

STATES OF JERSEY

OFFICIAL REPORT

TUESDAY, 6th NOVEMBER 2007

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The Roll was called and the Dean led the Assembly in Prayer.

QUESTIONS

1. Written Questions

1.1 TO THE MINISTER FOR ECONOMIC DEVELOPMENT BY DEPUTY S.S.P.A. POWER OF ST BRELADE REGARDING THE APPOINTMENT OF A LIAISON DIRECTOR TO THE CIVIL AVIATION AUTHORITY:

Question

Has a former senior engineer at the States of Jersey Airport now been appointed Liaison Director to the Civil Aviation Authority on behalf of Jersey, and if so, will the Minister advise members why the postholder is unable to be based at the Economic Development Department?

Would the Minister further advise at which department this post is now based, how much notice they were given, and whether other departments had been unwilling to accommodate this post?

Answer

The Minister can confirm that former Airport Chief Electronics Engineer has been redeployed and appointed to the role of Director of Civil Aviation (or D.C.A.).

Under international safety regulations, Jersey, like all other Crown Dependencies and U.K. Overseas Territories is required to separate the functions of aviation operation (such as at the Airport) and safety regulation. It is worth noting that the Isle of Man already have a D.C.A. in post, and have had since May this year.

This separation of functions further demands that the office of D.C.A. is accommodated in a department other than the department responsible for the operation of the Airport.

For that reason the appointment of the D.C.A. was made independent of the Airport by the States Human Resources department to Home Affairs which has assumed responsibility for the D.C.A.

The D.C.A. was appointed on the basis of his 20 years' experience in aviation which has included intimate involvement in aviation law and the airspace for which the Airport is responsible, making him the pre-eminent candidate for the position.

1.2 TO THE MINISTER FOR ECONOMIC DEVELOPMENT BY DEPUTY A. BRECKON OF ST. SAVIOUR REGARDING THE ADDITION OF VALUE ADDED TAX ON GOODS FROM THE U.K:

Question

Is the Minister aware of any practice of traders charging prices equivalent to United Kingdom (U.K.) Value Added Tax (V.A.T.) inclusive prices to Jersey consumers and, if so, what steps, if any, has he taken to publicise and discourage this practice?

What steps, if any, will he be taking to address the significant price differences between Jersey and the U.K. of many basic goods and services and could he explain if / how sums equivalent to U.K. V.A.T. will be identified in receipts to Jersey consumers in any price marking legislation?

Answer

Yes, I am aware of certain traders charging the same prices in Jersey for their goods as they do on high streets in the U.K. and have expressed concern on many occasions in the past.

Before responding to the next part of the question I would like to quote from the constitution of the Jersey Consumer Council of which Deputy Breckon is Chairman.

“The functions of the Council shall be – to seek information, investigate, highlight and publicise anomalies and irregularities in consumer affairs and to encourage good trading practice by local business”

I understand from this extract that publicising such information to enable informed confident consumers about such pricing and indeed discouraging it is the job of the Consumer Council, not me as Minister for Economic Development.

In my view credit needs to be given to the Jersey Evening Post “Fair Play” journalists who have achieved a great deal to highlight to consumers those traders who do remove the VAT element. This has been done at no cost to the taxpayer. They launched their “NO V.A.T.” poster campaign and as many as thirty retailers have proved that they remove the V.A.T. equivalent element from their prices and are guaranteed lower than the U.K. high street.

Regarding what the Deputy refers to as significant price differences between Jersey and the U.K., I think that it is worth mentioning that, apart from the traders who have participated in the J.E.P. “NO V.A.T.” initiative, significant large stores in Jersey have a policy of charging lower prices than their U.K. stores for most goods. In addition, one of our largest department stores displays a bold statement at every entrance which indicates that all prices charged, apart from books, are lower than those for the same goods in the U.K. However, it is a fact that food prices in many cases are higher than the U.K. and one of the reasons for this is that, in Jersey, we do not enjoy the same level of competition in food retail or indeed the trade in low cost clothing. As was reported in last week’s Competition Commission Report competition reduces prices and I have asked the J.C.R.A. to review the case of the introduction of a third supermarket group to Jersey to improve competition.

On the question of V.A.T. and price marking legislation, there is no legal basis for trying to do what the Deputy is suggesting. V.A.T. is a U.K. tax collected from U.K. retailers by the U.K. government. It does not exist in Jersey so would be impossible to either assess or make reference to it in local receipts. Jersey businesses are free to set the prices of their goods and services. This is why in a free open market, competition is of crucial importance in helping to drive prices down. It is also crucial that in making purchasing decisions, consumers are given clear, accurate and unambiguous price information before they purchase. I welcomed the thorough investigation into price marking recently carried out by Deputy Southern’s Scrutiny Panel which stated that consumers have a right to know the total price they have to pay for goods. The Panel then went on to recommend that prices are marked and displayed inclusive of G.S.T. which as many members will know, I have been supporting for some time.

Additional information

Since January 2005, the Consumer Council has received a total of £225,000 pounds grant of which £90,000 was specifically for a “Price Watch” initiative. I have looked at the Partnership Agreement with Economic Development which was signed by Deputy Breckon in April 2005 and I shall quote the objectives:-

- to generate greater public interest and awareness in the prices of goods and services
- to research, publish and make more general price comparison information readily available
- to encourage community debate about prices of goods and services
- to develop a positive and effective communication strategy
- to make more links with the wider community
- to establish and develop an active database of those who are price conscious in the community
- to ensure value for money from the Price Watch campaign.

I believe the Deputy should be seriously considering whether the Price Watch campaign has and continues to deliver value for money to the Jersey taxpayer.

1.3 TO THE MINISTER FOR ECONOMIC DEVELOPMENT BY DEPUTY R.G. LE HÉRISSIER OF ST. SAVIOUR REGARDING THE RENTAL OF OFFICE ACCOMMODATION FOR ECONOMIC DEVELOPMENT STAFF:

Question

Would the Minister advise members of the annual rental of the former Tourism Office and specify the annual rental of the properties to which the Economic Development Department staff have now relocated?

Answer

The rent paid for premises used by the Economic Development Department is:

Premises	Current	Future
Weighbridge Tourism/New Liberation Place	103,500	109,300
Tourism Store – St John	Nil	Nil
Bath Street	44,000	44,000
Trading Standards – Central Market	10,700	10,700
Trading Standards Store – Oxford Road	6,500	6,500

Notes:

The rent payable for Liberation Place (used primarily by Jersey Tourism) has been pegged to the existing level by way of a 21 year contract lease, subject to review at a level of 2.5% per annum after 3 and 6 years and with an option to break the lease after 9 years. Members can find further details in P.22/2005. It will be noted that the rent paid for the “old” Weighbridge offices was some £5,800 less than the future rent for Liberation Place agreed by the States in P22. This is the result of internal negotiations the result of which was to hold down the rent until the move to Liberation Place was effected.

The Bath Street lease expires in February 2012, but contains a break clause in March 2009.

1.4 TO THE MINISTER FOR CHIEF MINISTER BY DEPUTY R.G. LE HÉRISSIER OF ST. SAVIOUR REGARDING COST CUTTING MEASURES:

Question

Would the Chief Minister specify the work carried out by the three Assistant Ministers who were tasked to identify cost cutting measures and advise what savings, if any, have resulted to date, and in what areas, from their activities?

Answer

I would refer the Deputy to my answer to his similar question on 9th October 2007 which set out the current position.

The Assistant Ministers commenced their review earlier this year. Since then they have had a number of meetings with officers and reviewed a significant amount of detailed information relating to particular departments. This was done to familiarise themselves with spending patterns in order to identify possible areas for detailed examination. This included consideration in detail of budget against actual figures for a particular department, with subsequent follow up. They have also reviewed detailed information on staffing numbers and costs and have started considering the structures of certain departments.

However, the Assistant Ministers found that they did not have adequate resources, which, coupled with constraints on their time due to the demands of their official roles and responsibilities, meant that they were unable to progress as quickly as they would have liked. As was stated during the debate on the Annual Business Plan, this is in the process of being addressed with the setting up of a single group to look into States expenditure in conjunction with the Public Accounts Committee. The Assistant Ministers will join this new process with a number of ideas and suggestions - not least of which are some suggested by the Deputy himself a few weeks ago.

The Assistant Ministers made it very clear at the commencement of their review that they did not expect to identify specific future savings or produce reports for some considerable time, and certainly would not be in time for the 2008 Business Plan.

1.5 TO THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES BY DEPUTY R.G. LE HÉRISSIER OF ST. SAVIOUR REGARDING THE COST OF THE NEW BUS ARRIVAL TEXTING SYSTEM:

Question

Further to the Minister's response to a written question on 11th September 2007 relating to the cost of the new system for texting bus arrival times, would he advise Members of the total cost, including the provision of G.P.S. equipment?

