Revenue and modelling

How much do you estimate each component of your proposals would raise, and what is your overall central estimate?

My illustrative workings put additional annual revenue at £24.5m before costs:

Component	Estimated annual revenue
Corporate levy	£7.5m
Visitor levy	£2m
Transport taxes	£7m
Existing social security contribution rate increases retained in the workings	£2m
Corporate tax extensions and further corporate/Registry revenue measures	£6m
Total before costs	£24.5m

After the £670,000 ongoing annual administration allowance in my workings, that gives approximately £23.8m annually. There is a further £600,000 implementation allowance, reducing the contribution to approximately £23.2m in a year bearing those costs, assuming a full year's receipts.

The £24.5m total assumes that the £2m social-security contribution and £6m corporate/Registry components used in the workings remain applicable to the retained measures and the period being compared. That requires confirmation, including their treatment of associated reliefs, implementation dates and any overlap. The total is therefore an illustrative scenario rather than a validated revenue forecast.

The separate £20m savings target, if achieved in full, would bring the combined recurring fiscal improvement to approximately £43.8m on those assumptions. I have shown the comparison without those savings as well, because a savings target is not the same as money already saved.

These figures were indicative and could have included higher amounts given that some of the social security uplift could be retained even without GST (with a circa £8m uplift) and news that Economic Development now estimates a Visitor Levy could bring in at least £6m per year (a £4m uplift on my assumptions, based on information available at the time).

I purposely kept my workings cautious and prudent so as not to risk over-selling or over-egging an alternative and to avoid misinterpreting the numbers made available by P&R. The amendment expressly required P&R to return with revised revenue and cost estimates, so it is entirely plausible that a further £10m or so (prudently) could have been available within the rough parameter of P&R's own plans, without the GST and mitigating items.

Are your proposals intended, on their own, to fully close the structural deficit identified by P&R, or to contribute alongside other measures?

They were intended to make a contribution alongside expenditure control and economic growth. They do not purport to close the entire structural deficit on their own; neither does P&R's Tax Reform proposal.

But that question goes to the heart of my objection to the way this debate has been framed. Government needs a coordinated approach to raising revenue, strengthening the economy that generates it and ensuring that public expenditure is sustainable. Focusing overwhelmingly on taxation leaves the other two responsibilities insufficiently addressed.

Raising a tax is politically difficult, but it can be the easier institutional response. It provides additional income without necessarily requiring government to make the tougher strategic decisions about its priorities, how services are delivered, whether expenditure achieves the intended outcomes and which government policies constrain investment, productivity and growth. To simplify this concern, it can be the equivalent of handing your teenager money to tidy their bedroom before they even start the job and expecting the job will be done; as parents, we know the best motivator is to hand over the promised money once the job has been completed and approved. I don't see government working any differently to that teenager.

That is why I reject the suggestion that questioning GST necessarily amounts to kicking the can down the road. My contention is that introducing a permanent tax without sufficiently developed and accountable programmes for economic growth and expenditure reform is a much greater example of kicking the can down the road. Additional revenue can relieve the immediate financial pressure while allowing the underlying problems to continue. Improving the amount government collects is not, by itself, the same as making its finances sustainable. I predict future governments will have to wrangle with that distinction more and more if we do not tackle it head-on now.

My alternative would secure additional revenue while requiring much greater focus on those underlying issues. "Getting our own house in order" was a prominent election theme. That should now mean clear responsibilities, measurable delivery and difficult decisions where necessary; not simply another savings target or an assumption that growth will arrive.

P&R itself proposes an assurance review in 2030. We should use the intervening period to implement and assess those programmes, alongside obtaining better evidence about the value of known ambitions and a better focus on the other parts of the conversation nobody is talking about yet. The review should assess what government has achieved, rather than become another occasion to discover that expenditure pressures have outgrown the revenue available.

I have not included speculative wind farm receipts in my estimate (simply because the information is not available) and I am not suggesting that future developments will rescue us. My argument is that we should take proportionate revenue measures now while doing the strategic work needed to establish what further taxation is justified. A credible fiscal programme needs to explain both how government will raise money and how it will reduce the risk of returning to taxpayers repeatedly for more.

Over what timescale would you expect the measures to make their full contribution?

The amendment sought implementation on a similar timetable to P&R's proposed tax measures, where reasonably practicable.

