know. The problem we have, Members, is that we do everything in isolation. There is one piece of work about TRP, SLAWS are going to be coming to this Assembly with a policy letter. Those who have long-term health care needs, their house is going to be in scope. I will not be giving way. No, I will do!

2305 **Deputy Brouard:** It was just to make the point to Deputy Inder, thank you for giving way, was that the idea of SLAWS is to help local families, Islanders who live here, for the care they need in their old age. It is not some sort of cruel imposition on them, it is actually to give the support that your mother or father, or your daughter, may well need in their old age and it is to find that balance. That is the reason for it. It is not meant to be some sort of penalty.

2310 Unfortunately, any care that you have will to be paid by someone. Either us as a community or by you as an individual, or you do not have the care. So we have to make those choices for our parents and our loved ones.

2315 **Deputy Inder:** Yes. As long as you are stupid enough to have worked all your life and actually got a property and done alright. But you do have other career options in Guernsey. You can hand yourself to the state for the whole of your life and you will get everything for free. So I am afraid TRP, he is right on that specific instance, where Deputy Roffey and Health will be coming to look at people who have worked hard all their life and taken a percentage of their house if they are stupid enough to not drop dead immediately and go into long-term health care, it is right, it is for a service they pay.

2320 But so is TRP. TRP goes into General Revenue. It is more of a social tax because it has helped everyone, whereas the Health and ESS amendment will be a tax on your houses, for your long-term health care and it is going to be a not un-sizeable chunk.

2325 Now the problem I have got with deferring payments, it reminds me a little bit of zero-10 where a company can roll up its profits and the triggering event may be when the director decides to take those profits out of the company and they pay tax on it. Now, with the greatest respect, whoever is in this chair, I have never thought that portion – I accept Deputy Trott will say zero-10 is the right thing to do; Deputy Parkinson would disagree – the reality is if you have something, which is a deferred payment, in this case it would be effectively on death or inheritance, that is not a tax strategy, that is a lucky dip.

2330 You are basically throwing your cards on the table and saying you can pay it either when you are dead or, under the other regime, when a director decides to have a triggering event that takes that money out of the company and that taxing. That is not, and I will quote Deputy Helyar's point

2335 again, about balancing the books that deferring payments is not what this job is about. This job today is what we do for the next year, about balancing the books. I do not think deferring a payment actually balances the books in any way, shape or form.

2340 Although I have some sympathy for the general thrust of what Deputy Roffey and Deputy Aidan Matthews one from ESS, one on Health, I would really like to hear from them. I am quite surprised they have not really got an indication of what the deferred payments are going to look like because under a policy that we will be getting very shortly, when both Committees will be supporting a percentage of people who have worked all their lives for their houses and for their long-term health care, I would be very surprised if either in their Committee has work has not considered what deferred will look like.

2345 But I will not be supporting this because deferring payments does not deal with the problem that we have next year, which is balancing the books. It just defers the problem to another point in time. So I will take this job responsibly, I will act on behalf of Policy & Resources. I know it is not very popular but do not worry, I have been unpopular for a very long time. I cannot do what other Deputies can do. I cannot stand here with what is effectively called de Lisle-onomics where you say more services, no more tax. It does not work. It may work for some Members, but de Lisle-onomics does not work around in the world of Inder.

2350 Thank you very much.

The Bailiff: As I do not see anyone else rising, I will turn to the Vice-President to speak on Amendment 14, please.

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Deputy Helyar: Thank you, sir.

I will declare that I am co-owner of a property, so irrespective of which way this goes and the Budget itself, it will have some impact or not, as the case may be. I may be able to write IOUs on tax going forward, which sounds fantastic.

2360 We are back in whack-a-mole territory, aren't we, I am afraid. Deputy Roffey, to be fair to him, did present this in a very open way and admitted that there is a £700,000 impact to the Budget based on this particular amendment. Now there are lots and lots of problems with this. Some of them are quite complicated from a legal perspective, so I will just roll through them as we go.

2365 The first thing is that deferring payments creates a cashflow problem for the States. We cannot pay nurses, teachers, doctors, etc. with IOUs. We have to pay them with cash. So we can put this stuff on the books. The problem that then creates is having a debt on our books.

2370 The first thing is we had a deferral scheme would we charge interest? Well of course we would. We cannot give people indefinite credit because what is £1,000 this year is going to be worth far less in 10 years, so we would need to apply some form of inflation to it. So how are we going to value that because when you do your accounts every year you have to value your debts and as to whether they are recoverable and you have to reach a reasonable view as to whether those debts are recoverable. So how are we going to do that?

2375 Are we going to value everybody that defers their debt? Are we going to value their property every year? What are we going to do then? Are we going to make sure it is properly maintained so that that asset is properly maintained and keeping its value relative? Are we going to check whether the owner takes out insurance against fire? Because we might have run up half the value of a property in debt, for all we know, because we might start deferring all sorts of other taxes. Where does this stop? What is the proportion of the property going to be before the States says, sorry we are going to seize your property because we need the tax now because we cannot afford to pay anybody.

2380 How does this work? And the biggest problem is that it says we are going to stop increasing TRP until such time as we have a means of deferral. Now I think the means of deferral is a long way off. We have talked about the difficulties of derelict property and so on and the difficulties with drafting that. I think the difficulties with deferral are even more difficult and let me give you some more examples.

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What about pensioners who own their properties in a company? The company owes the tax. How is that fair? They will not be able to defer. The company will have to pay it, so they will become liable. There is a difference automatically. What about spouses, where one has no income and they are jointly and separately liable for the tax. One has no income but the other one does. How do we separate those liabilities out? Does one have to pay the tax and the other one defer half of it and let it run up interest against the value of the property? How can that be fair between spouses?

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What about people that are not married that own property together? Where there is no joint and several liability. It is a *several* liability. Is it fair for one who does not have any income to run it up and not the other? What do we mean by means assessment? We do not means assess anybody at the moment.

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There are lots and lots of people and we can see from some of the graphs, in fact there was a very clear graph, which we put out in the Finance & Investment Plan, showing that there is a group of people, a fairly substantial group of people, at the very bottom end of the income decile, who clearly live in very substantial properties who are living off capital. They have no income.

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If they are assessed just on their income at the moment, they will be able to defer their tax as well and many of them could be multi-millionaires and, as Deputy Mahoney rightly said when we were talking about Income Tax and how you can turn capital into income and backwards and forwards, people with a lot of money find that very easy because they go to their accountants and they get them to reorganise things.

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So it is really easy to get around the stuff. And when does it get triggered? At the moment, as I said earlier when we were talking about property, property changes. There is never not an owner of property. When, unfortunately, somebody passes away, you do not need to have a will, the property passes automatically at the moment of death.

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So the property comes into the ownership of the inheritors without the will, if necessary, all they have to do is prove that they are entitled to it. So where does the States nip in and get paid? Because the property has transferred. We would have to change our entire property system to do that.

In other places, like Spain, for example, you cannot inherit property until, as an inheritor of it you have paid the tax that is due to the state. So we would have to up-end our entire system of property transfer and value in order to achieve something like this. How do we assess whether people's means have changed?

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What happens if Mrs Le Page in Torteval has won the lottery? Should she pay her TRP? Of course she should. How are we going to find that out? Are we going to be assessing everybody all the time? Are we going to be making people fill in more forms than they do already? And who is going to do all this work? It just does not even stand any form of analysis.

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This is simply something which is just way beyond our capabilities at the moment. There are lots and lots of other examples I could give of legal problems that this will cause. It really just does not stand that much analysis and the big problem is it puts us in a hover on TRP. We will not be able to increase it. If we accept this amendment, P&R, this Budget and everyone going forward until someone amends it, will not be able to raise any more TRP as a proportion than it does at the moment.

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We can see we are real difficulty now. We have 5,000 more pensioners coming down the tracks at us and we talk a lot about pensioner poverty. The reality is if we keep relying on Income Tax and income-based taxation, it is the working people in this Island who will be the poor people. The people paying mortgages and feeding their children and paying school fees and doing all the other things because there is going to be much more concentration on them.

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We already have a reducing working population and we will have 5,000 more pensioners and those people will all be able to defer their TRP if they pass these tests that we do not know about yet. But that is fine. We cannot pay our bills with IOUs. I would urge everybody, please, to reject this amendment.

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The Bailiff: Finally, I turn to the proposer of Amendment 14, Deputy Roffey to reply to the debate, please.

Deputy Roffey: Thank you, sir.

2440 It has been an interesting debate but frankly the last contribution I have never heard so much ludicrous scaremongering in my life. As Deputy Matthews said at the beginning, any number of other territories want exactly this sort of scheme. Jersey have exactly this sort of scheme in relation to their long-term care scheme, of deferred payments with a charge against property.

2445 Are we really saying that Jersey is much cleverer, more adept at actually designing something like this than Guernsey could possibly be? Because if we are then I think it is strange. Also Guernsey had exactly this sort of scheme operating while the States' Housing Authority gave improvement grants for people's property and if people were above a certain age, not grants, sorry, loans, they did not have to service the loan, they could opt, if they wished to, to have a charge against their property and have it recovered when it was either sold or inherited.

2450 This idea that our whole Property Law would need to be radically changed, we have done it before. Other places very similar to us do it. It is frankly ludicrous and as for the business of we are going to concentrate more and more on Income Tax, one of the advantages of this sort of scheme is you can diversify and you can safely look to put more on non-income related taxes, such as TRP, knowing that the safety net is there for people who cannot possibly afford to pay it. So it actually helps you diversity rather than the opposite.

2455 Now, I am going to go through some of the other remarks that have been made. Deputy Matthews started saying that size does not always relate to value. I agree with him and Deputy Mahoney was quite wrong when he said that none of these are larger properties in the higher up categories that have a bigger percentage increase, will be ones of around half a million. It is an extreme example but I am going to give one really close to my house. Luckily the people are dead now so I can actually do it.

2460 Right at the top of Talbot Valley, one of the largest properties you would actually find in Guernsey, undergoing – I do not know how much – a very expensive renovation into two properties at the moment. Not that many years ago, the then owner Tommy phoned up my late wife, really scared because the BBC kept threatening him with prosecution because he did not have a television licence. She went down to see him, came back, phoned up the BBC, told them that not only did he not have a television but he did not have any functioning electricity system in there so would they please leave him alone!

2470 That property, it would get absolutely stonking TRP. They would not know how to downsize in a million years. They had made a bit of money through selling flowers and that was how they got by. But it was a family home that they had lived in for generations.

Okay, I accept that is an extreme example but there are many that are towards that situation and to say that all large properties are valuable properties. It was valuable inherently but only if you could afford to put millions of pounds in to actually renovating it.

2475 Deputy Aldwell, I have the same dilemma as her. I think I am being consistent in trying to raise as much money as I can because I know what is coming down the road as far as services are concerned. But sometimes you have to go with your conscience and sometimes, if you know that bills are going to be landing on people's mats, that they have really no practical way of paying without really going short or being forced out of their property, you have to go with your conscience. That is what I am doing today, even though I do understand the counter arguments.

2480 Deputy Ferbrache talks about the cost of running the scheme and he is right, there will be some cost to running the scheme. Actually Deputy Inder had brought up SLAWS. I think it is almost inevitable and it is not just ESS and HSC that are involved in that, it was actually being led by P&R and their staff. I think it is inevitable that some sort of scheme along these lines will be necessary in order for the SLAWS proposals and I understand from Deputy Matthews, I had forgotten what it was, it was something, I am happy to give way to him if he likes, related to derelict land or something –

I give way to Deputy Matthews.