Answer

As stated in my answer to the Deputy on 11th September 2007, the S.M.S. text messaging system is an added benefit from the installation of the Real Time Passenger Information system (R.T.P.I.) which will allow a dynamic stand allocation system to operate to make maximum use of the bus stands at Liberation Station. The total set-up cost of the R.T.P.I., including the provision of GPS

equipment on all the vehicles, is £441,138 of which £38,350 (as previously advised) relates exclusively to the S.M.S. text messaging system.

1.6 TO THE MINISTER FOR PLANNING AND ENVIRONMENT BY DEPUTY I.J. GORST OF ST. CLEMENT REGARDING THE LOCATION OF AN ANIMAL CARCASS STORAGE FACILITY AT HOWARD DAVIS FARM:

Question

Would the Minister –

- (a) inform members whether Planning permission has been granted to the Transport and Technical Services Department for the siting and operation of the animal carcass storage facility which they are currently operating at Howard Davis Farm next to Acorn Enterprises, and if so, would he advise when permission was granted and what public consultation process, if any, was followed?
- (b) Would the Minister inform members whether an environmental impact assessment was undertaken prior to the commencement of the process and, if so, what were its findings?
- (c) If it is the case that Planning permission has not been granted, would the Minister advise members whether he is content that such a sensitive process should be undertaken at this or any site without planning permission, and if so, why?

Answer:

- (a) I can confirm that an application for conversion of the former bulb treatment shed into an animal cremation hall was registered by the Planning Department on 21 January 2003.

This application was widely consulted, and included the then P.S.D.- Highways, Health Protection and the Environmental Services Unit. The application preceded the implementation of the new Planning and Building Law, so would not have been subject to the public consultation requirements of the current legislation. The application was, however, advertised in the J.E.P.

I can further confirm that the Planning Application was approved on 23 June 2003 by the Planning Sub-Committee.

Agreement of the permit was based, in part, on ‘that the specifications in the original Environmental Impact Assessment are met’. This assessment included ‘the inclusion of an overnight storage facility within purpose provided freezers in case of delivery or plant problems’.

I understand that the shed is currently being used to freeze and store animal by products. These are held until a sufficient batch is collected for shipment to an approved facility in the U.K. for disposal.

Although the Planning Consent for the cremator included a requirement for storage it did not cover the storage of animal by-products prior to shipment off-island. However, as discussed below, planning consent would not be required for this part of the process.

- (b) An Environmental Impact Assessment of the cremator facility was undertaken by Faber Maunsell. This assessed the potential environmental impact during construction and operation of the facility, and proposed mitigation measures to remove or reduce such potential impacts.

The Environmental Impact Assessment was extensively commented on by the then Environmental Services Unit who requested more detail on the disposal of ash waste and wash-down water. Health Protection were also consulted and produced 32 detailed technical requirements involving air pollution, odour and noise issues.

The permission was granted in 2003 and was based on the most appropriate cremator available at that time. It is now planned to install a more up-to-date cremator. The new design has again been extensively commented upon by the relevant bodies above.

Although the Environmental Impact Assessment for the cremator included a requirement for storage it did not cover the storage of animal by-products prior to shipment off-Island.

- (c) I can confirm that planning permission was granted for the conversion of the former bulb treatment shed into an animal cremation hall with overnight storage facility. This facility has yet to be built.

Both the present temporary storage of frozen animal waste products and the previous storage of bulbs can be classed as agricultural related storage use. There is thus no material change of use at the site.

Further, the knacker's yard had to move from its old location within the abattoir in order so that the abattoir could become EU compliant. EU regulations prevent the siting of an abattoir operating alongside a knacker's yard.

Further, this is only a temporary use and the storage issue will be resolved when the cremator is installed shortly. Until the new cremator is installed there is no facility on the Island to deal with animal by-products.

In summary, planning permission is not required, given that the site is still being used for agriculture and there is no material change of use.

It is also noted that the freezing of animal by-products is potentially less environmentally damaging than their incineration that is covered by the full environmental impact assessment and that this is a temporary measure until such time as the new cremator is installed.

1.7 TO THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES BY DEPUTY I.J. GORST OF ST. CLEMENT REGARDING THE LOCATION OF AN ANIMAL CARCASS STORAGE FACILITY AT HOWARD DAVIS FARM:

Question

Would the Minister advise –

- (a) whether the positioning of both the animal incineration unit and the animal carcass storage facilities within the confines of Howard Davis farm are in breach of the Davis Family Trust Covenant and if not, would he advise on what criteria or legal advice that opinion is based?

- (b) if both these facilities are in breach of the covenant will he undertake to immediately stop any further processes or activities and actively look for an alternative site?
- (c) what consultation, if any, has taken place with Acorn Enterprises over the compatibility of these operations and its sheltered work and training of people with disabilities on the adjacent site?

Answer

- (a) The Minister is not currently in a position to advise definitively on this matter and is in the process of seeking further information.

The Agriculture and Fisheries Committee on 14th February 2002 considered changing the use of the disused bulb treatment plant at Howard Davis Farm for the construction and operation of a new animal carcass cremator. The shed in question had become available due to the Committee deciding to cease treating daffodil bulbs. A planning application was submitted to the Planning and Environment Committee on 14th January 2003.

At that time, it was not considered to be a breach of the covenant as the Agriculture and Fisheries Committee provided many services to the agricultural industry which included testing, training and operational support. This particular change of use from bulb treatment to animal cremator was considered to be a change from one operation in support of the industry to another. That criteria formed the basis for the current change of use.

- (b) There is no prevailing evidence to indicate that either of the facilities are in breach of the covenant.

The planning application was submitted by the Agriculture and Fisheries Committee, who at the time administered the Howard Davis Farm, providing training, research and development and numerous services to the agriculture, horticulture and fishing industries.

It is the intention of Transport and Technical Services to re-locate the cremator as soon as possible. Bellozanne is the preferred location, but land will not be available for approximately two years.

In the meantime it is essential that the Island has a modern and regulatory compliant facility to deal with animal waste derived from farms, abattoir, knacker's yard and other dead animals as they arise. It would be irresponsible to delay the construction of his plant any longer in the face of potential outbreaks of Foot and Mouth, Blue Tongue and Avian influenza, for example. Presently, all Jersey's animal by-products are shipped to the UK for incineration and in the event of a notifiable disease outbreak on the Island, the UK Government would almost certainly stop export of these materials, leaving the Island with a very serious animal waste disposal problem.

- (c) Before the application was made a thorough consultation process took place, with an open public meeting at Trinity Parish Hall on 27th May, followed by an Environmental Impact Assessment undertaken by external consultants. This provided an opportunity for local people to listen to a presentation on the proposal and allow questions to be put to the department of Agriculture & Fisheries. The main issues raised were in relation to air quality, traffic and cost implications.

Acorn Industries were aware of the project and it is understood that they did not raise any concerns directly to the department in relation to the planning application or at the Parish Hall

meeting. As far as it can be ascertained, Acorn Industries did not raise a formal objection to the application under the planning process.

1.8 TO THE MINISTER FOR EDUCATION, SPORT AND CULTURE BY SENATOR J.L. PERCHARD REGARDING THE NATIONAL GALLERY STEERING GROUP:
Question

Would the Minister advise members –

1. Who the members of the National Gallery Steering group are?
2. Who appointed the members of the National Gallery Steering group?
3. What the terms of reference of the National Gallery Steering group are?
4. Who was responsible for drafting of the terms of reference for the National Gallery Steering group?
5. What support, if any, is being given by States departments or bodies owned or controlled by the States to the National Gallery Steering group?
6. Which, if any outside consultants are advising the National Gallery Steering group or States departments over the proposal to develop a National Gallery on the Weighbridge site, the total estimated cost of all consultancy work in this regard and the mechanism in place for their funding?
7. Will the Minister make available any minutes of the National Gallery Steering group as an appendix to the answer to this question?

Answer

1. The current members of the National Gallery Steering Group are: the Chairman of the Jersey Heritage Trust Jurat John de Veuille OBE, the Deputy of Grouville, the Connétable of St Helier, the Director of the Jersey Heritage Trust Mr Jon Carter, Mrs Melissa Bonn, Mrs Susie Pinel, Mr Jonathan Voak, Mr Robert Tilling, RI, MBE, Mr Ray Banks FRSA, the Curator of Art of the Jersey Heritage Trust Ms Louise Downie and the Cultural Development Officer Mr Rod McLoughlin. The group is chaired by the Bailiff, Sir Philip Bailhache.
2. The members of the Steering Group were invited to join by the Jersey Heritage Trust.
3. The Steering Group was established, following a meeting of the Jersey Heritage Trust in December 1999, “to produce a detailed feasibility study, project definition statement and outline architect’s brief, identifying among other things a site and sources of funding”.
4. The terms of reference above were drafted by the Jersey Heritage Trust which, as I have indicated, established the group. They follow a recommendation in the culture report of 2000 commissioned by the then Finance and Economics Committee.