Existing registration and levy arrangements provided a starting point for developing the corporate levy, but its final timetable would depend on design, legislation, systems and consultation. The visitor levy would also require detailed development, though some work has already gone into considering this, so we would not be starting at ground zero.

The annual figures represent a full year of operation. They should not be read as a forecast that all receipts would arrive immediately or that the full £20m savings target would be achieved in the first year, but rather on the same timetable as the £20m of savings already relied upon by P&R in its Policy Letter.

How did you arrive at those figures? Was this a standard methodology, Revenue Service data, modelling or first-principles calculations?

I used published government figures as the starting point, including those in the Policy Letter and others, such as the Tax Review Sub-Committee's published 2026 report. I constructed an alternative comparison retaining certain revenue measures, removing GST and its associated reforms and costs, but substituting corporate and visitor levies to allow those new revenue streams to be explored.

The purpose was to demonstrate that elements capable of proceeding without GST could make a meaningful contribution to the public finances and thus this debate needed to be more than a binary question of whether or not to introduce GST, which is so often how I see this argument presented.

This was a spreadsheet-based fiscal comparison, rather than a new economic model. Where I used my own administration allowances, though based on similar assumptions made by P&R, or other assumptions, those were identified in the workings.

I also considered the implications of avoiding the direct GST-related price increase. My concern is whether the published analysis sufficiently captures the wider effects on public expenditure and the economy, beyond the direct inflation estimate and specified mitigations. The extent of any additional expenditure pressure needs further validation and should be distinguished from the core revenue calculation.

What are the key assumptions underlying the estimates, and what variables have you accounted for?

The principal assumptions are that the retained government revenue estimates remain applicable, that a corporate levy can generate approximately £7.5m—the mid-range of the TRSC's report estimate—and that a visitor levy can generate approximately £2m.

The comparison accounts for estimated receipts, implementation costs, ongoing administration costs and the removal of GST-related costs. It shows the position both with and without the £20m savings target.

It does not independently quantify every interaction between the measures, behavioural responses or changes in the wider economy. Nor does retaining a published estimate automatically establish that it would be unchanged within a different package. Those are matters for the further work required by the amendment.

What behavioural responses have you assumed?

I did not construct a separate behavioural model or apply independently calculated behavioural adjustments, as I simply do not have access to the depth and breadth of data required to reach any meaningful conclusions.

For measures carried across from P&R's proposals, I used the published estimates without attempting to reproduce the underlying modelling. For the alternative levies, I used the indicative figures available, recognising that detailed design and consultation would be necessary.

That should not be interpreted as assuming that businesses or visitors would never change their behaviour. It means that I have not claimed to quantify responses for which I lacked the necessary data and resources.

What range would you regard as reasonably plausible around your central estimate, and what are the biggest uncertainties?

The corporate levy was illustrated at £5m–£10m, with £7.5m as the midpoint. Varying that component alone gives total annual revenue of £22m–£27m before costs, or approximately £21.3m–£26.3m after the assumed ongoing administration costs.

That is a sensitivity illustration, not a fully modelled range for the entire package.

The main uncertainties are the final corporate levy base, rates and exemptions, visitor levy design and coverage, implementation timing and actual collection costs. The applicability and timing of the retained social-security and corporate/Registry estimates also require confirmation. Delivery of the £20m savings target is a substantial, separate uncertainty, which is why I also showed the comparison without it.

What would have to happen for the proposals to raise materially less than expected? Are there thresholds beyond which they would no longer be worthwhile?

Revenue could be lower if the chargeable base were smaller than assumed, exemptions were wider, collection rates were weaker, implementation was delayed, or behavioural responses reduced taxable activity. These risks also apply to P&R's proposals.

For the retained measures, I used the published estimates as a common starting point, without adding an arbitrary discount or claiming to have verified any risk adjustments already incorporated. My workings illustrate selected sensitivities, including the corporate levy range and higher administration costs, but do not constitute a complete downside model.

For example, transport receipts can change with the number and type of taxable vehicle transactions. A visitor levy depends on its coverage and the number of chargeable visits or nights. Corporate levy receipts depend on the number of liable companies and the final charging structure. Underperformance would not require a wholesale departure of businesses or visitors.

I have not established a numerical breakeven threshold for each measure. I would want each assessed on its net collectible revenue, administration costs and wider economic effects.

A predictable annual charge has potential advantages for business planning, but it must still be proportionate. The amendment therefore left room for a differentiated corporate levy rather than prescribing an identical charge regardless of company circumstances.