2490 **Deputy Matthews:** There was a scheme to do with the standard for rental properties, which is currently being looked at by Law Officers, which has a very similar mechanism for land charges. It is a work in progress at the moment and there would be some crossover with this.

2495 **Deputy Roffey:** Of course you would not have three different, similar schemes, one for that, one for SLAWS and one for TRP deferral. You would bring it together into a consolidated scheme of the sort organised and run by many other territories, including our neighbours in Jersey, along the lines that used to be run in Guernsey, without any difficulty whatsoever. I actually think Deputy Ferbrache was clearly in favour of it in his heart, so I say the same to him as I say to Deputy Aldwell: in the end, in politics, go with your conviction.

2500 Deputy Bury, no I do not know how many either way and how many are wealthy and how many or not. It comes back to what Deputy Ferbrache was saying. You can have a means test if that is what you want and the only people that would be able to take advantage of it would be people on modest incomes.

2505 But we know, she knows from her Meals on Wheels and I know from my constituency work, that there are a significant number of people that if we do not do something like this are going to be really seriously affected. Already have been, actually, from the last five or six years, of what we have been doing and will be hit even worse.

2510 Deputy Dudley-Owen suggested we did it through the benefit system. That would be ludicrously generous. The only benefit we could use would be Income Support. I said in my opening we cannot just pay or let these people forego their – they have got valuable assets – we cannot just write off their rates or their TRP. That is what we would be doing. We would be using taxpayers' money to pay the TRP to come back to the taxpayer. They would pay nothing and their children would be able to inherit their £800,000 house, or whatever.

2515 So doing it through the benefit system would be utterly inappropriate. They ought to pick up the tab. It is a question of doing it when they can afford to do it rather than when it means at a time when they cannot put food on the table.

2520 Now she also mentioned that it does not mention anything to do with the elderly. She is quite right. What it says is qualifying taxpayers. That was quite deliberate because I think in 95%, maybe 98% of cases we will be talking, the people who really cannot afford to pay the TRP on their properties will be the elderly and not just pensioners but elderly pensioners. But there will be some and Deputy Gollop mentioned people with a disability, very often actually, have to expand their house considerably at ground floor level because they are in wheelchairs. It will push up their TRP, they will not have a big income and therefore, you are damned if you do, damned if you do not.

2525 If I tried to design a scheme and say this is exactly what the scheme should be, now please could you go and design the scheme, I would be told hang on, that is cart before horse, you should be actually allowing the experts to look at it and design it. So I almost did put it in specifically for elderly but I realised that that would probably be unwise and it should not be done that way – sorry, wrong glasses!

2530 Bizarrely, she said that the Le Clerc ESS brought forward a scheme that was going to clobber the asset rich and cash poor. Quite the opposite. What they put forward as a proposal to investigate something to help exactly those people to be able to meet their costs. It was absolutely the opposite of what she said –

2535 **Deputy Dudley-Owen:** Point of correction, sir.

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

2540 **Deputy Dudley-Owen:** The proposal that I was referring to was in August 2020 and I have had the benefit of time looking that up, which was defeated in the Assembly, which was to look at those individuals with assets including their primary residence over a value of £350,000.

The Bailiff: Deputy Roffey.

2545 **Deputy Roffey:** It was for everybody to be able to do that but people who did not have the available income be able to use, exactly in line what we are suggesting here, being able to use their illiquid assets in order to meet that to make it more affordable for them.

Deputy Dudley-Owen also said would this sort of scheme morph into inheritance tax by default? No, not at all. What is going to be an inheritance tax by default is having no relief scheme, these people are forced to sell their homes to meet it, have to run through those assets and then cannot
2550 leave very much to their children. That would be the bunny. The charges will not go away. The TRP bills will not go away just because the deferral scheme is not brought in.

Deputy Kazantseva-Miller, the two Propositions are contradictory. Maybe it could have been a bit more clearly. It is very clear in the explanatory note, of course what we are talking about here is passing proposals for next year that are above RPIX, less so than under the P&R proposals but they
2555 are still above RPIX, it is talking about not bringing further proposals to increase by above inflation until this scheme or a scheme along these lines has actually been brought in.

She again says there is no definition of qualifying. No, I think it is absolutely right to have a professional look at how you design these schemes rather than doing it by amendment on the floor of the Assembly.

2560 Deputy Mahoney said about higher TRP bands and not half-million pound houses. Very often they can be. I agree of course there is a correlation between size and value. But it is a pretty poor correlation. There are small properties that are uber-valuable and there are large properties, particularly people who are 80 or 85.

2565 Basically, they ran out of money to spend on maintaining them 10 years ago and they have become actually quite shoddy. They do not want to move because actually the most important thing to them is living in the place they love and where their family has been but it becomes considerably less valuable.

As for rental. Yes, there will always be, I suppose, the odd case that falls out. In most cases it is the owner that is responsible for TRP. In Deputy Mahoney's case, he will not be able to take
2570 advantage of this scheme. Well, I can live with that, frankly.

I think I have done it. People will vote the way that they want to vote. I think I have got an uphill battle here. All I will say is that if this goes through great. Just coming back full circle to Deputy Aldwell's dilemma about cash flow and a couple of people have mentioned cash flow. Yes we have a short-term cash flow problem, I accept that. We have to pay the teachers and the doctors as well,
2575 the teachers and the nurses next year. But we also have a long-term cash flow issue and what other countries have found is they can lever up these sorts of taxes to diversity more from taxes just on income if they bring in safeguards.

So in the long term I think this actually, and in the medium-term, can be incredibly helpful for our cash flow. People will vote the way they want to but if this is thrown out I am absolutely sure
2580 that we will be, I think we have already done it over the last few years, we will be extenuating a degree of pensioner poverty amongst people who have relatively large properties but are actually not at all rich.

I disagree with that. I know maybe Deputy Helyar and Deputy Mahoney said I am being illogical compared to the Deputy Dyke one. We have all got red lines and that to me is a red line. I have
2585 seen the sort of poverty that this creates and I am not willing to extenuate it.

The Bailiff: Members of the States, we are going to come to the vote in respect of Amendment 14, proposed by Deputy Roffey, seconded by Deputy Matthews. The impression I have got is that Members would like to be able to vote separately on Proposition 1 and Proposition 2 in this
2590 amendment and I am going therefore to have vote first on Proposition 1, which is to substitute table A1, which is in the Schedule to the Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2023. If you have got a paper copy it is page 61.

2595 Bear in mind that Amendment 13 also proposes to substitute the same table so you have got a three-way choice, if you like. The original table, this alternative but potentially the other alternative. So if the original table disappears, it is replaced by this table, but this table might be replaced again by Amendment 13.

Then, we will take a separate vote on Proposition 2, which is to insert an additional Proposition 20A, which is the deferred payment scheme.

2600 I have got it up on my screen so I am going to invite the Greffier to open the voting on Proposition 1 in Amendment 14.

There was a recorded vote.

Amendment 14, Proposition 1.

Not carried – Pour 12, Contre 23, Ne vote pas 5, Did not vote 0, Absent 0

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

2605 **The Bailiff:** On Proposition 1, which was to substitute table A1, there voted in favour, 12 Members; there voted against, 23 Members; 5 Members abstained and therefore I will declare Proposition 1 lost.

Now Proposition 2 in the amendment to insert rather a Proposition 20A. And I will invite the Greffier to open the voting on Proposition 2, please.

There was a recorded vote.

Amendment 14, Proposition 2.

Not carried – Pour 8, Contre 26, Ne vote pas 6, Did not vote 0, Absent 0

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Cameron, Andy	Blin, Chris	Aldwell, Sue	None	None
De Sausmarez, Lindsay	Burford, Yvonne	Brouard, Al		
Falla, Steve	Bury, Tina	Dyke, John		
Gollop, John	De Lisle, David	Le Tissier, Chris		
Leadbeater, Marc	Dudley-Owen, Andrea	Roberts, Steve		
Matthews, Aidan	Fairclough, Simon	Snowdon, Alexander		
Queripel, Lester	Ferbrache, Peter			
Roffey, Peter	Gabriel, Adrian			

Haskins, Sam
Helyar, Mark
Inder, Neil
Kazantseva-Miller, Sasha
Le Tocq, Jonathan
Mahoney, David
McKenna, Liam
Meerveld, Carl
Moakes, Nick
Murray, Bob
Oliver, Victoria
Parkinson, Charles
Prow, Robert
Soulsby, Heidi
St Pier, Gavin
Taylor, Andrew
Trott, Lyndon
Vermeulen, Simon

2610 **The Bailiff:** The voting on that second Proposition was that there voted in favour, 8 Members; against, 26 Members; on this occasion 6 Members abstained and so I will declare that Proposition lost, which means that the entirety of Amendment 14 has been lost.

Deputy de Lisle is it your wish to move Amendment 13 next?

2615 **Deputy de Lisle:** Indeed it is, sir.

The Bailiff: In that case, I invite you to do so.

[Amendment 13.](#)

At the end of proposition 20, add

"subject to the amendment indicated below:-

For Table A1 in the Schedule to the draft Ordinance, substitute Table A1 set out in the Schedule to this amendment."

Deputy de Lisle: Thank you.

2620 Sir, the proposed TRP tariffs are duly excessive and unfair to all households large and small, from my point of view. The amendment presented here cuts the TRP proposed by half, for larger properties, and by 70% for smaller properties and saves the taxpayer £750,000 in real terms, the Exchequer losing £600,000, rather than the £700,000 you heard about in the last amendment.

2625 If we turn to the explanatory note, sir, appended to this amendment, it shows that it replaces a domestic TRP tariffs proposed with increased tariffs, which are limited to RPIX plus 7.5%, which means a total of 11.4% increase in total. People would say that is amazing to hear from him. The amendment proposes that the above inflationary increases across all the bands are reduced but the higher bands, 200 and above, are reduced more than the lower bands, 100-200.

2630 What you have there in the table we can compare directly with the proposals. The above inflationary increases for the higher bands are assumed at 50%, as I said, assumed to be 70% on the lower bands. So the increases, let us go through them for each band and compare directly with what is proposed in the Budget.

2635 What I have got here, for example RPIX, 3.9% for properties with a TRP rating of less than 99. Now that remains exactly the same in my proposals and in the Budget. In the next one it is RPIX 3.9% plus 2% for properties with a TRP rating of 100-149. Now in the Budget it is 3%, in my amendment it is reduced to 2%.

2640 Then the next category is RPIX 3.9% plus 4% for properties with a TRP rating of 150-199. Now that is 4% in the amendment but in the Budget it is 6% increase. The next category, RPIX 3.9% plus 7% for properties with TRP rating of 200-299. Now in the Budget that is 10%, whereas I am weighting 7% increase.

The next category is RPIX 3.9% plus 10% for properties with a TRP rating of 300-399. In the Budget that is 20%, I am calling for 10% increase. In the Budget the next category is 30%. That is RPIX 3.9% plus 15 % for properties with a TRP rating of 400-499. As I say, in the Budget, it is a 30% increase but here it is half that, 15% in the amendment.

2645 And the last category, which is the highest category of all, in the amendment it is RPIX 3.9% plus 20% for properties with a TRP rating of over 500. In the Budget it is a 40% increase, whereas in the amendment it comes down to half of that, 20%.