5. Administrative support is provided within the Bailiff's Chambers. The Cultural Development Officer of the Education, Sport and Culture Department was invited on to the group this year to assist in the development of a strategy document for the group, as I recognise that if the matter were to be advanced it would be for me, as Minister for Education, Sport and Culture, to bring forward any such proposals. This work, which is currently in progress, includes obtaining the views of the Economic Development Department, the Economics Unit.
6. Hopkins Architects are advising the National Gallery Steering Group on design matters. They are producing the following: a feasibility study report, an initial specification for the building, a three dimensional model, and perspective drawings to illustrate the urban design and architectural concept. This is under a fixed £30,000 contract with the Planning and Environment Department which is being funded through percentage for art contributions. The Economic Development Department has commissioned a report from Locum Consulting which is involved in a number of other projects related to the visitor economy. The question of the desirability of a gallery in this context featured in the Locum Destination Audit published in November 2006. The cost of the Locum report on the National Gallery is £7,500 which is being shared between the Economic Development Department and the Waterfront Enterprise Board.
7. As I have previously indicated, I intend to make public the strategy document when it is complete. I am advised that the Minister for Economic Development will also publish, with an accompanying note, the Locum Consulting report. The minutes of the National Gallery Steering Group, which date back more than seven years, are confidential to the group and it would be a matter of approaching the Chairman to seek the views of the group about releasing them.

Deputy I.J. Gorst of St. Clement:

If I might, while I thank the Minister for Transport and Technical Services for his answer to my written question number 7, in answer paragraph A he says that he is not in a position to definitively advise me on a certain matter and that he is seeking further information. Could I ask him to confirm that he will, once he has received that further information or clarification, make it public, please?

Deputy G.W.J. de Faye of St. Helier:

Unless I am advised that the information is confidential, I will happily make it public.

The Bailiff:

Very well. Well, now we come to oral questions ...

2. Oral Questions

Deputy P.V.F. Le Claire of St. Helier:

May I ask leave of the Assembly, Sir, to put over my oral question this morning until the next session. I have spoken to the Greffier and the Minister for Economic Development.

The Bailiff:

I understand, Deputy, there are personal reasons. I am sure those are acceptable to the Assembly. Very well, Deputy Le Claire's questions will be left over until the next meeting. Deputy of St. Martin has a question for the Minister for Health and Social Services.

2.1 Deputy F.J. Hill of St. Martin of the Minister for Health and Social Services regarding the introduction of screening for prostate cancer:

While the Health and Social Services is to be complimented on its breast-screening programme for women, would the Minister advise whether there are any plans to introduce prostate cancer screening for men?

Senator B.E. Shenton (The Minister for Health and Social Services):

I am glad the Deputy has raised this important issue. It is a controversial and a rather complex topic. Prostate cancer is the commonest cancer in men. It would be great if there was a good screening programme and if treatment choices were more clear-cut. Unfortunately there are no tests which are available for screening men who have no symptoms. There is a test called "prostate specific antigen", P.S.A., but unfortunately it has a 75 per cent false positive rate in asymptomatic men. When offering any screening test to a population of men with no symptoms, it is important that there are more advantages than disadvantages. The sort of harmful consequences screening can cause include unnecessary operations and needless anxiety, for instance, from a positive result when it turns out that there is in fact no cancer. We are guided by the U.K.'s (United Kingdom) National Screening Committee in these matters. This group of national experts keeps all the evidence under constant review and does not recommend a screening programme based on the P.S.A. test. Instead it recommends that men thinking about having a P.S.A. test should first have the opportunity to consider all the pros and cons, including the limitations of the P.S.A. test, before making a personal informed choice whether to go ahead and have it.

The Bailiff:

Minister, I am sorry, your time is expired now. Is there any supplementary question? Deputy of St. Martin?

2.1.1 The Deputy of St. Martin:

Will the Minister not agree that surely one of the most important aspects in things like breast-screening is trying to identify things before they get too far? Surely would it not make sense to introduce something like prostate cancer testing, if nothing else, just to give those people the assurance that they do not have a problem? That is probably just as great as those people ... it is probably better than being told that it is too late.

Senator B.E. Shenton:

I think as I pointed out in my answer, the problem is there is not a suitable test available at the moment. The P.S.A. test which is the only one available gives out too many false positives and it can cause more harm than good to carry the treatment further on someone that does not in fact have the cancer at all.

2.1.2 Deputy R.G. Le Hérissier of St. Saviour:

If the test being used by people like G.P.s (general practitioner) is apparently potentially misleading, why is the Senator's department not counselling against the use of this test?

Senator B.E. Shenton:

Why are we not counselling? Where there is evidence that there may be prostate cancer or where there has been a history in the family of prostate cancer, or the individual has suffered prostate cancer in the past, the test is extremely useful and it is in these circumstances that it is used. It is not used as a general screening for healthy men because it gives off too many false results in this area.

2.1.3 Senator P.F.C. Ozouf:

Is the Minister suggesting that men over a certain age should not have the test? Because that seems to fly completely in the face of the work done by many notable individuals - many notable Islanders - on the importance of men over a certain age having a test. Is he saying that people over a certain age should not have a test as a general precaution?

Senator B.E. Shenton:

I do not think I mentioned age in my reply at all. I think the Senator is hearing voices. I have not got age in my answer.

2.1.4 Senator P.F.C. Ozouf:

Is the Minister aware that there is a general view held by a number of individuals and which has been promoted by the cancer awareness charities on prostate cancer testing, that men should go and have a P.S.A. test? Is he saying that they are wrong?

Senator B.E. Shenton:

What I am saying is that you should listen to medical advice and I would rather ask a doctor when I should go for a prostate test than ask a politician.

2.1.5 Senator J.L. Perchard:

Would the Minister confirm that for every hundred men who show positive P.S.A. results and will therefore have to have a biopsy operation which can be at times very dangerous, only 25 will show the positive signs of prostate cancer and that to undertake a complete screening programme of the male population, this is not specific enough and that while it is prudent to have a P.S.A. test, it is not prudent at this stage, because the results of the tests are so vague that the Minister ...

The Bailiff:

Come to the question, please.

Senator J.L. Perchard:

Would the Minister confirm that I have raised a valid point there, Sir?

Senator B.E. Shenton:

The Senator has raised a very valid point there. [Laughter]

2.1.6 Deputy R.G. Le Hérissier:

Following the very wise words of that well known sycophant, Senator Perchard, Sir, would the Minister now confirm that it is his department's line that men who are healthy - who think themselves healthy, in itself a questionable issue - should not, as Senator Ozouf has indicated, seek to have a P.S.A. test?

Senator B.E. Shenton:

Informed choice is the best way forward. Any man who wants to have this test can go and see his G.P. and ask about it. But he should only go ahead and have it with his eyes wide open and be aware of all the ins and outs of it and what happens when a P.S.A. test result shows up positive.

2.1.7 The Deputy of St. Martin:

Could I just ask for confirmation from the Minister, given the concern I think, it is generally expressed by men, not just in this Chamber but outside the Chamber as well, does the Minister not think it might be useful for maybe his Medical Officer of Health to produce a paper on it giving out the pros and cons of having this, if only just to give people reassurance?

Senator B.E. Shenton:

I believe that that is an excellent suggestion by the Deputy and I shall take it up with the Medical Officer of Health.

2.2. Deputy S.C. Ferguson of St. Brelade of the Chief Minister regarding the annual report of States Employees' Remuneration for 2006:

Can the Chief Minister explain why the annual report of States Employees' Remuneration for 2006 did not contain comparisons between States pay rates and private sector rates (and also between States rates and U.K. mainland public sector rates) as had been provided in the equivalent report for 2005, and will he confirm that the 2006 comparisons will be published?

Senator F.H. Walker (The Chief Minister):

The report provided by my department on States Employees' Remuneration at the time of the publication of the States Annual Report and Accounts for 2005 was presented to the States in May 2006. At that time we had recently received the results of a pay comparability survey carried out by Hay Consultants comparing States of Jersey salaries with those in the U.K. public and private sectors of employment and also the Jersey private sector. The data was current as at 1st January 2006 and we wished to share it with States Members. When we presented in May 2007 a similar report to accompany the Annual Report and Accounts for 2006 no further salary comparability information was available. Such surveys are not done every year but normally (and this is established practice) about every 4 years. This is because salary comparisons tend to change slowly over time and also because surveys of this nature are expensive. When a further survey is conducted, the results will be shared with States Members. In the meantime I have received no evidence to suggest that the differentials have materially changed.