What would enforcement and implementation cost, and how sensitive is net revenue to those costs?

My workings include £600,000 in implementation allowances and £670,000 in ongoing annual administration allowances. These combine figures carried across from the existing proposals with estimates for administering the alternative.

They are not a fully costed operational plan. In particular, the adequacy of provision for the corporate and visitor levies requires testing.

Holding revenue unchanged, the sensitivity is straightforward:

Cost scenario	Net contribution in a full-revenue year bearing implementation costs	Subsequent annual net contribution
Current allowances	£23.23m	£23.83m
Implementation allowance doubles; ongoing costs unchanged	£22.63m	£23.83m
Implementation allowance triples; ongoing costs unchanged	£22.03m	£23.83m
Ongoing costs double; implementation allowance unchanged	£22.56m	£23.16m
Ongoing costs triple; implementation allowance unchanged	£21.89m	£22.49m

These illustrations exclude the savings target. A delay in collecting revenue would have an additional effect.

The amendment specifically required revised implementation, staffing and administration estimates, so that deputies would not have to rely on these preliminary allowances when settling the detailed arrangements.

What I have not been able to establish

What were you unable to model or assess because you lacked the necessary data?

I could not independently verify the detailed chargeable bases, exemptions, collection assumptions or behavioural adjustments underlying the published estimates.

I also lacked the data needed to assess precisely how the alternative would affect different companies and households, including whether charges would be absorbed through profits, passed on to customers or reflected elsewhere.

I therefore used the publicly available figures to demonstrate an alternative for further consideration, rather than claiming access to a complete underlying fiscal model.

What were you unable to assess because of time or resource constraints?

I could not commission independent economic modelling, conduct comprehensive sector consultation or prepare a detailed legislative and operational implementation plan.

Further work would be needed on levy design, proportionality for smaller companies, collection arrangements, business compliance costs and the combined economic effects.

Those limitations explain why the amendment directed the relevant committees to develop proposals and return with revised estimates.

With the same data and civil service support as P&R, what would you investigate first?

My first priority would be to verify the corporate levy's chargeable base and test alternative rates and exemptions against it. As part of that exercise, I would seek a clear reconciliation between the earlier £8m ISE estimate and the current £10m–£12m range. The £11m midpoint represents a 37.5% increase. I would want that separated into changes in entity numbers, coverage, fee levels and behavioural assumptions. I would also want the suggested contribution from e-gambling businesses and international insurance quantified.

Alongside that, I would test the visitor levy against its actual chargeable base and reconcile the retained corporate revenue measures to ensure there was no overlap.

Have your calculations or assumptions been independently checked? By whom, and what did that involve?

Fellow deputies were provided with my numerical analysis, giving them an opportunity to check the arithmetic themselves. Other sense-checks I completed myself using available tools. Those checks were, obviously, limited to the calculations presented. On the basis that there was no route for any independent party of my selection to be given permission to independently validate the revenue bases, economic assumptions or deliverability of the package, I have not obtained an independent economic validation of the proposal.

Checking the arithmetic is different from independently validating the underlying economic assumptions and it must be cautioned that my use of published government figures does not itself constitute independent validation of the alternative package.

For measures not yet fully costed, what evidence would you need before regarding them as credible revenue sources, and what range might they generate?

For the corporate levy, the indicative range is £5m–£10m. I would want verified company numbers, proposed rates and exemptions, collection costs and evidence on likely behavioural and competitiveness effects before relying on a final budget estimate.

I am encouraged by the willingness expressed within the finance sector to contribute to Guernsey's fiscal sustainability as part of a holistic package. That provides a basis for discussing a proportionate contribution within a coherent package, with proper consideration of cumulative costs and competitiveness. It should not be taken as endorsement of my particular levy design, which would require consultation.

For the visitor levy, £2m is the working assumption. I would want a defined charging mechanism, reliable data on the chargeable base, proposed exemptions, collection costs and an assessment of demand effects. Without that work, I would not claim a more precise range or describe £2m as a guaranteed minimum.

Both measures merit investigation. Their final net contributions would need to be established through the development work required by the amendment.

Have you compared your proposals with P&R's on revenue, economic effects and implementation costs? What did that show?