2650 Now, as I said earlier, the domestic tariffs in the Budget are excessive. Householders hit by inflation, higher mortgages. It is not just the TRP that is going up in this case. As you will have realised, mortgages have gone up. So it is higher mortgages to people for their homes. It is also increased insurance. I have been quite struck by the fact that insurance costs have gone up so much. Those premiums have leapt up.

2655 Then there is the rising and maintenance and service charges, if you like, on any property, which we all have to face, with things going wrong and needing repair. These are all rapidly increasing costs for home ownership. So it is not just the TRP going up, it is all these other things that are mounting up. And the cost of home ownership will become unaffordable to many, with rents in the private sector increasing, also, to keep up.

2660 It is affecting economic growth, actually, because it is taking disposable income from local people, directly into their homes to pay their bills and they are not able to afford coming into Town and spending on other things.

Now I maintain if domestic TRP increases at the proposed magnitude continues, and I think we have heard this from Deputy Roffey, the days of owning a home in Guernsey are numbered, and those reaching retirement age will be forced to sell their properties or downsize and an increasing proportion of workers will not be able to afford.

2665 This is the fact. We are all talking home ownership, we need more housing. Who are we building for? Because with these TRP hikes on larger properties workers will not be able to afford upkeep. Just the upkeep of a home is becoming an issue in terms of cost. If you note that higher band there, will now increase in the proposed rates by £1,000 on the larger rating property. So that I am reducing to £500.

2670 In the amendment, sir, the proposed 2004??? [15.43.41] increase in domestic TRP tariffs across the board, across all bands by half and more than half for the smaller homes, the overall increase is limited to RPIX, 3.9%, plus 7.5%, so equals 11.4% in total. Already a large increase for most households to bear at the current time. This is not de Lisle Economics. This is not what I was sent here. This has come directly from Treasury in answer to my appeal.

2675 Because I said in April 2015, following consideration of the proposed Personal Tax, Pensions and Benefits Review, that was in the Billet of 2015, the States resolved to direct as part of the Annual Budget Report the T&R Department increases the rates of domestic tax on real property by no more than 7.5% *per annum* in real terms between 2016 and 2025. So I took that and I said that is what was stated at that time, right up to 2025. Do that in terms of replacing the proposals in the Budget. So that is where I got it from and I asked Treasury to provide me with those figures, all documented down to each category, which I have revealed to you today.

2680 So my amendment, Members, conforms to that policy. But the proposed domestic TRP rates increase in the Budget averaged 17% overall and I said that mine was about 11% overall, which is far in excess of the States' directive. I must say I had a bit of a shock when I saw this, the Budget with the TRP rates for domestic. I thought they were really, terribly excessive and I thought to myself, it must actually go above what we had intended years ago.

2685 As I said, the Department actually indicated that we have got to, I think it was, 89%, yes 89% of the 100% that was resolved at that particular time. So there is still leeway, then, for further increases, to get to the 100%. It is just that subsequent to that, of course, there has been a drive to hit the larger properties higher and as a result of that, as I have said, those properties have gone up excessively and I fear that those increases will have a detrimental impact on householders across the board.

2695 I can give you what it all means since 2015. It means for the 0-99, they have gone up 77% since 2015; the 100-149, 82%; the 150-199, 87%; the over 200-299, 146% since 2015 to 2024; the 300-399, 210%; 400-49, 281% increase and the 500-plus, 369% increase in TRP since 2015.

2700 So I call on Members to support this amendment, which I feel conforms to what was actually agreed in 2015, between 2016 and 2025, that should be done to give 100% increase during that period. This is exactly what that is doing. And it replaces the increase in domestic TRP tariffs proposed in the 2024 Budget Report and confines those increased tariffs and limits them to RPIX plus 7.5%, which is 11.4% in total across the board.

2705 I ask Members to support this amendment, which tries to do something, which is fair and which was something that we should have been working towards across those years from 2015 up to 2025. We have got to 2024, we are 89% there, to 100%, and I think this is a very fair way of looking at this. They are not numbers that are generated by me, they have been generated by the policy of the States.

Thank you, sir.

The Bailiff: Deputy McKenna, do you formally second Amendment 13?

2710 **Deputy McKenna:** I do, sir.

Deputy Taylor: Could I try 24(4), sir?

2715 **The Bailiff:** 24(4). Can I invite those Members who support debating this amendment from Deputy de Lisle, seconded by Deputy McKenna, to stand in their places to see how many want to do so? It is considerably more than the seven that is referred to there, but worth a try.

I am not going to call you now Deputy Taylor! That is ambitious in the extreme! (*Laughter*) As the only man standing, I will call Deputy Vermeulen next.

2720 **Deputy Vermeulen:** Thank you, sir. Great choice!

2725 I have had approaches over the matter that Deputy de Lisle, what he seeks to do with this amendment, and I think it is important that I read out one in particular because I was really quite surprised to see the reaction. Sir, I wish to protest in the strongest terms at the proposal to impose significant increases in TRP rates on Guernsey properties. Now although there are many wealthy people living in large houses who are well able to afford this extra cost there are many retired Guernsey people living in their last days in their family home who are most certainly not wealthy and are also facing substantial increases in house insurance and maintenance costs.

2730 These Guernsey people have worked hard all their lives to raise a family and unlike many recently resident high net worth individuals they have contributed to the tax exchequer all their working life, sir.

2735 This proposal is simply indiscriminate and totally unfair and manifestly unjust in the way it will inadvertently target Guernsey people who happen to be asset rich and cash poor. These people will struggle to find the means to pay significantly increased rates of TRP. There are other methods of taxation, which would raise the much-needed revenue from companies and individuals who not only have the ability to pay but often appear to be not doing so to their full potential.

2740 He urges me to vote against this regressive proposal. So we are not just making these changes and there is not going to be a reaction. The Guernsey public are feeling it and house insurance has gone up. The food has gone up. The heating has gone up. Electricity has gone up. Water has gone up. All these things are going up and up and where is it going to end? So I was really interested to see the approach that Deputies McKenna and de Lisle have taken and I think it is quite fair and equitable as rises go. It is above RPIX but I think that is fair and equitable.

I like it because it brings in more than what we have currently achieved this year. So I like it on that basis. But I also will listen to what the Treasury lead has to say on this because I am sure he will

2745 say we are going to be losing out on this amount of money if we go for this lower tariff. But, you know if people cannot afford it, we have got to bear that in mind.

Perhaps we have pushed that envelope too far. Perhaps we have gone beyond the pale and I know what a big TRP bill looks like because I think I had the largest TRP bill in the Castel parish for a number of years and that got considerably higher the longer we went on. It was a tax that we had to pay whether we made a profit or not. Considerable tax –

2750 I give way to Deputy Ferbrache.

Deputy Ferbrache: As always, sir, Deputy Vermeulen very polite and I am grateful to him in relation to that. I am sure most of us have got lots of sympathy with what he said and what the previous speaker has said. But has he got any figures? Has he got any figures in relation to how many people will be affected, why richer people who can afford to pay should not be paying? I give an example, I would not call myself rich but comfortably off, why people like I should not be paying these extra charges, which we can afford and lots of people can afford? Why should we be subsidised to the extent of the £600,000, or let us say it was £300,000, whatever the figure is, which could go towards other States' finances for those people who are not able to afford it.

2760 He quoted, it may not be his view, certainly some of his view, from the person that wrote to him. We have all had similar – but obviously not that one – types of things and I sympathise and empathise but that person was saying somebody else should pay. Who does he think should pay or does he just say that we should suffer the loss of £600,000 in relation to some people who can afford to pay and, if so, which services is he saying, as a Member of Economic Development and a responsible Member of our States' Assembly, if I may say so, which service does he say we should cut?

Deputy Vermeulen: So this actual amendment brings in more money, Deputy Ferbrache. Everyone in this Chamber is unique but I am sure, sir, that Deputy Ferbrache is perhaps (**Deputy Ferbrache:** More unique!) in a better position than the people who perhaps wrote to us. I accept that he is in that position but I have also got to think about a lot of the other who, probably the majority, are not.

I suppose it is a thing about age and when you retire and when you stop getting an income, even though if you have got a pension, I suppose it is about things like that but the increases that they are getting on these large family homes. This particular person, like myself, grandfather, all the children come back to their ancestral home, bring the grandchildren as well. They are used to their neighbours, they are used to living there. That is their family home. They were not really used to TRP. It is a quite recent tax. And it has gone up and this time it is just the timing really. I think we are coinciding it with that.

2780 I think the gentleman who I read out, I think he was alluding to perhaps tax loopholes that may need to be closed, where people possibly do not pay a tax. I think that is perhaps what that gentleman was alluding too. I can always go back and find out a bit more. As for savings, Deputy Ferbrache, I sit on the subcommittee and I think we have had in excess of 2,000 suggestions.

2785 I am conscious we have only got tomorrow and what is left of today to finish the debate and I am not going to read them all out. But there are a multitude of other, and I take on board what he says, it is always somebody else that has got to pay, I take that on board. But there are other options available to us. There is that growth, which I really do like, and there are other savings that we can and should be making, which are perhaps going to have less impact on the general public that live in Guernsey.

2790 Thank you, sir.

The Bailiff: Deputy St Pier.

Deputy St Pier: Thank you, sir.

2795 I first of all declare an interest. If this amendment succeeds I will benefit from it. I feel responsible for letting the genie out of the bottle on TRP in two ways. First of all as the co-lead for the Personal Tax Pensions and Benefits Review in 2015, which Deputy de Lisle referenced, I co-led the recommendation that the real terms value of TRP be doubled over a 10-year period from 2015 to 2025, or 2016, I should say, to 2025. That was the Resolution that Deputy de Lisle referred to.

2800 I should say, as an aside, sir, Deputy de Lisle opposed it very strongly at that time. He has opposed every increase ever since, consistently. He has been very solid in that and sir I never thought I would see the day when he would bring an amendment recommending a 20% real terms increase in TRP! So how times have changed.

2805 But more seriously, just to understand the journey which we have been on, on TRP, in 2015, we collected £5.2 million in domestic TRP and we began that journey of 7.5% real terms increases, year on year, from then on, 2016, 2017, 2018, 2019 and 2020. I think it was about 2019 or 2020 we again, and this is the second genie for which I feel responsible, Policy & Resources at that time recommended skewing that towards higher value properties and so we began the journey that we have subsequently been on since, where we lay more and more upon the shoulders of the large properties and, obviously, for good reason. We were seeking to ensure that the burden is borne who are best able to carry it.

2810 In 2021, the new P&R essentially froze TRP, small increase in 2022 and then a reasonably significant increase last year. Over that 2015-2023, the nominal increase has been from £5.6 million to £10.8 million for this year, which is 107% increase and with inflation over that time of 31.3% there has been a real terms increase of 58%. So with the recommendations from P&R this year, 17%, giving a total estimate of £12.7 million in domestic TRP for 2024, and there is, as we pointed out, a typo in the Budget Report, paragraph 2.78 says £11.1 million, that is actually wrong, it should be £12.7 million there.

2820 So the £12.7 million means that if P&R's proposals go through then there will have been a real terms increase over that period 2016-2024 of 79%. So we are basically on track for the Personal Tax, Pensions and Benefits Review Resolution of 2015, to double the real terms value of TRP overall by 2025.