2.2.1 Deputy S.C. Ferguson:

Yes, but given that, for example, a police constable in the London Met with 2 years' experience and including London weighting of £6,219, receives £31,206 annually compared with the equivalent rate for a Jersey constable of £37,858, does the Chief Minister not think that a more detailed review of salary levels in the States is not absolutely essential?

Senator F.H. Walker:

The detailed review was, as I have indicated in my answer, undertaken. The differentials in pay between, for example, police officers in Jersey and those in the U.K. have been established now for many, many years, long before I think any of us were in the States. It is not something that you can go about dismantling. What is far more relevant is the comparison in pay between the public sector in Jersey and the private sector in Jersey and recent information has made it very clear that there is no great differential between public sector pay and private sector pay except at the lower end in the public sector where it is considerably higher and the higher end of the public sector where it is considerably lower.

2.2.2 Deputy G.P. Southern of St. Helier:

Is it the Chief Minister's intention to reduce differentials between States pay and private sector pay in the U.K. and locally by simply not accommodating any figures in the new pay rises, the new monies put aside for pay rises for 2008-2009 and having all States workers absorb the cost of 3 per cent G.S.T. (Goods and Services Tax)?

Senator F.H. Walker:

As I made it clear in an interview with the *Jersey Evening Post* it is not my practice to comment on how negotiations with any public sector pay group are going to be conducted, nor to make any observation whatsoever on the likely outcome.

2.2.3 Deputy G.P. Southern:

Does the Chief Minister accept that if he holds to the sums that he has set aside for the 2008-2009 pay awards there will be a reduction in differentials?

Senator F.H. Walker:

No, Sir, I do not accept that there will necessarily be a change in differentials.

2.2.4 Senator S. Syvret:

Does the Chief Minister accept that the production of a properly calculated purchasing power parity study would enable much more ready and accurate comparison of pay rates between here and various areas of the United Kingdom?

Senator F.H. Walker:

This is something that has been discussed on many occasions over the years and I will accept that a P.P.P (purchasing power parity) as it is called is a desirable instrument. However, the most recent advice from our highly regarded statistical unit is that with all the other information they are now providing to Members and to the public, a P.P.P. is something that is somewhat lower down the pecking order, not least because it is an extremely complex and expensive piece of information to evaluate.

2.2.5 Senator S. Syvret:

Does the Chief Minister accept that in all likelihood the P.P.P., were it ever to be undertaken, would show that the purchasing power of a pound in Jersey would in fact be substantially lower than the U.K. average?

Senator F.H. Walker:

It would be lower. I do not accept that it would be substantially lower. But I would also make the point that household earnings in Jersey are substantially higher than they are in the U.K.

2.2.6 Deputy G.P. Southern:

Does the Minister expect States workers to absorb the cost of G.S.T. in the 2008-2009 pay awards?

Senator F.H. Walker:

The Deputy is again asking me to comment on how negotiations are going to be conducted and their possible outcome. I am afraid I am simply not going to do that.

2.2.7 Deputy S.C. Ferguson:

Given that 50 per cent of States expenditure is in human resources, does the Chief Minister not consider that a 'root and branch' review is required to ensure that job descriptions match job abilities and that salaries and wages are fair for the work that is performed?

Senator F.H. Walker:

The salary levels and differentials are a constant source of review by the States Employment Board and by the Corporate Management Board. I think Members might also be surprised to learn how many public sector employees we have lost to the private sector in Jersey over the last year, particularly because of salary differentials which are higher in the private sector.

2.3 Senator S. Syvret of the Minister for Health and Social Services regarding the transportation of children in custodial care to Court:

Will the Minister inform the Assembly whether children in custodial care are transported from Les Chenes/Greenfields to court in the same vehicle as adult prisoners from H.M.P. (Her Majesty's

Prison) La Moye and if so does he consider that this practice is compatible with the Children (Jersey) Law 2002, in particular Articles 19 and 35?

Senator B.E. Shenton:

When a young person is presented to the Royal Court for a secure accommodation order, he or she is escorted between Greenfields and the court in an unmarked car by a member of the childcare staff because this is a civil matter. In the case of a young person who is subject to custodial remand at Greenfields transportation is the responsibility of the Minister for Home Affairs as this is a criminal matter. I understand that the Minister for Home Affairs will be providing the Assembly with details of the type of transport used. I believe that the current arrangements are compliant with the Children (Jersey) Law 2002, however, in order to fully ensure that this is the case legal advice has been sought on compatibility with Article 19 and Article 35 of the Law.

2.3.1 Senator S. Syvret:

Does the Minister accept the fact that children under custodial orders have in fact been transported in the same vehicle as adult prisoners to the courts?

Senator B.E. Shenton:

I understand that this is the case and I must admit that personally I was very surprised and that is why we are seeking legal advice on the matter.

2.4 Deputy K.C. Lewis of St. Saviour of the Minister for Economic Development regarding British Airways' decision not to allow surfboards and kayaks on board its passenger aircraft:

Further to news that from the 6th November 2007 British Airways will no longer accept surf boards and kayaks on board its passenger aircraft, what steps, if any, is the Minister taking to reverse this decision?

The Bailiff:

May I ask that you put the question as approved, please, Deputy?

Deputy K.C. Lewis:

Further to news that from the 6th November 2007 British Airways will no longer accept surf boards and kayaks on board its passenger aircraft, what steps, if any, is the Minister taking to request that the airline reverse this decision?

Senator P.F.C. Ozouf:

May I ask my Assistant Minister to rapporteur for this question and 7, 8 and 15 as they all relate to Harbours and Airport matters?

The Bailiff:

Yes. Assistant Minister?

Deputy A.J.H. Maclean of St. Helier (Assistant Minister for Economic Development - rapporteur):

Following the announcement I immediately asked the Airport Director to seek further information from British Airways on the matter. British Airways have advised that while its network-wide decision stands, it will continue to accept such items as those noted by Deputy Lewis for groups booked to travel through some of the airline's travel agent partners which specialise in sporting tours providing that prior notice is received. Prior notice will allow British Airways to put alternative arrangements in place to handle such items for groups. Research shows that only a very small but of course very important number of customers choose to travel with larger items and

British Airways will track these numbers over the course of the next few weeks. The airline states this process will help find a solution that will allow customers to travel with larger items of sports equipment through British Airways or British Airways' partners. It is worth restating that this disappointing change to baggage policy is not unique to Jersey but applies across the whole British Airways network.

2.4.1 Deputy K.C. Lewis:

As the Assistant Minister is no doubt aware, Sir, Jersey has a long history of sporting excellence with surfers competing at international level in all parts of the world and this will also cause problems for sporting enthusiasts coming to the Island. If other airlines were to follow suit, this would be disastrous for sports in Jersey. Does the Minister not agree?

Deputy A.J.H. Maclean:

We clearly recognise the value of event-led tourism and sporting activities and in that regard the restriction on carrying of larger items of sporting equipment is disappointing and clearly will have an effect on sporting activities of that nature. So clearly we are keeping a very close eye on developments. Currently other airlines have not followed suit and so there are a number of opportunities. As far as groups are concerned, as I have already mentioned, British Airways have stated that providing bookings are made through travel agents that group activities will be allowed to carry their necessary larger items.

2.5 Deputy G.P. Southern of the Minister for Housing regarding the sums of rent involved in the 600 "zero tolerance" letters sent to tenants:

Will the Assistant Minister detail for Members the sums involved in the 600 "zero tolerance" letters sent to tenants in terms of the rent owed by monthly bands over a period of 0-24 months and in bands of £200 from £0-£2,000? Will he or she further state how many of the 600 letters were sent to pensioners?

Deputy J.A. Hilton of St. Helier (Assistant Minister for Housing):

The letter referred to is the second in a series of letters sent to advise tenants who fall into arrears that the matter requires their immediate attention. An initial letter is generated after the rent account falls into arrears of one week. The letter in question is sent out a week later if no communication has been elicited. Early intervention is imperative to prevent tenants accruing unmanageable arrears. These particular letters have only been used since January 2007 so there is no 24-month period to review. A manual exercise has been undertaken to show the information requested for the month of October 2007 as follows: £0-£200, 4 letters; £200-£400, 10 letters; £400-£600, 2 letters; £600-£800, 1 letter; £800-£1,000, 1 letter; £1,400-£1,600, 1 letter; £1,800-£2,000, 1 letter. During October in excess of 200 letters were automatically generated by our in-house computer system but only 20 letters to which this question refers were sent to tenants. None of those 20 letters sent out during October were received by pensioners. It is clear that October 2007 has seen a continued monthly reduction in the issue of this letter. This, I believe, is an indication of the success of "zero tolerance" policy. The policy has seen a reduction in arrears of £326,000 so far in 2007 releasing valuable funds that can be reinvested into the housing stock and so improve the quality of life of all our tenants. Sir, I would like to explain to the House that this particular question just for the month of October took 2 officers 2½ hours to answer and this is the reason why I have only answered the question for the month of October 2007.