Yes. The comparison considers contributions after implementation and ongoing administration costs. Its purpose is to test whether alternative measures could make a meaningful fiscal contribution while avoiding the direct price increase associated with GST. My concern is the effect of adding to essential living costs when households and businesses have limited capacity to absorb further pressure and at a time when we are a clear outlier against Jersey and the UK in terms of inflation, jurisdictions which bring with them all the same political and public cost pressures as us.

Excluding the common £20m savings target and before the separate inflation adjustment, the year one workings show approximately £23.2m for the alternative against £31.4m for P&R's package in the column bearing implementation costs. For subsequent years, they show approximately £23.8m against £40.1m.

On those assumptions, the alternative produces a smaller net fiscal contribution. However, deputies should assess that difference alongside business compliance costs and wider economic effects (which can not be easily defined by P&R's proposals) and the flexibility retained for subsequent decisions. Any additional effects could alter the comparison, but their scale requires further evidence and so I specifically did not seek to introduce speculation.

The workings did explore a £4m inflation-related expenditure adjustment as an illustrative scenario, not a verified additional cost. It draws on expenditure categories potentially sensitive to inflation, including public-sector pension arrangements and pay settlements. Its amount and timing require validation, and it must be reconciled with costs already included in P&R's package before being treated as an additional deduction, however my assumptions did seek to draw upon historical analysis of the trajectory of these costs against inflation in order to draw a prudent conclusion.

The economic comparison is qualitative. Avoiding GST avoids its direct price effect and indirect inflationary impact; whilst I do not claim that the alternative levies would have no economic or price effects, I do feel that they would be more readily borne by our economy at this time than a consumption tax and its inherent uncertainties.

What could change my mind?

What would need to be true for you to reject or materially change your proposals?

I would change them if detailed evidence showed materially lower collectible revenue, disproportionate administration costs, unacceptable effects on businesses or employment or an implementation timetable that failed to address the fiscal need.

I would also reconsider their scale if an updated fiscal assessment showed that they could not make a sufficient contribution during the period before the 2030 review.

My objective was to raise revenue while allowing time to demonstrate savings and develop better practices and evidence about future receipts and economic growth. That objective requires flexibility about the measures used to achieve it.

What are the three assumptions on which your proposals are most dependent?

First, that the published transport tax estimates provide a reasonable basis for assessing the retained measures.

Second, that the indicative corporate levy estimates can be translated into a workable scheme with an adequate chargeable base and proportionate rates. Here, I would look at both the TRSC's working assumption of a corporate levy and how the ISE may potentially translate into such a charge.

Third, that a visitor levy can produce a meaningful net contribution, with £2m used as the working assumption.

Separately, the headline total depends on confirmation of the retained social-security and corporate/Registry components. Any claim about the larger combined fiscal improvement also depends on actual delivery of the £20m savings target. My revenue estimates are therefore presented without those savings as well.

What are the three things about your proposals that you are least confident about?

First, the precise corporate levy yield once its scope, rates and exemptions are settled.

Second, the visitor levy's achievable net yield and implementation timetable.

Third, the complete implementation and ongoing administration costs. The workings include allowances, but these need to be replaced by a costed delivery plan.

Those uncertainties arise partly from limited access to the data underlying the published estimates and partly from the design and operational work still required for my alternative measures.

What further analysis would you want before asking deputies to vote for them?

The amendment asked deputies to approve a direction of travel and require detailed proposals. It did not prescribe the final corporate or visitor levy rates. The source figures would need to be reconciled, material overlaps or omissions identified and broad implementation feasibility established first.

Before final design and legislation were approved, I would expect verified chargeable bases, consultation, proportionate behavioural and distributional analysis, a costed implementation plan and downside scenarios covering lower receipts, higher costs and delays.

I would expect the same evidential standard to apply to whichever package deputies support. My concern is whether the material available allows the Assembly to assess the complete net effects, material uncertainties and delivery risks, rather than relying on headline estimates.

If that analysis contradicted a central assumption, would you amend or withdraw the proposal?

Yes. Remaining open to evidence is part of the job and reflects exactly the approach I have taken since P&R published the Policy Letter, essentially seeking to kick the tyres on all proposals and amendments presented for the Assembly's consideration. If a central assumption proved materially wrong, I would amend the proposal or withdraw the affected measure if it could not be made workable.

Where an assumption is shared with P&R's package, contradictory evidence would need to be examined in both. Where it arises from my alternative design, I would take responsibility for revising it. Every proposal should face the same evidential standard.