2825 However, of course, because we have in more recent years shifted the burden to larger properties, I should say that was never the intention, that was never part of the original presentation in 2015. We have sort of subtly shifted, there has been a policy shift but it has not been more of a tactical response, I would say, than a well-thought through and evidenced policy choice. That I think is where my concern currently lies with P&R's recommendation for this year.

2830 At all levels, there is a logic to it and Deputy Ferbrache has presented it but interestingly in his intervention with Deputy Vermeulen he said has Deputy Vermeulen got any figures. I can turn that around back at P&R to say have you got any figures? Because of course P&R do not. The States have not done, or if we have done it has not been presented to us in this policy letter, in this Budget Report, an impact analysis so that we truly understand the impact of the changes we have already made and the further impact that is now proposed in this case.

2835 So by way of simple example, there will of course be some relatively small but very high value apartments in Town, some of them may be even open market apartments, that will be at the bottom end of these ranges. At the bottom end, bearing in mind those with a TRP of less than 100, the total TRP increase over the period 2015 to this year will have been 30%, so that is actually less than inflation over that same period.

2840 Now, arguably we may say that is perfectly justified, given the size of the property but I think the general point is that it has always been recognised that the size of a property is a proxy for wealth but it is a pretty blunt proxy and the absence of any impact analysis with such substantial increases as are recommended this year does cause me cause for concern. I say that, as I say at the beginning of this speech, as the architect both of the original journey to double the real value of TRP and to skew it towards larger properties in more recent years.

2845 So Deputy de Lisle's amendment is attractive in that context. Now Deputy Ferbrache and indeed Deputy Helyar will of course say this is going to lose us £600,000 of revenue and therefore it should

be resisted on that basis. I accept that there will be a loss of revenue but there are always choices to be made and I will say further on that in relation to general debate, when we talk about the choices we are making, particularly on the spending side and the spending recommendations from P&R.

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Taking all things in the round, I do think that it is time to recognise the substantial increases that there have been and to seek to put a brake on them in the way that Deputy de Lisle has done unless and until some work is done to present to us, to the Assembly, the evidence, through an impact analysis, that would suggest that this is a fair and reasonable thing to do and we understand the consequences of what we are doing. Because, as I have said, we have found ourselves in this place as a result of some short-term tactical decisions, of which I put my hand up and accept responsibility, but we have continued on that journey and I am now feeling quite uncomfortable about where we are.

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So for that reason I will be supporting this amendment.

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The Bailiff: Deputy McKenna.

Deputy McKenna: Sir, I was delighted to have the opportunity to second the amendment from Deputy de Lisle, a man who I hold in the highest regard, not just because he is a PhD holder, but just how he has conducted his business life over many decades. I can remember as a boy back in the seventies, working for a grower, and he grew iris and I would get a penny a bunch and you had to pick the brown tips off the iris and it would go to Covent Garden and be shipped out along with other things.

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I will show my age but those days, they say, 'I am going to open the lights. I am going to close the lights.' That was in the greenhouses there were these big panels and they would be on metal chains and they would open the panels to let the air get in and at night time they would close the lights. It is part of Guernsey tradition of what the growers did.

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This particular grower said to me the other day, do you know, my TRP bill is now the same price that I bought my house and greenhouses for! *(Laughter)* You can then say yes, but what it is the price of his house worth. The problem is he is now a pensioner because the growing industry, unfortunately, collapsed. The Dutch came in and undercut, the price of oil went up and Guernsey changed and thankfully finance came along.

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So when Deputy de Lisle so eloquently put, with economics and with figures, I cannot do that but what I am saying is that to look after your property today, you can get a gardening firm in, you can be paying £30 an hour, you get plumbers, electricians in, £40, £50 an hour. Basically the building cost now is £400 a square foot. It is huge. But some of these people are on a pension. Can you imagine a pensioner being told, say it is a couple, on £300 a week, and saying you need the plumber in, the plumber is in for four or five hours, plus his materials, there is your pension gone.

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So this TRP, it is my belief that TRP is a stealth tax. So when you say the Guernsey tax rate is 20% and then there is a self-employed practitioner, say 11%, I am saying TRP to me is a stealth tax. The Fuel Duty is another stealth tax. I see Deputy Le Tocq putting his hands up, saying what do you mean?

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A couple of years ago, do you remember I told you a story? I said there was a man who had a daughter and a son and he said to the son, 'What is two plus two?' He said, 'Dad, it is four.' He said. 'Brilliant, go and work for the States of Guernsey as an accountant!' *(Laughter)* He said to the daughter, 'What is two plus two?' She said, 'Dad, are you buying or are you selling?' He said, 'You come and work for me!' *(Laughter)*

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I told that story so I am saying it is time we stopped thinking like accountants and it is time we started thinking, and Deputy Inder said this himself one time before, Guernsey was built on traders, Guernsey was built on buying and selling and I agree. We have got to go back, instead of saying we will put TRP, we are going to put up Fuel Duty, we are going to find a GST, I am saying let us start buying and selling. Let us start trading and the biggest liability we have got in the States is the

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Public Sector Pension Scheme and it is the biggest growing taxpayer liability, as was said by Richard Digard in *The Guernsey Press*. (Laughter)

2900 I give way to a former Chief Minister, Deputy Le Tocq.

Deputy Le Tocq: I thank Deputy McKenna for giving way. I was not going to make a comment on his last thing but I would just like to point out I spend a great deal of my time seeking to help Guernsey trade more effectively with the rest of the world and that is something that I think certainly the Members of P&R and Economic Development all agree with. It is something that we need to work on now but it does not bring immediate benefits. It will come in due course and I think we would all agree to those sorts of measures. The opportunities are huge.

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2910 But to do that as a Government we also need to invest in the sorts of things that enable us to have frictionless trade with the rest of the world and that costs us money. That costs us in terms of improving the way in which we run our Government to be more effective. Otherwise, we will not be able to sign those treaties and deals.

Deputy McKenna: That is fine. If that is your belief Deputy Le Tocq, that is fine. To me it sounds spoken like a true accountant or politician but a man who has obviously not lived a life in business. And that is the way it is because I have lived as a trader all my life. So from the days of owning the old Sablon d'Or to building the Beach House at Pembroke, the first person ever to put in an ice cream machine, Electro Freeze, bought it from American, five degrees, meant it had the same temperature, sold them for £1 with a flake, called them the Lovely Jubbly. Everybody said, I will have a Lovely Jubbly. We used to sell 35,000 of them a year. It is okay I declared on the tax on that so they can hear that.

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2920 I am saying the biggest liability we are facing instead of just this tax grab by TRP, as was said by Richard Digard in *The Guernsey Press*, the greatest liability we face is a growing Public Sector Pension Scheme, which is the biggest liability to the States of Guernsey. To me, sir, unfortunately, and we are not about the States that has come in now under the current P&R, we are just saying over the years we have become like a colander. We keep shovelling the money, it is like water, water into the colander and it keeps on pouring out and instead of plugging up the holes we are saying, get me more water.

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2930 Deputy Vermeulen says we have got to look at growth. We have got to look at greater alternatives and, do you know, I am always grateful for the Chief Minister not assassinating me because it is an easy target, but I am always quite happy for the other ones to have a go. Always happy to take a bullet because I am standing up today for what Deputy de Lisle is saying and, like a lot of us in this Assembly, you kick the people of Guernsey and we are going to limp.

The Bailiff: Deputy Trott.

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Deputy Trott: I rise briefly, firstly with an anecdote.

I had not met my wife during my time as Treasury Minister, that came some time later. But one day, our TRP dropped through the letter box. She opened up the envelope and she looked at me and said, what idiot introduced TRP? (Laughter) I whistled and said, 'I think it might have been Deputy Le Tocq, I will check with him and get back to you!'

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2945 There we are. Much more seriously, whenever we are talking about TRP I think we ought to remember that the sector that has been hit the hardest, if that is the right language, is financial services and very often, when we talk about the free ride that some believe financial services have had, of course that is not the case. There have been all sorts of compensatory measures to ensure that that sector contributes appropriately.

The main reason I rose was to make the point about, if I understand the amendment correctly, the effects of these measures would be a reduction of £600,000 in revenues. Now that may not seem a lot but let me tell you what £600,000 represents. It represents £10 million of long-term borrowing, at a rate of about 6%.

2950 Now, later on today or tomorrow, we are going to consider an amendment that looks to make significant increases in borrowing, in order to satisfy our desire to expand and improve the education estate. Six hundred thousand pounds only covers the interest, long-term, on £10 million worth of borrowing and it is a factor of at least 10 times that, possibly more, in order for us to deal with our hopes for that particular part of our mandate.

2955 So I shall not be supporting this amendment but I absolutely understand the reasons it is being brought but frankly I do not think we are in a position to be able to afford the luxury of supporting this amendment at this time.

The Bailiff: Deputy Burford.

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Deputy Burford: Thank you, sir.

I have to disagree with Deputy McKenna that TRP is a stealth tax. I think most people are fully aware that they are paying TRP. It is not covert in any sort of way. I am really standing up because I have the same concerns about the Propositions in the Budget on this matter as Deputy St Pier articulated, and I will not repeat them for the sake of time.

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I am really reluctant, however, to vote against any of the income-raising measures in this Budget. I think that is a very difficult thing to do at this time. So it is just really to say that I will listen to the rest of the debate and make my mind up which way I am going to go.

Thank you.

2970

The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir.

I have enjoyed this debate. I should first declare that I would benefit if this amendment went through. So that is a declaration. It has been an interesting debate. I have been wondering what to do in terms of voting. Deputy McKenna made a very interesting and amusing speech. I would also agree that this really is not a stealth tax. This is really a smack you in the gob tax. It is very clear what it is and it is not stealthy at all. Subject to that, I think I agree with what he said.

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I found Deputy St Pier's position interesting and I think on the basis of that I am liable to vote for this. But bearing in mind that the point that was made by the proposer, that it still raises 89% of what P&R anticipated, whilst taking the sting out of it, it allows as bit of a pause for thought in terms of where this is going because it has gone up in a fairly eye-watering manner over recent years.

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I think Deputy de Lisle's proposals do make a lot of sense in terms of a compromise. There is a cost of £600,000, which has been referred to. Yes that might be the interest on £10 million. Look at it a different way it is the salary of five or six mid-range civil servants if we are doing a bit of cost-cutting. So you can look at it in various ways. On balance, all things considered –

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Deputy Ferbrache: Point of correction.

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The Bailiff: Point of correction, Deputy Ferbrache.

Deputy Ferbrache: Throwaway comments like that are not helpful. There are not many civil servants earning that kind of salary. A middle rate civil servant does not earn £120,000 a year. I think it is unfortunate that Deputy Dyke, who is an intelligent person, should make a comment like that as a throwaway remark.

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The Bailiff: Deputy Dyke to continue.

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Deputy Dyke: Well, I think the figures are not far wrong. Anyway, I will vote for this proposal. Thank you.

The Bailiff: Deputy Taylor.

3005 **Deputy Taylor:** Thank you, sir.

Apologies, I brought the motion earlier because I thought most of the arguments that we were going to hear in this debate had been pretty much rehearsed in the previous debate. I just want to bring on track, there is a lot of talk about percentage increases but if you go to I think it is table 8.2.79 in the original policy letter, which sets out, it is my understanding, what these increases actually are.