Deputy G.P. Southern:

I thank the Assistant Minister for her answer.

2.5.1 Deputy S.C. Ferguson:

Would the Assistant Minister please come back to the House and tell us exactly what the total of the outstanding arrears is? Would she not confirm that it is somewhat unusual to allow rents to accrue to the point of £2,000?

Deputy J.A. Hilton:

I can answer the Deputy's question today. The level of arrears at 1st October 2007 is £790,000. As I explained before, the arrears reduction in the last 10 months has been £326,000. The level of arrears obviously in December 2006 was £1,117,000. The level of debt that she points to - the £1,800-£2,000 - it is not a question of this debt just becoming aware to the Housing Department, we are continuously engaging with those 2 tenants in an effort to reduce those arrears

2.6 Senator S. Syvret of the Minister for Home Affairs regarding the transportation of children in custodial care to court:

Will the Minister inform the Assembly whether children in custodial care are transported from Les Chenes/Greenfields to court in the same vehicle as adult prisoners from H.M.P. La Moye and if so does she consider this practice to be acceptable?

Senator W. Kinnard (The Minister for Home Affairs):

The States of Jersey Police provide transportation for persons in custody who are due to attend the Island's courts. This will include adults and children. Every effort is made to avoid transporting adults and children together and in the majority of cases transportation will take place for adults first and then for children if necessary. However, from time to time, it is unavoidable and both adults and children are carried in the same vehicle. The States of Jersey police have only one vehicle specifically designed for the carriage of remand or convicted persons of any age and this is designed in such a way that each person transported is placed in an individual cubicle within the vehicle. If it is necessary to transport both adults and children together, whenever possible, the children are placed into the vehicle first individually before any adults are loaded. At no time are children or adults able to mix freely within the vehicle. Members have already heard from the Minister for Health that he will be seeking legal advice on the transport arrangements for children and young people to the courts.

2.6.1 Senator S. Syvret

Given that the Minister has admitted that this abusive practice takes place, could she say whether risk assessments have been conducted in respect of these transport arrangements? Does she accept that no respectable child welfare authority would suggest that it is ever appropriate to transport child prisoners in the same vehicle as adult prisoners?

Senator W. Kinnard:

As I have mentioned, the Minister for Health will be seeking some legal advice on the issue. But I think we must put this matter in context, Sir. It is clearly unacceptable in a situation as pertains in the United Kingdom where if children were transported with adults they would be transported in a vehicle for several hours, possibly over several hundreds of miles as the dedicated secure youth facility may be some distance from the court where the young person has to appear. In Jersey the maximum period of time we are talking about is approximately some 20 minutes in terms of the journey time. As I have indicated, Sir, the vehicle is partitioned. But, having said that, advice is being sought and obviously I will be in consultation with the Minister for Health once he has received that.

2.6.2 Senator S. Syvret:

Does the Minister accept that there are young adults - children - who have been transported in this manner and who have found the experience emotionally and psychologically harmful to them? I

have spoken to such people and I am happy to put them in touch with the Minister if she does not accept my word.

Senator W. Kinnard:

I would be more than content to hear from individuals if that is the case. As I have indicated, Sir, it is a situation also of resourcing in a small island and the fact that if one is going to have a situation of limited resources, Sir. I, myself personally would prefer to see those resources spent on things like education, facilities and programmes than spent on a dedicated perhaps police van of the type used transport people to and from court. But, as I have said, Sir, if legal advice is to indicate otherwise then I will have further discussions with the Minister for Health.

2.6.3 Deputy J.B. Fox of St. Helier:

The Minister might not be able to answer this immediately, but if she could come back to the House. In light of the question that has been raised has any consideration been given as to the timings of transport with the courts to see whether the child could be deferred to a later time than the general transportation of prisoners from the prison?

Senator W. Kinnard:

As I mentioned in my answer, every effort is made to try to ensure that children are not transported at the same time as adults. But on occasions I have to admit that it has happened.

2.6.4 Senator S. Syvret:

For this reason and a variety of others, I long ago came to the conclusion that the States of Jersey has, in effect, committed many criminal offences against children including during my time as Minister for Health and Social Services ...

The Bailiff:

Senator, no speeches, please.

Senator S. Syvret:

I am going to seek an interview with the police in which I will put all of these offences I believe my department committed to them with a view to them being investigated for prosecution ...

The Bailiff:

Senator, is this a supplementary question?

Senator S. Syvret:

It is a supplementary question, Sir.

The Bailiff:

Well, ask it, please.

Senator S. Syvret:

Will the Minister for Home Affairs and the Minister for Education, Sport and Culture join with me in doing this?

Senator W. Kinnard:

I have no hesitation of reporting to the police or to any other relevant authority such as the Williamson inquiry any matters that are of deep concern to me and clearly if there are any matters that are of a criminal nature I have no hesitation whatsoever in reporting those to the States of Jersey Police for further investigation.

The Bailiff:

We come next to a question by Deputy Power of the Minister for Economic Development or Assistant Minister.

2.7 Deputy S. Power of St. Brelade of the Minister for Economic Development regarding the number of Service Level Agreements in force at the airport:

The Assistant Minister recently stressed the importance of service level agreements at the harbour. Can the Assistant Minister confirm the number of service level agreements in force at the airport?

Deputy A.J.H. Maclean (Assistant Minister for Economic Development):

The dynamics of the airport are entirely different to the harbour. The airport is competing in a highly competitive market where 11 airlines served 35 scheduled destinations during 2007. A total of 60 destinations were served in total during 2007 if we include tour operator services. In such a competitive market government intervention by regulating operators with instruments such as service level agreement would undoubtedly lead to a loss of airlines and routes and ultimately see airfares rise. I can therefore confirm to the Deputy that there are no service level agreements between the airport and airlines currently in operation.

2.7.1 Deputy S. Power:

If I may be allowed to ask a supplementary question? Is the Assistant Minister aware that in October 2006 the Industry Sub-Committee of the Institute of Directors issued a small paper saying that the history of service level agreements insofar as they benefit competition and economic growth is not good? That is because they are driven by conflicting interests, vested interests and vocal minorities. Is the Minister also aware that they say that service level agreements are both anti-competitive and focused on passengers and that they have failed to encourage growth due to the need to subsidise weatherproofing and winter services? Can the Assistant...

Deputy A.J.H. Maclean:

I think, Sir, that is the reason why we do not have service level agreements at the airport.

Deputy S. Power:

My question was related to the harbour.

Deputy A.J.H. Maclean:

I was under the impression I was answering a question relating to service level agreements at the airport.

Deputy S. Power:

My supplementary question was related to service level agreement insofar as they exist at the harbour.

The Bailiff:

The Deputy is entitled to ask about the harbour even if he has been talking about the airport before that.

Deputy A.J.H. Maclean:

That is fine, Sir. I am very happy to move from planes to boats. Sir, with regard to service level agreements at the harbour, as I mentioned at the beginning, the market is entirely different, the dynamics of the market are entirely different. We have large numbers of aircraft and routes flying out of the Island at the airport, however at the harbour we do not have that luxury. We have 2 primary routes, we have one operator on the northern route and 2 operators on the southern route. It is not only important, it is essential that the Island is able to protect these vital lifelines and as such we believe that the use of service level agreements are appropriate.

The Bailiff:

Final supplementary, Deputy, please.

2.7.2 Deputy S. Power:

Is the Assistant Minister aware that service level agreements originated in the U.K. armed forces to cover internal standards and conditions between 2 sections of the armed forces, for example, in supplies? Is he also aware that service level agreements were used when the 2 parties do not have recourse to compete or to sue each other? So my question is that service level agreements, whether at the airport or the harbour, are not appropriate in Jersey.

Deputy A.J.H. Maclean:

That is a fascinating piece of information that the Deputy has given us. Frankly, Sir, the use of service level agreements has to be proportional. I have stated previously that service level agreements or the use of them as far as the Island is concerned are somewhat limited. We have limited powers in terms of enforcing the service level agreements. They are intended to provide protection to consumers and they are intended to provide some degree of protection to our lifeline routes. There are limitations for service level agreements and that is one of the reasons that we are bringing in December to this Assembly a Harbours (Administration) (Jersey) Law which seeks to improve that situation.