3010 So if you had a property with a TRP exceeding 500, the average additional payment for 2024 is £1,100. So I think putting that in perspective, yes, 40% may be a big percentage increase but £1,100, relative to the likely wealth of a person in that kind of house, and I accept there may be exceptions. There always are. But realistically, is this really worth having such a big debate about? I hope
3015 Members will reject this and we can get on with raising some more revenue for much-needed services.

Thank you.

The Bailiff: Deputy Brouard.

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Deputy Brouard: Just to rate a point of interest, sir.

The Bailiff: A declaration of interest, yes. But you do not want to speak?

3025 As no one else is rising I will turn to the Vice-President to speak to Amendment 13, please, Deputy Helyar.

Deputy Helyar: Thank you, sir.

I declare an interest, as I did for the former matter. I like Deputy de Lisle, he really does stick to his guns, particularly on TRP. He clearly does not like it and he raises the issue every time but we have got a circle to square, unfortunately, and I wish I was not doing it either, but it is my job, our
3030 job collectively to try and find a way to raise revenue in the light of increasing costs.

That would take me onto what Deputy Vermeulen said. People are struggling. Everything is going up. Pensions are going up. Pensions are going up the same as inflation. Government costs are going up as well and we have to pay for them. We have to pay our staff. We have got a lot of
3035 people doing a lot of very essential work across lots of different sectors.

So that is the reason why we need to raise the kind of money that we are looking at. One of the things we have tried to do, and this comes out of work that was done already in the Tax Review subcommittee, which Deputy Trott sits on and Deputy Moakes, is that we separated out the zero-
3040 200 levels of TRP in the Budget because 70% of properties is in that section and that means that if you apply an overall rate, it disproportionately affects those at the bottom level. So we have tried to make it more progressive in these proposals.

Yes, the rises are significant but as Deputy Taylor says, £1,100 for somebody at over 500 TRP is not in this great scheme of things that significant. I do accept that, as Deputy Roffey said in the former, there are exceptions to that rule. There are people living in very expensive property. And as
3045 Deputy Matthews has said, there is work being done to look at how we might blend value of property with the current TRP way in which we do those sorts of calculations.

Deputy St Pier, impact analysis, I agree. That is something that we should consider. We cannot just keep pressing this particular button and that was one of the points that we were trying to make in the Tax Review. I am not going to go over all those arguments again. It is a ship which has sailed.

3050 Deputy McKenna made a good speech. Again from the heart, as usual. It was interesting to hear the views of that particular writer in the *Press*. Public sector pensions are paid out of the public sector pension pot. They are not paid by the taxpayer. The taxpayer pays the contributions of the staff that we employ and so the more staff we employ the more contributions we pay.

3055 We cannot stop paying those contributions. Even if that defined benefit scheme was not there, we would still have to pay pension contributions into a deep, ??? [16.24.57] , if we were to close it. We have already said and we have made commitments and there are Resolutions to say we will close it. But I have already telegraphed in the F&IP and in other occasions, do not expect that the overall cost will go down because it may not.

3060 I appreciate Deputy Trott's comments. Again, financial services have borne the very greatest part of the TRP increase, which are over 1,000%, I think, since the increases started. The advice I had and Deputy de Lisle was talking about the 7.5% real terms increase, Deputy St Pier looked at that from a blended perspective, which was helpful.

3065 My understanding was when the higher bands were introduced in 2019, they were considered to be at a premium rate and that is one of the reasons for introducing the lower bands as well so there can be more progressive increases built into those going forwards, subject of course, as he says, to impact analysis.

Clearly the Committee cannot support these proposals in the amendment because they reduce the amount of revenue and we are desperate for revenue at the moment so I would just ask Members. It may be with a heavy heart, but please to reject this amendment.

3070 Thank you.

The Bailiff: And finally, I turn to the proposer of Amendment 13, Deputy de Lisle, to reply to the debate.

3075 **Deputy de Lisle:** Thank you, sir.

I think the majority of speakers have agreed in one way or another that these TRP tariffs are excessive and unfair to households and I have tried here to limit to some extent those increases to all ratings for TRP, right down to the smaller, right up to the larger. And I think that has been done through the policy that we are supposed to be adhering to. I think that is very important. It is not just something from me, it is something that the States agreed to in 2015, which was then quite a hike of 100%-plus over that 10-year period.

3080 Deputy Vermeulen started with making the point with respect to the impact for those asset rich and cash poor and made the point after a while of indicating from some of his constituents their concerns, indicating that from his point of view the push of the envelope was just that much too far and needed to be modified.

3085 Deputy St Pier made the point that we were on track with respect to what was proposed in 2015 for 2016-2025 but, as he said, we shifted towards the larger properties, we skewed the whole proposal to some degree and at the same time recognised, of course, the limitations of size, of property, in all these dealings.

3090 Taking everything in the round, he did seek to put a brake on the increases. He definitely saw that this tariff proposal was excessive and he thought also that there should be some short-term tactical discussions on the way forward and he would support the somewhat moderate proposals and indicated to all that he was quite surprised that I had come forward with something like this.

3095 But you see I started with zero increases through to RPIX and then thought it through and I just wanted to succeed today in bringing some moderation and it seemed to me that if we conformed with the policy direction that we had and that we are still supposed to be operating within this, we have not quite got to the 10 years yet, that would provide some moderation in terms of the tax hike on all people committed to paying TRP in this current coming year, which really is a very fair way to think this through.

3100 I thank Deputy McKenna for his support with the amendment. Others have paid tribute to him in terms of an amusing speech. He emphasised the cost of borrowing and I think this is a very important point and I must say that I have been surprised this year by the hike in my insurance premiums and also in all costs of dealing with anything, such as clearing trees, even, around the property after this particular storm.

3105 So those costs have to be absorbed by householders and I am very much afraid that if we go on in the direction that is being proposed here in these proposals of the Budget, that in reality many people will not be able to afford a home of their own because it is becoming a very expensive proposition.

3110 When you sit back sometimes you think, what am I doing all this for? All these changes? A new bathroom here and a new kitchen there. What is it all about? Because my father, I always remember, they always said, Bob, we will leave all those changes to the next generation, and they did and I have been trying to absorb those costs ever since! *(Laughter)*

3115 I thank Deputy Trott for emphasising the impact on the finance sector. But also indicating how his spouse reacted, if you like, to the bill coming in the post for TRP. Deputy Burford still sort of thinking on it but identifying to some extent with the concerns that Deputy St Pier brought forward, having been an architect in this area years ago.

3120 To Deputy Dyke, who enjoyed the debate, he maintained that it makes a lot of sense in terms of compromise and Deputy Taylor very quick to reject but I am not sure that his parents would think perhaps in the same way. **(Deputy Taylor: Hear, hear!)** Deputy Helyar made a few interesting points. First he said the rises are significant. Secondly he said that impact analysis along the lines of Deputy St Pier need to be taken and, thirdly, he said, we cannot keep pressing this button and he is absolutely right. I share those sentiments with him.

3125 In conclusion, because we have not got a lot of time and we need to be pressing on, I call on Members, please, to support this amendment for the Guernsey population as a whole. All it is doing is some modification but it is still hefty on many. It is still very hefty on many. Support the amendment.

3130 It replaces the increases in domestic TRP tariffs, proposed in the 2024 Budget Report, with increased tariffs, limited though to RPIX plus 7.5%, 11.4% in total, and a relatively small reduction, if you like, from the 17% that is being asked by the proposals in the Budget. So please support the amendment and thank you for the lively discussion.

3135 **The Bailiff:** Well, Members of the States, we come to the vote now on Amendment 13, which is proposed by Deputy de Lisle, seconded by Deputy McKenna, which if approved will substitute Table A1 in the schedule to the draft Ordinance, Proposition 20. I invite the Greffier to open the voting, please.

Deputy Soulsby.

3140 **Deputy Soulsby:** Yes, I do not really have to but I will declare an interest. If this amendment passes, I will benefit from it.

The Bailiff: Thank you.

There was a recorded vote.

Amendment 13.

Not carried – Pour 17, Contre 19, Ne vote pas 4, Did not vote 0, Absent 0

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Burford, Yvonne	Aldwell, Sue	Blin, Chris	None	None
Bury, Tina	Dudley-Owen, Andrea	Brouard, Al		
Cameron, Andy	Fairclough, Simon	Roberts, Steve		
De Lisle, David	Ferbrache, Peter	Snowdon, Alexander		
De Sausmarez, Lindsay	Haskins, Sam			
Dyke, John	Helyar, Mark			
Falla, Steve	Kazantseva-Miller, Sasha			
Gabriel, Adrian	Le Tocq, Jonathan			
Gollop, John	Mahoney, David			
Inder, Neil	Matthews, Aidan			

Le Tissier, Chris	Meerveld, Carl
Leadbeater, Marc	Moakes, Nick
McKenna, Liam	Murray, Bob
Queripel, Lester	Oliver, Victoria
Roffey, Peter	Parkinson, Charles
St Pier, Gavin	Prow, Robert
Vermeulen, Simon	Soulsby, Heidi
	Taylor, Andrew
	Trott, Lyndon

3145 **The Bailiff:** In respect of Amendment 13, proposed by Deputy de Lisle and seconded by Deputy McKenna, there voted in favour, 17 Members; there voted against, 19 Members; 4 Members abstained and therefore I will declare Amendment 13 lost.

Deputy Oliver, can I just check quickly that you are not proposing to lay Amendment 7 because it has been superseded by Amendment 16?

3150 **Deputy Oliver:** That is correct, sir.

The Bailiff: And Deputy Roffey, can I similarly confirm that Amendment 4 will not be laid because it has been superseded? So the next amendment, Members of the States, will be Amendment 3, if Deputy Prow the proposer of it, wishes to move that amendment now.

3155

Deputy Prow: Yes please, sir.

The Bailiff: Then I invite you to do so.

[Amendment 3.](#)

To insert a new proposition immediately after Proposition 16 as follows:

"16A. To direct the Policy & Resources Committee in consultation with the Committee for Economic Development and the Committee for Home Affairs to investigate the introduction of –

(a) a further separate independent Small Brewery lower rate of Excise Duty for very small micro-breweries, and

(b) a rate of Excise Duty chargeable on spirits for small independent distillers together with a clear definition of such a distillery and the producers liable to such a rate, and to report back to the States by the end of June 2024 with suitable recommendations."

3160 **Deputy Prow:** Thank you, sir.

We need to make progress, sir, so my opening on this amendment can be brief. It focusses on exploring the Excise rates for very small, emerging businesses, who operate or want to start opportunities locally in developing a market for those brewing limited volumes of beer or manufacturing niche spirits, designed to appeal to local consumers.

3165 In bringing this amendment, I would like to thank the President of Economic Development, and Deputy Vermeulen, who has seconded it, for their support and efforts. From the outset of this term, some of those enterprises have reached out to both Home Affairs and Economic Development to consider the initiatives as laid out to help bolster the economy in the hospitality sector, by encouraging these emerging enterprises.

3170 Turning to the detail, the amendment does what it says on the tin. The amendment proposes an investigation into the introduction of a lower rate of Excise Duty for small micro-breweries, alongside the existing small breweries rate and a new rate of Excise Duty for small, independent distillers, chargeable on spirits.

3175 The investigation would seek to identify the impact of such changes on revenue collection and the economy in general and the likely scale of benefit to business. The amendment mandates the named Committees to report back to the States by the end of June 2024 with appropriate recommendations.

3180 As said, this matter has been brought to the attention of the Committee *for* Home Affairs and the Committee *for* Economic Development by several small businesses starting out in the drink manufacturing trade. These businesses believe they could grow and develop if there were lower Excise rates in place in respect of the production of low volumes of their products.

Sir, I therefore ask the Assembly to support and approve the amendment, so that this investigation can commence. Thank you, sir.

3185 **The Bailiff:** And Deputy Vermeulen, do you formally second the amendment?

Deputy Vermeulen: Correct, sir, I do.

3190 **The Bailiff:** Thank you very much.
Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

3195 I might warn Deputy Prow that his microphone is still on, while I am on my feet! Unless I hear anything to persuade me otherwise, this seems like a perfectly reasonable and sensible amendment and, as I say, unless anything crops up in debate that has not occurred to me, I am more than happy to support it.

3200 I just have one question for Deputy Prow when he replies to debate and that is whether there is really a need to report back to the States by the end of June 2024, which seems to me to be adding in a layer of work that might not be necessary because I would have thought that the proposals, if the sponsoring Committees are happy with the proposals, they can just go straight into the Budget Report and save a bit of additional work. So I just wonder if he might be able to speak to that point when he replies?

Thank you.

3205 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: Thank you, sir.

3210 I want to support this amendment but I have got issues here. There are no definitions. It is talking of a small micro-brewery, which sounds tautology to me, small and micro. If the intention is, in the explanatory note, that it is for start-ups, should that be part of the amendment? I am not sure. And if it should be start-ups, surely we should be looking at start-ups generally, rather than focussing on just alcohol and I can expect anybody from HSC would be questioning why we should be giving special benefit to start-ups in that industry. So I would just like to hear more about definitions and what we are trying to get at here that we do not do already, having a smaller brewery lower rate.

3215 **The Bailiff:** Deputy Falla.

Deputy Falla: Thank you, sir.

3220 Briefly to say Guernsey has a long heritage of brewing and distilling and that continues to this day, as we know, and anything we can do to encourage that kind of entrepreneurial spirit should be continued. If there is to be a working party, sir, I would like to volunteer to be on it. *(Laughter)*
Thank you.

3225 **The Bailiff:** Deputy Brouard.

Deputy Brouard: Thank you, sir.

Any change, which reduces the cost and therefore increases the accessibility of alcohol goes against your, collectively, Combined Substance Use Strategy, where one of the strategy's strategic outcomes is evidence-based treaties and legislation policy in action. The World Health Organisation

3230 framework for action on alcohol states that increasing alcohol Excise Duty to reduce affordability is one of the three WHO best buys. In other words, it is one of the most cost-effective policy measures, which yields the most significant health gains for the least resources invested.

3235 So if it is for encouraging new start-ups, why not encourage new fitness centres or other areas of the economy? There are other businesses that these entrepreneurs could go into which have a greater benefit to the economy and also the greater benefit to health. So I am afraid I am not going to be able to support this particular move. If it is for new start-ups, we have really got to try and think what message we want to send out as a community and alcohol, unfortunately, is not always used in the best manner and we are trying to reduce the intake of alcohol and also the intake of tobacco and other related products.

3240 So these are your collective strategies, which we are trying to put in place. I think trying to encourage one particular person or persons to come into this marketplace, my encouragement would be to go to other marketplaces, where we could all benefit from the economy and benefit health-wise as well.

Thank you, sir.

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The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.

3250 Short and sweet so far and quite lively and, as Deputy Prow says, we must move on. In Economic Development I sit as well as being Vice-President of Home. What I took to the States three years ago in the Budget was something that was very narrowly defeated, which was to look at small distillers on the Island at the time. Very narrowly defeated, only by about one vote, I think.

3255 Interestingly, since three years ago, things in Guernsey have changed and I think we have got to look after the business which we have on the Island, because if we do not look after and support those industries in their infancy and their start-ups and they are just getting going, you know what happens. A couple of those have fallen by the wayside.

3260 Locally produced beers from microbreweries, locally produced spirits are very important to tourism and locals drinking moderately enjoy those products too. Interestingly the UK Government in their Budget this year dramatically changed things and I think they must have seen my original amendment three years ago and thought, this Vermeulen character, he is onto something! I think that is what happened!

3265 But over there they have got a problem with drinking, Deputy Brouard, and it is cheap liquor which is sold in supermarkets. They have also got a problem with the number of British pubs, which have gone out of business in the last five or so years. Quite craftily they have tweaked it so that draught beer is perhaps more attractive to be sold in a controlled environment where you have got a landlord, door staff on the door, rather than perhaps youngsters preloading, schoolchildren preloading, having bought booze illegally through a shop, which does happen. Happens in the UK and that is how they have got around it.

3270 They have also looked at microbreweries and start-ups and Deputy Soulsby asked, small producers, what is the difference between a microbrewery and a small producer? I can help. What we are talking about is a little bit like the local cheeses that are made. We had Mandy Gerrard's excellent goats' cheese, Fenella Madison's cheeses. Artisan cheeses made on the Island. Now the definition of artisan is usually small producers, no mechanisation, so hand-produced, high quality products. Well you will not get a better milk than we sell in Guernsey for cheese, you will not get a better milk.

3275 It is the same with the spirits that are produced on Guernsey and it is the same that is produced in the microbrewery that comes from Guernsey. Those are much smaller quantities. It is the sort of thing Deputy Soulsby could brew in her garage at a weekend or if she thought there was some future in setting up and I think we should be encouraging manufacturing. That is what it is about, it is manufacturing on the Island.

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So I urge Members to get behind this amendment. We are to look into it. I do not believe there would be any adverse loss of revenue to the Exchequer. Of course, you might find a few more businesses set up. It encourages more businesses, who would employ more staff and they would pay more tax in the long term. It is a sprat to catch a mackerel, that is what this is and I urge all

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Members to support it.

Thank you.

The Bailiff: Deputy Roffey.

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Deputy Roffey: Thank you, sir.

I may be the only one here that does not quite understand the Lilliputian philosophy that the smaller you are the less you should pay. I am sure there is a logic to that and I accept that I am in the minority but that is not really what brings me to my feet. What brings me to my feet is a concern the tone I have heard is this is all about local microbreweries and distillers and I do not think that legally we can possibly discriminate in favour of local producers in the form of taxation.

3295

So, if we bring this in, and I do not mind it being looked at if we have got enough policy officers to go around looking at these things and we have not got more important things to do, then fine, but if a major supermarket chooses to buy from a micro distiller in Somerset or a microbrewer in Cheshire, they will have to be treated exactly the same way. And yet listening to this debate it sounds as if this is purely going to be a break for on-Island production and I think I have to put down a marker and say we just cannot possibly do that.

3300

As to the problems with alcohol and yes I probably should declare an interest with alcohol problems – I do not think however low you put down the duty on small producers, you are ever actually going to stop preloading because I think supermarkets will always have the purchasing power and not the overheads of a hostelry, if you like.

3305

I think the only way you overcome that is probably through a Scottish system, which is the minimum unit price per alcohol. If we have got a really serious alcohol problem then despite speaking against my own interests here I think probably that is a route we should go down.

But my main point is fine, if you want to say small is beautiful and therefore should have dispensation, fine, but it cannot be Guernsey small alone. That may be what is in the back of your mind in what you are trying to help but you absolutely have to do it with a straight bat and say that stuff imported from microbreweries and micro distilleries has to be treated in the same way because I think, I look towards Deputy Le Tocq, our WTO obligations absolutely require –

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I give way to Deputy Le Tocq.

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Deputy Le Tocq: Just to save time, that is absolutely right. But I mean obviously I think the proposers of this realise this. There is very little room for movement with WTO regulations in this regard.

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Deputy Roffey: I think that is all I have got to say.

Thank you.

The Bailiff: Deputy Gabriel.

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Deputy Gabriel: Thank you, sir.

Much in the same vein as Deputy Soulsby and Deputy Brouard, I do have a problem with the proposer being on Home Affairs. When summing up I really hope he can tell me the dichotomy, I suppose, of Home Affairs, who are responsible for Bailiwick Law Enforcement and how they all will cope with the understanding that here he is, the same President of the Committee, promoting alcohol use. Of course everyone can consume alcohol responsibly but unfortunately some people do not or are not able to and the night time economy does suffer from that

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I know from personal experience, having being out with our Bailiwick Law Enforcers on a night shift that there are certain problems and most are attributable to excess alcohol. So I would really like to get that balance sorted out in my mind and, at the moment, I cannot support it because, whilst not stifling the local economy, I cannot see that other sectors are being promoted and to choose this sector when the President of the Committee responsible for Bailiwick Law Enforcement and enforcing the night time economy problems is also promoting it, I really cannot understand.
Thank you.

The Bailiff: Deputy Inder.

Deputy Inder: Yes, I struggle a little bit with some of the logic of the responses. I am going to start, with the greatest respect, with Deputy Gabriel. If a product exists, just because it is made over in the UK or made in Guernsey I genuinely do not see a connection between use, abuse and policing thereof.

Just because a spirit might be made in the UK and then imported into Guernsey, it is not going to stop that same person from drink driving or acting like a prat in Town or wherever. I genuinely do not see the connection at all. If people really think that is a problem just ban alcohol. That is what you really should do. If you really believe it is so bad and causes all the ills of the world, just ban it. Simply ban it.

The same can sort of be said for the President of Health, and it was on a similar line, he has told us that we have got an alcohol abuse strategy and we want to ban smoking. It is sounding like the fun Gestapo, it really is. These artisan small businesses are the way the world is moving. There is nothing wrong with young people coming up with ideas, trying to get on their way in the world unless it is entirely illegal, of which it is not.

Now both Health and probably all of us benefit quite massively from it They do not mind the tax from it. They do not mind the tax from alcohol but they do not want us to drink it. They want to ban smoking. They are happy with the tax from it. Guernsey, I am afraid, and it is not peculiar to Guernsey, it is all this modern society that really wants to say, well we have got real concerns about this. But you do not mind taking the King's Shilling, do you? You really do not mind taking the tin.

I reject that view. I would take it more seriously if actually Health had come to this Assembly and said we want to ban smoking, we want to ban alcohol. Then we can have a proper debate. But stop pretending that one does not really care when probably half of you go back and do a bottle of wine – probably after my speech! *(Laughter)*

We go through this silly little pretence that we are all really against alcohol because it is all our policy. I am not against alcohol. Clearly not against smoking. But neither is Government. So stop pretending that you are. Government has got to stop pretending it is against alcohol when it does not mind taking the tax. Government has got to pretend it is against smoking when it does not mind taking the tax.

Just to answer just briefly, Deputy Soulsby's question of why Economic Development or a Member of Economic Development, and I think as far as I understand it is supported by the whole of Economic Development, is doing it just for this. This is enterprise, why it is just this? Because it is based at excise. We do not do Excise on jogging, cycling, or making cheese. Because it is an Excise-related benefit and when we start charging people for jogging, cycling and going to the gym, I would put the same ??? [16.56.33] in. So I would ask Members to support this.

Thank you very much,

The Bailiff: Deputy Taylor.

Deputy Taylor: Thank you, sir.

Firstly I just want to address the point made by Deputy Brouard, which seemed a bit of a plea for entrepreneurs who may be thinking of starting up a microbrewery to put their energy into something else. I just think that is a slightly worrying position for Government to take because if

3385 you are an entrepreneur you are best to do something you love. That is generally what entrepreneurs do because if you love it, you have got passion for it, and you will put your all into it and you would hope it would be a success. That is why you set up a business, generally. If you make money on the way, bingo. So just to err on the side of caution with comments like that.