2.8 Deputy S. Power of the Assistant Minister for Economic Development regarding the grounds under which the Port of St. Helier could refuse a commercial vessel:

Under what grounds can the Port of St. Helier, being an open port under United Nations International Maritime Organisation regulations, refuse a commercial vessel, (which can prove it is not carrying any dangerous or prohibited material and for which there is an available slot time and port capacity) the right to use and discharge or load at the port?

Deputy A.J.H. Maclean:

I will answer that question if I may in 2 parts. Firstly, it is not strictly accurate to refer to the Port of St. Helier as an open port under the United Nations International Maritime Organisation regulations. The notion of open port status is not enshrined in statute nor is it believed to be expressly imposed by way of international obligation. However, the Port of St. Helier seeks to adhere to the Port Marine safety code. This code incorporates an open port duty. By adhering to the best practice of the code harbour authorities provide mariners with safe access to and from the port. Sir, the second part of the Deputy's question concerns the ability to restrict or refuse usage of the port by a commercial vessel. Under current legislation a commercial vessel is only likely to be refused entry to the port under one or more of the following: policing, safety, control and administration of harbour and territorial waters.

2.8.1 Deputy S. Power:

I feel this is a jousting competition. Sir, can the Assistant Minister confirm what process there is to refuse entry if there is a free berth and the ship and its operation complies with international maritime requirements of safety and security?

Deputy A.J.H. Maclean:

I do feel that I had answered that question. The only grounds under which a commercial vessel is likely to be refused entry is under policing, safety, control and administration of the harbour. There are no other grounds under which we would consider refusing entry to the ports for a commercial vessel.

2.9 Deputy G.P. Southern of the Minister for Housing regarding how the threat to withdraw heating or hot water from tenants, contained in Housing Department “zero tolerance” letters, constitutes a “firm but fair policy” under Audit Commission good practice guidance:

Will the Assistant Minister advise how she considers that the threat to withdraw heating or hot water from tenants, contained in Housing Department “zero tolerance” letters, and sanctioned by the Minister, constitutes a “firm but fair policy” under Audit Commission Good Practice Guidance, as suggested by the Minister in his response to my question of 23rd October 2007?

Deputy J.A. Hilton (Assistant Minister for Housing):

The Audit Commission briefing Housing Association Rent Income recognises the absolute importance of prevention, of early intervention and of firm but fair policies for further action in dealing with rent arrears. It is therefore reasonable to describe the initial letter sent to those tenants who fall into arrears of a week or more as early intervention. This early intervention and the offer of a suitable rent arrears management scheme extend that fair policy. There is a clear need, however, to balance this approach as recognised by the Audit Commission and where necessary a firm approach is required. That firm approach is reflected in the letter in question which is despatched to those tenants who fail to acknowledge the first letter of early intervention and who allow their rent accounts to accrue unmanageable arrears. It must be stressed that every assistance is offered to those tenants who fall into rent arrears and evidence of this is that no such disconnections have been necessary.

2.9.1 Deputy G.P. Southern:

Is the Assistant Minister aware that no other housing authority or utility company in the U.K. ever makes such a threat to vulnerable clients?

Deputy J.A. Hilton:

No, Sir, I am not aware.

2.9.2 Deputy S.C. Ferguson:

Does the existence of outstanding arrears at the beginning of the year of about £1 million not suggest that the Housing Department has only just been paying attention to this and that it is really trying to catch up very fast and really sort of catching up with its mistakes in the past?

Deputy J.A. Hilton:

The Housing Department are taking a much firmer line on arrears. I cannot really answer for what happened before because I have only been there this year and last year. But certainly the policy now is early intervention and the success of this policy is reflected in the fact that we have reduced arrears in the space of 10 months by £320,000-odd.

2.9.3 Deputy J.A. Martin of St. Helier:

Would the Assistant Minister not accept, while I fully agree that they need to collect rents, rent arrears is also a moving target depending on what day they do the computer run as rents are due on a Monday and some people do pay their rents on time but they are monthly in arrears instead of in advance as the department likes? Secondly, Sir, the letters: can she say they are fair when there is only 40 per cent of their tenants they can cut their heating supply off? The other 60 per cent pay directly to the utility. This is why I do not think the letters can be fair and just.

Deputy J.A. Hilton:

It is a fact that as the Deputy points out, some of our tenants pay for their heating, television aerials and suchlike within their rent, but we can only deal with each case as it comes up. I would like to reiterate, nobody has been disconnected; we do not disconnect vulnerable people.

2.9.4 Deputy G.P. Southern:

Will the Assistant Minister intervene with her Minister to ensure that the phrase “We will cut your heating or hot water off” is removed from these letters because it is an idle and unnecessary threat to her tenants?

Deputy J.A. Hilton:

As I explained in my previous answer, that phrase appears in the second letter that goes out to clients who have ignored the first letter. So, no, I would say no, we have no intentions of removing that sentence at the present time.

2.9.5 Deputy K.C. Lewis:

Is the Assistant Minister aware that people who fall into rent arrears are refused essential maintenance by the Housing Department? I have no sympathy whatsoever with the “will not pay” but the “cannot pay” are becoming an increasing worry. Only last week I visited a lady cooking a meal by candlelight. This has since been repaired. Can the Minister comment, please?

Deputy J.A. Hilton:

I am not aware of the particular case that the Deputy is referring to and obviously I am concerned to hear that he knows of a client of the Housing Department who is cooking by candlelight and I would appreciate very much if after the Assembly today that he gives me the details so I can look into the case again. But, can I say, as I have stated before, the second letters that are generated are individually gone through by our very experienced Housing officers who then make a decision based on the knowledge that they have of those clients whether those letters are sent out?

2.9.6 Deputy G.C.L. Baudains of St. Clement:

Could the Assistant Minister confirm that being the landlord of last resort somewhat ties the department’s hands in so much as if one has a tenant who is reluctant to pay rent the only sanction open to the department is to evict that person or family meaning that immediately the department has to rehouse them? So sometimes it is better to leave them where they are and try to manage the rent problem.

Deputy J.A. Hilton:

Yes, Sir, the Deputy is quite right. The Housing Department is considered the housing of last choice and we do run into difficulties at times. But as I have tried to say before, we will engage with clients to try and address the problems of rent arrears and it is only when we have exhausted all possibilities - usually over a very long period of time - that the Minister and myself will then sit down and consider whether eviction proceedings are the last remaining choice.

The Bailiff:

Final supplementary, Deputy Southern.

2.9.7 Deputy G.P. Southern:

Is the Assistant Minister aware of the practice under her zero tolerance policy of repeatedly phoning tenants at their place of work and will she insist that this practice ceases in her offices?

Deputy J.A. Hilton:

I am not aware that any Housing officer has repeatedly been phoning our clients at work. I will take this matter up with the department when I visit it later in the week.

2.10 Deputy S. Pitman of St. Helier of the Chief Minister regarding the future of the Housing Minister:

Following the Minister for Housing's admission that he was responsible for the loss of £1.5 million of public money relating to the sale of First Time Buyer homes at Le Squez, would the Chief Minister advise Members whether he will be calling for the resignation of the Minister for Housing?

Senator F.H. Walker (The Chief Minister):

I will not be calling for the Minister for Housing's resignation for a number of very good reasons. First, when the decision was taken quite properly to sell the homes at Le Squez, Senator Le Main was not the Minister for Housing and as I have always made clear, I have no authority to take action against a Minister for actions taken before the introduction of Ministerial government. Secondly, the Housing Committee of the day acted quite properly and according to normal practice when agreeing the sale price. The issue arose entirely as a result of the unforeseen delay in installing the drainage systems over which the Housing Committee had no control and during which the value of the properties increased significantly. Thirdly, it was Senator Le Main himself who, when he became aware of the matter earlier this year, personally drew attention to it and took successful steps to rectify the problem. Fourthly, I believe the Minister for Housing is doing an excellent job, particularly on behalf of States' tenants and those on lower incomes seeking to own their own home.

2.10.1 Deputy J.A. Martin:

I must ask the Chief Minister to reconsider what he has said. I need an answer to 2 questions. Is it £2.4 million that the Housing Department have lost or £1.5 million because it has moved from July to a few weeks ago? Can he confirm that it was not the Minister for Housing who informed the States; it was letters sent out by the new Chief Officer and basically he inherited a problem that he said it was very unfortunate to inherit and it was an officer before him who had caused the problem? If the Minister is not to answer, somebody has got to answer for £2.4 million or £1.5 million of public money. It is not good enough to say that it will not happen again and it certainly is not good enough to say: "I am sorry."

Senator F.H. Walker:

It was never a loss of £2.4 million and that figure was never officially released. I do not know where it arose from. Well, it may have been Deputy Martin's own calculation but it certainly was not a correct figure and the actual figure is considerably less. Indeed, with the actions taken by the Housing Minister and his department subsequently, with the change of design and the new negotiations that have taken place, the States and the public are likely to emerge from the overall scheme with a profit not a loss.