Secondly, I just want to draw attention to the existing independent small brewery rates because there is –

3390 I will give way to Deputy Brouard.

Deputy Brouard: Thank you very much for that.

3395 The point I was trying to make was that these businesses are starting up but they want a different tax rate to help them to start up. If they are coming to the market, come to the market. I would prefer that they did housebuilding instead at the moment. There are other avenues besides microbreweries who then want to have a lower rate to help them start up. I do not think that is an unreasonable request. If your model only works on lower taxes then I can probably think of some models that would work better also with lower taxes.

3400 **Deputy Taylor:** I thank Deputy Brouard for the further explanation but I draw his attention to the final line of the explanatory note, which refers to these businesses believe they could grow and develop. Some of these businesses, they have already started. I would hope that there would be a few more.

3405 Again, I just want to drum in. A microbrewery, if we imagine that Deputy Soulsby might start in her garage, you can do that alongside your existing job. Yes, Deputy Soulsby could go out – sorry, Deputy Soulsby for being the example – and start building houses as well but again if you can start up a little industry or a little business in your garage, that should be encouraged. More power to you if you can do it alongside an existing job.

3410 Back on the point I want to make that there is already an independent small brewery rate and if you look in the Budget you can see that for a beer, between 1.2% and 2.8% volume, you save about 34 pence per litre by being an independent brewer. So there is precedent here. I do not know and this is I suppose to question to Deputy Prow, how that applies, if it still applies to independent brewers in the UK. I think it does.

3415 But whether this amendment came in and applied to small start-up breweries in the UK as well as in Guernsey, yes I suppose that might detract in some way but if we are talking a microbrewery, if they are going to set up with the whole purpose of exporting their beer to Guernsey, good on them!

I just think this is a pretty simple amendment. It is directing to come back and so looking at the explanatory note, I just want to really draw attention:

The investigation would seek to identify the impact of such changes on revenue collection and the economy in general, and the likely scale of benefit to business.

3420 It might come back and say there is absolutely no benefit in doing this or, as Deputy Gabriel has pointed out, there might be significant negative impacts that mean we should not do this. But it feels a pretty simple thing, I think, between Economic Development and Home Affairs. We have got the resources and the political will to look at this, so I think Members should give us a thumbs-up and the go ahead to get on with this probably quite small but potentially quite important workstream.

3425 Thank you.

The Bailiff: Deputy Oliver.

3430 **Deputy Oliver:** Thank you, sir.

I cannot count how many Members of the States always say, do you know what, we need another Specsavers. We need someone else to bring in money. Well, I think this is just one level and I think Economic Development and Home Affairs were really right to bring this to the Assembly.

3435 I know in the last term we had a number of people actually approach us saying, our business could grow a lot if we could get over this because the fees are astronomical. I do not know if many people know that. I think that we just need to actually vote for this, get on with the rest of the debate. It is a really good thing to just go and explore it. If we can make more money from these small, independent companies, then please let us do it because we are in desperate need of actual more funds coming in.

3440

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, sir.

3445 Mine is short and sweet. I have been fairly consistent on the votes up to now, bearing in mind I did not support the introduction of GST and I take this approach that anything which is reducing the revenues or the proposed items from the Budget I have just not been able to support. I am trying to be consistent.

3450 This one, however, is the other way around. This one is manufacturing. Now on a recent visit to Jersey, meeting with the Jersey Economic Development President, discussions were just about the differences in the Islands and Jersey does hardly have any manufacturing. We are ahead there so this is one good one for us that we keep on doing things like manufacturing. This is a little boost to help them going. We have seen over the years, and I do not want to mention the names and I am sure everyone is aware of the distilleries, the microbreweries that have been growing.

3455 This is a small thing. I am super supportive of the fact it has been brought by Home Affairs and Economic Development. It is the right people, particularly because of the Customs and Excise element and that. It is a boost. I do understand the point of view of Deputy Brouard and it is something he really has to reflect and say, as part of his role as well.

3460 But let us just remember that if anything not only are we helping the growth of our economy, we have to have a sensible use of how that is applied and, if anything, I would ask to Economic Development and to maybe Deputy Le Tocq with his role, maybe they could go further and try to open doors into UK and France to sell this to as well. It just all goes together.

3465 As far as I can see, something very positive, very nice in the middle of all this painful Budget going on, because everything is about we need to raise money. Please, I hope this is supported as unanimously as possible, understanding of Deputy Brouard's point, but this is something very good.

Thank you, sir.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

3470 I have got a few observations, a couple of questions. The last time we debated this I think Deputy Vermeulen said that this type of alcohol is more of a niche, more expensive and it is not the kind of cheap supermarket alcohol, so it is far less likely to cause problems than the cheaper alcohol. But addiction does not care how rich you are. It does not care how much money you have got in your pocket and alcohol and tobacco are the two most highly addictive substances that we legally permit our community to buy and to consume. *(Interjection)* Coffee is addictive, as well, yes.

3475 The harms caused by alcohol, it is incredible the proportion of HSC's budget that goes towards treating the causes and the damages caused by alcohol. It is incredible. Health in all policies. Have we forgotten about that? This does not smack with health in all policies. I drink alcohol myself, probably too much alcohol I drink myself. But that is my choice and it is legal. But if alcohol was discovered today there is no way we would make it legal for sale to the rest of our community, not a chance in hell would we do that –

3480 I will give way to Deputy Vermeulen.

Deputy Vermeulen: Sir, I am pleased that Deputy Leadbeater has given way.

3485 One of the microbreweries on the Island brews an excellent low alcohol lager. Very good; 2% I think it is. Now you can buy Carlsberg Special Brew at 8% and you can get the old White Diamond, I think that was 8%, and that worked very quickly. *(Laughter)* But the massive growth area among millennials is low alcohol. It is super trendy.

3490 Now my original amendment did not cover the microbreweries but this is the growth area for beers. Low alcohol lagers are absolutely huge and the UK are not daft and what they have done in their budget is they have realised that the alcohol sold in bottles in the supermarket is very expensive and it is causing the problems because it is cheap alcohol, there is no VAT charged on it and yet there is VAT charged in pubs on the beer that they sell.

3495 So they have compensated for the draught, a bit more responsible, and of course low alcohol, if you are producing a beer, which is 2% then you are obviously paying a lot less duty. I myself have been drinking non-alcoholic lager for the last two years, trying to lose a bit of weight and it has worked!

But thank you for letting me interject there.

3500 **Deputy Leadbeater:** I am not sure whether to thank Deputy Vermeulen for that or not!

He is kind of arguing against his amendment here because low alcohol and non-alcoholic drinks either command little or no Excise Duty so I cannot really understand the point he is trying to make there. If Deputy Vermeulen wants to promote low alcohol drinks, I do not think this amendment is trying to achieve that. I really do not.

3505 One important point I think we need to be conscious of is this was brought to the Committee for Home Affairs last term and the officers within the Committee for Home Affairs, within the Border Agency, were strongly opposed to it. So I would like to know when Deputy Prow sums up what has changed in the officers' perception from last term to this. Because that is something that came to my mind.

3510 Another point, if Home and Economic Development want to do this work they do not need a States' direction for it. If they want to go and examine the cause and effect of this, because this was actually one of the reasons why Deputy Vermeulen's amendment last time was voted down, because there was no cost benefit analysis. There was no analysis into what we would gain from this. This is what this is seeking to achieve.

3515 But I think what Home Affairs and Economic Development should have done is gone away and done that piece of work and then brought it back to the States: this is the evidence, this is what we have got, now this is what we propose. I do not see any of that work being done. I would like to know how many companies, there are several companies we are told here, how many companies have approached Home Affairs and asked for this.

3520 I have lost my notes here, I am sorry. I think Deputy Prow when he opened talked about limited volumes and a nice product. Limited volumes would mean that there is probably a limited effect, that this would have –

I will give way to Deputy Prow.

3525 **Deputy Prow:** Yes, the limit with the current small breweries rate and indeed with cider, it is a restriction on the amount, of the litre-age that you produce. You cannot apply for this rate if you produce over that litre-age and that is what the investigation would settle upon. I do not know if that answers Deputy Leadbeater's question.

3530 **Deputy Leadbeater:** I thank Deputy Prow for that interjection, sir.

I am not going to be supporting this amendment. Even though I unfortunately, as I pointed out myself, drink alcohol myself, I still do not think we have the Combined Substance Use Strategy, which tells us that we should not be encouraging the use of harmful substances, certainly like alcohol and tobacco, that I said before are the most damaging substances circulating in our

3535 community. I find it quite ironic that the proposer and the seconder spoke really strongly against HSC examining the legal status of cannabis when they were proposing to reduce the duty on a substance that is far more damaging and addictive.

Thank you, sir.

3540 **The Bailiff:** Deputy Dyke.

Deputy Dyke: Thank you, sir.

I welcome this proposal as a small gesture towards developing small businesses, which I think we do not do enough emphasis on growth and developing business. So I think this is useful.

3545 In terms of the alcohol problem I do not see this adding to it in any way. These products are not going to be particularly cheap they are not going to undercut the cheapest spirits and beers that people can buy already so if you have a tendency to drink too much this is not going to increase it, it will just give you different opportunities in terms of drinking different things. But it is not going to give you, for the real problem drinkers and the guys who attack taxis in Town, this is not going to be what they are drinking. It is going to be more expensive than their normal tipple.

3550 I daresay Deputy Prow and Deputy Vermeulen are going to find all sorts of blocks thrown in their way on this but I do hope they can find their way around them. I would say I was slightly shocked at Deputy Taylor suggesting that one might make these products in one's garage. That would require a change of use application from the Development & Planning board! *(Laughter)* –
3555 I will give way.

Deputy Taylor: It is just as well that I am the Vice-President of the Development & Planning Authority and not Deputy Dyke because I can tell him that it would probably fall under an ancillary use and therefor would not need a planning application to make alcohol in your garage!

3560 **Deputy Dyke:** Yes, we can discuss that at the next meeting on the IDP.

I think that is all I have got to say so I wish them all the best for it and I look forward to hearing their detailed proposals, ASAP.

3565 **Deputy Queripel:** 26(1), sir, please.

The Bailiff: Can I invite those Members who still wish to speak on Amendment 3 to rise in their places? Deputy Queripel do you still wish to put the motion?

3570 **Deputy Queripel:** Yes, sir, please.

The Bailiff: The motion is that debate on Amendment 3 be curtailed subject to hearing from the Vice-President and the proposer of the amendment. Those in favour; those against.

Members voted Contre.

3575 **The Bailiff:** I will declare that lost.
Deputy St Pier.

Deputy Taylor: A recorded vote, please, sir.

3580 **The Bailiff:** Yes, will you get a motion up, please Greffier? And will you open the voting, please, Greffier.

There was a recorded vote.

Not carried – Pour 15, Contre 22, Ne vote pas 2, Did not vote 1, Absent 0

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

3585 **The Bailiff:** On the procedural motion proposed by Deputy Queripel under Rule 26(1) there voted in favour, 15 Members; against, 22 Members; 2 Members abstained, 1 did not vote and that is why it was declared lost.

So, Deputy St Pier.

Deputy St Pier: Thank you, sir.