2.10.2 Deputy J.A. Martin:

Just a supplementary. If the Minister or any other States Members wish to see, I have an email from the Chief Officer of the Housing Department who told me in July when they wrote to the tenants, if they did not do something they were losing £2.4 million. Anyone can see the email if they want to. It was £2.4 million.

Senator F.H. Walker:

I stand corrected in that respect but I think the crucial phrase is if we do not do something and, of course, the current Chief Officer of Housing and the Minister have done something and they have pulled the issue back in the best interests of the public.

2.10.3 Deputy G.P. Southern:

Is the Chief Minister aware that the Housing Minister has accepted total responsibility for this debacle and does he not accept that responsibility should be in some way censured?

Senator F.H. Walker:

I have already made it clear in my answer. He was not the Housing Minister at the time. Ministerial government did not exist. I was not Chief Minister and I have no powers to act against anyone in the States, Minister or otherwise, who took actions before Ministerial government was introduced.

2.10.4 Deputy S. Pitman:

May I remind the Chief Minister that at the time those who put the deposit down for these houses, the Housing Minister was President for Housing. The Chief Minister can strongly advocate the dismissal of the former Health Minister who had an indisputable record because he spoke to certain Members in a disrespectful manner but cannot do this for a Housing Minister who has taken responsibility for a loss of £1.5 million of taxpayers' money. Dismiss the former Health Minister or dismiss the Housing Minister. What decision does the Chief Minister think our taxpayers would take?

Senator F.H. Walker:

I do not think the Deputy is listening to the answers. That was obviously a prepared question. I do not think she is listening to the answers I have given, that because of the actions of the Housing Minister the change to the scheme and the changes to the agreements that were introduced when he became aware that there was an issue, the States have now changed the position completely and at the end of the day on the completed scheme we are likely to see a profit to the public not a loss.

2.10.5 Deputy S.C. Ferguson:

Given that the same Housing Minister presided over the sale of Le Coie to the Housing Trust, a development which cost £24 million to produce and was sold for £12 million to the Housing Trust, will he not reconsider his decision?

Senator F.H. Walker:

As I recall, and I am not sure of my facts because I have not researched the Le Coie issue - it was not part of the original question - I believe the agreement on Le Coie was the subject of a States' decision but I think that should be double-checked.

2.10.6 Deputy G.P. Southern:

Given the present evidence of incompetence on the part of the Minister for Housing, will the Chief Minister reconsider his decision to appoint the said Minister for Housing?

The Bailiff:

I did not think the Chief Minister did appoint the Minister for Housing.

Deputy G.P. Southern:

That is relevant because one of the answers we have received is that all this happened before he was Chief Minister. He did, however, appoint this particular Minister as Chief Minister.

Senator F.H. Walker:

The States appointed the Housing Minister, not me. It was on my recommendation and I stand by that recommendation. The fact is that the Housing Minister, when he was President of the Housing Committee, followed well-established normal practice. Because of the delay beyond his control, because market values rose considerably during that delay beyond his control, he has taken action and he has turned the situation around. I do not know how many times I have to repeat that. Clearly, as I have said, some of the questioners, at least, are not listening to the answers.

The Bailiff:

A final supplementary.

2.10.7 Deputy J.A. Martin:

Previously the Chief Minister said that now we have turned it around hopefully we will see a profit at the end of the whole of the refurbishment of Le Squez and not a loss. Well, the people of the Island have owned this piece of land for over 40 years and if we cannot make a profit - and I would say a very large profit - the whole Ministry should resign.

Senator F.H. Walker:

The Deputy's observation is quite interesting because she has long been a champion of providing the cheapest possible housing to those who need States support. Is she suggesting now that we should change that policy, rip it up and charge far more to these people and probably put the houses beyond their capability to afford? I find that somewhat contradictory.

Deputy J.A. Martin:

I am sorry. I know you made that the last supplementary. The Minister is not listening to what I am saying. The prices of the houses are very reasonable. We owned the land so we did not have to purchase the land and if we do not make a profit there is something very, very wrong in the way the whole of Le Squez is being managed. Not one phase, the whole of Le Squez.

Senator F.H. Walker:

In which case the Deputy should share my pleasure that we will make a profit.

2.11 Deputy G.C.L. Baudains of the Minister for Treasury and Resources regarding the compliance of the 0/10 proposals within the European Code:

The Minister recently stated, regarding Zero/Ten and the Isle of Man's position, that Jersey's proposals have been shared informally with U.K. officials and as a result we believe they are fully E.U. (European Union) Code compliant. Can the Minister explain the apparent step back from his previous assertions, for example, in answer to questions on 28th March 2006, that the U.K. had endorsed our position as compliant?

Senator T.A. Le Sueur (The Minister for Treasury and Resources):

No, there has been no step back from my previous position. It has always been the case that Jersey, which is fiscally independent from the U.K., never formally asks the U.K. for approval to any changes to its tax laws. But, as a matter of courtesy and to ensure that we do not cause difficulty for the United Kingdom and bodies such as Ecofin, officers from Jersey do discuss matters informally with the United Kingdom as do, indeed, the other Crown Dependencies. The Isle of Man, for example, has just confirmed that they have worked with, and had discussions with, the United Kingdom on the recently announced replacement for their distributable profits charge regime which the Isle of Man is now confident will cause no difficulty within the Code group. It will be unwise for Jersey not to undertake similar informal discussions and soundings and I confirm that we do. I remain confident that our Zero/Ten regime is totally co-compliant.

2.11.1 Deputy G.P. Southern:

Has the Minister for Treasury and Resources, to the best of his knowledge, ever made the statement that our proposals are E.U. code of business and taxation compliant?

Senator T.A. Le Sueur:

I have stated that the general principles of Zero/Ten are totally Code compliant. I said that the detail had not been discussed.

2.11.2 Deputy R.G. Le Hérissier:

Can the Treasury Minister confirm that these soundings are totally verbal and based on his understandings of what civil servants have said to each other or whether he does have a clear specific written document in which these particular views are stated?

Senator T.A. Le Sueur:

As I said in my initial response, these are informal comments and they are not put down, as far as I am concerned, in any formal recording.

2.11.3 Senator S. Syvret:

Can the Minister give the Assembly an assurance that the taxation recovery mechanism that will be used as part of Zero/Ten in order to recover the lost corporate tax will be Code compliant and will not be defined as another ring-fencing mechanism of the kind that Ecofin wants stopped?

Senator T.A. Le Sueur:

I cannot be absolutely certain but I am fairly confident, as I said in my answer, that our proposals are code compliant. We are talking here about the taxation of individual shareholders, not the taxation of companies and it is the taxation of companies which is the concern of the E.U.

2.11.4 Deputy G.C.L. Baudains:

I am becoming increasingly concerned that our economy appears to be based on something which is completely uncertain. It has been recently established that the Isle of Man's distributable profits charge is not permitted under the Code of Conduct and Jersey's look-through alternative is really an identical device under another name. When is the Minister going to admit that his scheme for Zero/Ten and look-through in Jersey will at some time be declared non-compliant with the Code?

Senator T.A. Le Sueur:

The Deputy makes a false assumption in his question. The Isle of Man distributable profits charge is nothing like our look-through arrangements. Our look-through arrangements, we always have believed, are sound. We equally believe that the Isle of Man's distributable profits charge was suspect. Ours is totally different from theirs. Theirs has been rejected; ours I am confident will not be.

2.11.5 Deputy R.G. Le Hérissier:

Would the Treasury Minister confirm that these understandings which he has gained are also confirmed at the most senior political level in the U.K. and, therefore, he is not operating in the dark?

Senator T.A. Le Sueur:

I keep repeating, these comments are very much of an informal nature; they are understandings but they are not binding.

2.11.6 Deputy G.P. Southern:

Will the Minister inform Members when he will seek, through the U.K. authorities, to formally achieve acceptance from Ecofin that his proposals are in fact E.U. compliant?

Senator T.A. Le Sueur:

The first objective is to discuss the proposal, which this House will do in 2 weeks' time. When Members have approved those proposals they will then be submitted through the U.K. to the E.U. for their comments and I have no doubt that the comments will be favourable.

The Bailiff:

A final supplementary.

2.11.7 Deputy G.C.L. Baudains:

I wonder if the Minister will be kind enough to perhaps in paper form explain to Members the precise difference between the distributable profits charge and our look-through arrangement?

Senator T.A. Le Sueur:

I shall endeavour to do so.

2.12 Deputy R.G. Le Hérissier of the Minister for Health and Social Services regarding a programme for dealing with a possible flu pandemic:

When will the Minister be announcing his definitive decision in respect of a programme for dealing with a possible influenza pandemic?