3590 Very briefly, others have already made many of the points, which I would wish to make, so I will not repeat those. Two further points to make, sir. One is the matter of prioritisation. This is clearly an additional work stream that, as Deputy Leadbeater has said, it will require resource, particularly from the Border Agency team to consider, and it is not a simple matter, for the reasons that Deputy Roffey and others have highlighted in relation to geographic limitations and so on. So the question
3595 of prioritisation I do not think is addressed in the Rule 4 or the explanatory note and Deputy Prow may wish to comment on that to confirm how his Committee intend to make room for this within their own priorities.

I think the second observation I would make, sir, is that if the Committee *for* Home Affairs would seek to benefit domestic brewers and distillers the most then probably what they could do actually
3600 most effectively would be to abolish Duty Free. Because of course that is where so much alcohol can come into the Island at a lower rate, no duty rate.

Again, it is a complex area and there are international agreements, which govern the matter of Duty Free, but there is more that could be done if we had the political will to do so, that I suggest would be more effective in helping domestic producers of alcohol if that is the policy objective, by
3605 effectively protecting the market by keeping out low cost Duty Free products and I would encourage the Committee to work on that if indeed they are serious that this is an area that they wish to benefit.

The Bailiff: Deputy Bury.

3610

Deputy Bury: Thank you, sir.

Reference has been made to the previous amendment brought by Deputy Vermeulen and notably this one is quite different. That was very specific and was an introduction at the time. So

3615 notably this one is an investigation, which I think is really important. It is quite measured in that way.

In the debate on Deputy Vermeulen's previous amendment, Deputy Prow argued against and voted against and while the new iteration of the amendment means that some of those arguments fall away, some of them that Deputy Prow made I think do still warrant questioning. I am just going to raise those now.

3620 One that has already been raised is about not being able to discriminate between local and off-Island producers. So that would be useful to understand his thoughts on that. There was mention about Customs would be needing to receive applications from small distilleries, undertake due diligence around their eligibility, approve and monitor the process and developments would also need to be made to the electronics systems and then he also mentioned that IT costs in relation to this had not been researched and would also need to be scheduled in as part of Agilisys' workstream, etc.

3625 He also made mention, which I would have expected him to and I am sure it is in his mind as it has been a very strong and well-appreciated workstream from Home this term, in terms of the impact of the Drug and Alcohol Strategy and how that relates to domestic abuse and all those sorts of issues that alcohol can relate to in our night time economy.

3630 So I hope that Deputy Prow appreciates me just bringing up those arguments that have not fallen away, even though it is a more measured amendment.

Moving on, some points have been covered already so I will do my best not to repeat those. But I think Deputy Inder got very excited, as he likes to do, about banning things and I think in one breath he said we want to ban things and then he said why aren't we just saying ban it? I think that is because prohibition has been proven not to work. However, policies that help people reducing accessing harmful products that cause health issues do help and policies such as Excise fees are one of them. Minimum unit pricing that has been referred to is another and our Public Health teams are currently working on that as well.

3640 I think probably most of the other points have been made and I would like to stress that I am not vehemently arguing against this. I do believe in growth but I do think that Members want, it is often said, the full information when they are making decisions and there is a duty on the Committee for Health & Social Care to make these sorts of points.

3645 So we do not need to get all excited about it, it is just important that all the information is laid out and to that end I would ask in the Proposition it suggests that consultation be done with P&R, Economic Development and Home Affairs, but I do wonder if that could be extended to HSC and Public Health so that it is a fully rounded and considered investigation.

Thank you, sir.

3650 **The Bailiff:** Alderney Representative Roberts.

Alderney Representative Roberts: Thank you, sir.

3655 I was not going to speak on this but if you think about it, if you put a bottle of wine up to 40 or 50 quid, people would still drink. When you have been in here all day and you have finished you feel, I fancy a drink! (*Laughter*) I know I do! And coming from an Island that has got a reputation for not drinking (*Laughter*) I felt I had to say something.

So I would echo Deputy Inder's words. We are happy to take the money. We need to encourage small business. I am sure there should be a mechanism for encouraging small business. That is all I am going to say. I am going to support.

3660 Thank you,

The Bailiff: As I do not see anyone else rising, I will turn to the Vice-President, Deputy Helyar, to speak on Amendment 3.

3665 **Deputy Helyar:** Sir, I will be uber brief. The only point I was going to make, Deputy Bury has already just made, which is that I think Health should be involved. I think we are in danger of debating the outcome before we have actually done the investigation, which is what we like to do. The Committee does not see these proposals for an investigation as particularly contentious. For that reason we will support the proposals.

3670 Thank you.

The Bailiff: And finally, Deputy Prow, as the proposer of Amendment 3 to reply to the debate, please.

3675 **Deputy Prow:** Thank you, sir, and I thank everybody who contributed. That was a lively debate. I will not reply to everybody. I would just simply thank all those Deputies who did support it and I particularly thank the Members of Economic Development who spoke and the Members of the Home Affairs Committee, because they have assisted, I think, in already answering some of the questions that were brought.

3680 I will perhaps start with the very valid point that Deputy Roffey made and I thank Deputy Le Tocq for his intervention. He is absolutely right. The only taxes that we can bring in are those that apply equally to people who import and people who locally manufacture. Perhaps one of the misunderstandings, whether we talk about the health issues, which are valid concerns, or indeed the amount of Excise, is that the ability to apply for the lower rates that exist now, they exist in the UK and they exist in other places, it is dependent on the volume they produce.

3685 So if you are a microbrewery in the UK, and you are distributing your product in the UK, you would only qualify if you produced under that limit and also you would have the cost of producing your product and sending it to the Island. So it does limit but it does not rule out, it cannot rule out, imports.

3690 So Deputy Roffey's point is right and I am glad he brought it because he absolutely clarifies it. The bottom line with this, this is an investigation and I think that is probably where I would deal with Deputy de Sausmarez's point about why does it need to return to the States? I think this lively debate has demonstrated that that would be sensible to do.

3695 On the health grounds, I agree with the points that Deputy Brouard, Deputy Leadbeater and Deputy Bury have made. I absolutely support the substance strategy that we have. I have been consistent with that and I will continue to be consistent with that.

I and nobody on Home Affairs is in any way talking about promoting these products *per se*. This is a Budget debate. This is about Excise rates and we have had representations, both last term and this term, from very small businesses and some of those businesses are in operation. Interestingly some have actually left the Island.

3700 Deputy Bury ran through the areas where, when this was originally suggested in a different form and it was not asking for an investigation it was very specific and we took advice from officers. I believe in the Assembly I made a commitment to look into this. So officers who work in Excise have already been put on notice that this is something that should be investigated further.

3705 Since that time we have had further representations and all I am asking this Assembly to do is to consider an investigation. Certainly on the health issues, just one point we absolutely need to clarify. Deputy Taylor has touched on this and I just want to close this one off. At the moment there is already a lower rate for small breweries but the rates of duty around the alcohol volume content are already exponentially greater for the amount of alcohol. Beer, for example, at the lower is 1.2%,
3710 61 pence a litre; when you go up to 2.8, it is 96 pence per litre; when it is 4.9% it goes up to £1.24.

Those rates are also reflected in the current small independent brewery, and run from 29 pence per litre, 50 pence per litre and 62 pence per litre. What this investigation is asking for is to look at where smaller volumes of alcohol, beer or distilled, manufactured products, artisan products, niche products, craft products, where that is the case they will be in very small quantities, otherwise they will not qualify for the rate.

3715

So Deputy Gabriel's scenario that this is in any way going to increase the amount of cheap alcohol that is available in pubs and restaurants is simply not going to be the case. If Health & Social Care were going to introduce a rate in the supermarket, I think the expression that Deputy Bury used was the – sorry I cannot remember the expression – it is basically a minimum pricing regime in supermarkets where they are loss leaders, where you are drawing people into the supermarket by offering very cheap beer, spirits and so on and so forth.

I would be very supportive of that and the point that Deputy Leadbeater made that around the promotion of alcohol, I agree with him. If alcohol was only just invented, it probably would end up on one of the controlled drug lists. But that is not the case and this anyway is a Budget debate about Excise.

Several companies have continued to ask us to do that. We have spoken to Economic Development, we have spoken to officers who are already on notice that we should consider this more carefully following the debate. That is a commitment I made and I try and follow through on my commitments.

This is not about cheap alcohol. This is about helping, whether they are start-up businesses or a business that is already existence, it is helping them to grow and prosper. If they start to produce beyond the volumes that qualify for the rate, they will no longer get it. So this is not about flooding the market with cheap booze. This is about giving opportunities to companies to help the economy.

I think I have said enough, sir, so I urge everybody to vote for this amendment. Thank you, sir.

The Bailiff: Members of the States, it is time to vote on Amendment 3, proposed by Deputy Prow, seconded by Deputy Vermeulen, which seeks to insert an additional Proposition, 16A, and I will invite the Greffier to open the voting, please.

There was a recorded vote.

Amendment 3.

Carried – Pour 28, Contre 7, Ne vote pas 3, Did not vote 2, Absent 0

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

3740

The Bailiff: Members of the States, in respect of Amendment 3, proposed by Deputy Prow, seconded by Deputy Vermeulen, there voted Pour, 28 Members; there voted Contre, 7 Members; 3 Members abstained; 2 Members did not participate in the vote and therefore I will declare Amendment 3 duly carried.

3745

Now it is time for us to take stock and Deputy Ferbrache is going to take stock first.

Deputy Ferbrache: Thank you, sir.

3750

Clearly, we have got seven amendments left. Some of them are going to be very contentious and will be time-consuming. We seem to be consuming time on amendments perhaps we could have dealt with a little more briefly but that is a matter for the States' Members rather than me. We have got absolutely no chance at all of finishing all of that by close of business tomorrow if we sit till midnight.

3755

The Bailiff has already indicated, sir you have already indicated earlier in the week, about difficulties on Friday, I know some Members are not available all Friday or part of Friday, etc. But I think we have got to do our best. Can I ask, sir, if it is at all possible if overnight consideration is given to sitting longer tomorrow and if time can be available Friday and if we need – I almost said Lieutenant Bailiff, I forgot which jurisdiction I was in! – if we need a senior Member, e.g. Deputy Gollop, Deputy Roffey, Deputy Trott, etc. to sit as Acting President, whatever the precise title is, can we think that through?

3760

Because if at all possible, we really do need to finish this Budget this week and I was probably as guilty as anybody else but perhaps we could restrict the length of our speeches when we speak on particular amendments.

3765

The Bailiff: Can I follow that up by asking those Members who know already that they will be in difficulty of attending on Friday if the States were exceptionally going to adjourn from whatever time the sitting concludes tomorrow afternoon into Friday, will those Members who will not be here please stand in their places?

3770

In relation to tomorrow, can we just get an indication as to whether, if there were to be some extra hours put on in the evening, perhaps with a break before resuming and seeing where we get to, will any Members be in complete difficulty attending at that point?

A Member: This is tomorrow evening?

The Bailiff: This is tomorrow evening.

3775

Now that is just to give Members some sense of the numbers but, as Deputy Ferbrache says, it is time to reflect overnight to see what it is that you want to do. If there were to be a motion to adjourn into Friday, for example, or to sit late tomorrow night, it will depend upon a majority vote of Members and of course it is essential that the States remain quorate, whoever is presiding.

We will now adjourn until 9.30 in the morning.

The Assembly adjourned at 5.38 p.m.