Senator B.E. Shenton (The Minister for Health and Social Services):

Before submitting a request to the States for further funding, I need to satisfy myself that it is a sound use of public funding. I believe that you would have to question the ability of a Minister that does not ask questions and just does what he is asked. I have asked a number of questions and I am still waiting for a reply. I cannot put a definitive date on when the decision will be made.

2.12.1 Deputy R.G. Le Hérissier:

While I entirely support the Minister's sentiments of questioning what is going on within his department, particularly with such major issues as this, would he not confirm that given this recommendation came from the highest levels in his department that it is fairly pointless to look for further advice within the department?

Senator B.E. Shenton:

I have not had replies to the questions asked which means obviously that the questions have caused further thought. They relate to the safety of the pandemic vaccine, the supply of the vaccine and also the liability that the States may have in carrying out the vaccination process.

2.13 Connétable A.S. Crowcroft of St. Helier of the Minister for Education, Sport and Culture regarding the recent food poisoning outbreak at two local schools:

Would the Minister inform Members whether a review was conducted into the recent food poisoning incident which deferred the start of the school term for many students and teachers and, if so, give details as to the outcome? Would he advise whether sufficient safeguards are in place to ensure that the standards of food hygiene are maintained in the provision of school food?

Senator M.E. Vibert (The Minister for Education, Sport and Culture):

The recent outbreak of food poisoning was closely monitored by a working group consisting of the Medical Officer of Health and representatives of the Education, Sport and Culture and Health and Social Services Departments. The working group kept under review the arrangements for investigating the outbreak, identifying the cause of the incident and determining an appropriate course of action, including the temporary closure of 2 schools. The measures taken by the working group were successful in containing the outbreak and it is proposed that this group should be reconvened in the event of a similar outbreak in the future. In addition, my department is in contact with its independent health, safety and environmental health advisor in order to review the handling of the outbreak and determine whether any further measures would be appropriate. I can advise Members that proper safeguards are in place to ensure that standards of food hygiene are maintained. These include a comprehensive range of requirements in the contracts with food suppliers together with regular audits and spot checks to ensure compliance.

2.13.1 The Connétable of St. Helier:

A supplementary, please, sir. Could the Minister indicate, if proper standards are in place to ensure food hygiene, how this serious outbreak occurred and would he further indicate whether it is his intention to publish the findings of the review that is being carried out?

Senator M.E. Vibert:

The investigation was primarily a public health one and it was a result of food contaminated by the Norovirus - a Norwalk-type virus - being supplied to 3 schools by a catering company and that had been supplied to them. I noticed even just today there was news of another outbreak - a salmonella outbreak - where a local company had been supplied with what was meant to be pasteurised egg product which was found to be faulty but they obviously used it in good faith. Unfortunately, these incidents do happen. We take whatever steps we can and I was very pleased with the co-operation we had from Health and the support we had. We will be looking into all this and with Health. I have no problem at all with publishing whatever can be published with data protection and so on. Yes, I think we should learn whatever lessons we can and ensure that we take whatever steps we can to prevent recurrences.

2.13.2 Deputy S. Power:

I wonder if the Minister could confirm whether the department has ever given consideration to being self-sufficient in food requirements at all Jersey schools and whether the kitchens in the secondary schools and/or Highlands could provide school meals for all Island schools?

Senator M.E. Vibert:

Many of the schools do have kitchens and catering facilities but most of them are run under a contract that is let out to various local firms because the schools are primarily there for education not for providing catering.

2.13.3 Deputy J.A. Martin:

I know it is very unfortunate and it is nobody's fault, and this food was consumed and prepared in good faith, but it did happen at the end of a very long holiday. Would the Minister look to discuss within his department some sort of fall-back, especially if these had been 2 primary schools that had been shut down, for the parents having to find extra care. I know many of the teachers were ill and teaching could not have carried on but could the Minister research something that may give care to the children so their parents can return to work?

Senator M.E. Vibert:

If any parents have particular problems that they cannot deal with the temporary closures of school, we normally offer through the schools - they usually contact the schools - some sort of system by having children taken into other schools temporarily and we will always try and do that. Yes, we do have such contingency plans in place.

2.13.4 Deputy G.P. Southern:

The Minister mentioned that catering contracts were out with particular contractors. Will the Minister give consideration to adjusting such contracts with external caterers to enable schools to fully participate in the Healthy Schools initiative such that not only are they healthy in terms of the exercise that they do but in the canteen that healthy food is the major option available?

Senator M.E. Vibert:

The Deputy will be pleased to know we already include that in our contracts. In fact, one of the conditions we have in is a service provider who understands the importance of healthy eating and we encourage in all our schools the provision of healthy eating options. We have a number of schools undertaking special healthy eating programmes.

2.14 Deputy K.C. Lewis of the Assistant Minister for Economic Development regarding the safety of Q400/Dash 8 aircraft flying into Jersey on a daily basis:

Following the grounding by Scandinavian Airlines (S.A.S) of its entire fleet of Q400 Dash 8 aircraft is the Minister satisfied that no safety issues arise from these aircraft flying into Jersey on a daily basis?

Deputy A.J.H. Maclean (Assistant Minister for Economic Development):

I am completely satisfied that there are no safety issues with the Q400 Dash 8 aircraft operated locally by Flybe. Indeed, despite being a somewhat nervous flyer myself I was confident enough to travel on one of these aircraft only last week and indeed will continue to do so.

2.14.1 Deputy K.C. Lewis:

There were 3 recent incidents involving this aircraft at Vilnius Lithuania and Aalborg Denmark? Is the Minister satisfied with a safety record of these aircraft and that of the BAE146 aircraft which at times, allegedly, had fuel fumes leaking into the cockpit and cabin?

Deputy A.J.H. Maclean:

I am satisfied, but more importantly the C.A.A. (Civil Aviation Authority) who are the safety regulator, are satisfied. They have investigated thoroughly the incidents and if there were any concerns whatsoever they would be the first to be looking to withdraw the certificate of airworthiness for the aircraft in question. I do have copies of preliminary investigation into the accidents that occurred with S.A.S. and I am more than happy to let the Deputy have copies of these. That might give him some degree of confidence. The reports do indicate that the issues that arose with S.A.S. were to do with maintenance issues and failures with regard to the maintenance programme that was carried out by that particular airline. With regard to the second part of the question, the Deputy asked about the BAE146s which are also operated by Flybe. There have been some reported incidents. Again, the C.A.A. have looked at this matter and they are satisfied to this date that there is not an issue that needs to be answered but we are continuing to monitor the situation. Safety is, of course, of absolute, paramount importance.

2.15 The Connétable of St. Helier of the Minister for Education, Sport and Culture regarding the allocation of places at the new States-provided nursery at St. Peter's School:

Would the Minister explain how the free places at the new States-provided nursery in St. Peter will be allocated, when parents will be informed of the outcome of their applications and whether he would consider deferring the allocation of additional free places until the publication of the findings of the current Scrutiny Panel review into the funding of nursery education?

Senator M.E. Vibert (The Minister for Education, Sport and Culture):

Free nursery places in the new St. Peter's nursery will be allocated in the same manner and with regard to the same criteria as all other nursery places in the States system. I look forward to the publication of the findings of the current Scrutiny Panel's review and as that is, I understand, likely to be published early in the New Year its findings will, of course, be taken into serious consideration in relation to the allocation of places. Parents are normally informed in March of the allocations for nursery class entry for the following September. Since it seems likely that the new nursery at St. Peter's School will be opening in January 2009 we will be contacting parents and determining whether they wish to be considered for a place in another nursery in September 2008 or wait for a possible place at St. Peter when it opens early in 2009.

2.15.1 Deputy I.J. Gorst:

I thank the Minister for his answer. He said that the criteria used will be the same as the criteria used in every other nursery run by the States. I wonder if he would be good enough to publish that criteria and allow States Members to have a copy of it?

Senator M.E. Vibert:

I can do better than that. I can read it out and inform States Members now what it is. The criteria given is such, with the first 3 being the most important given and given a greater weight: children with social educational needs, children from families with particular needs e.g. very low income families, siblings with special needs, parental illness, and children suspected of being at risk. Those 3 are given extra weight. The other criteria are children with siblings in the school. There must be approximately equal numbers of boys and girls in the class. Children must come from a cross-section of backgrounds so that no particular social group dominates. A balance must be maintained so that the social and educational demands of the group are not overwhelming. Approximately 20 per cent of children may be taken out of catchment at the date of application. If Members wish so, please contact the department and it will be made available.

2.15.2 Deputy I.J. Gorst:

While I thank the Minister for that lengthy set of criteria, I am afraid it appears to me that it does not seem to be worth the paper it is written on. Would he confirm how on earth parents will know whether they meet the criteria or could meet those criteria, and yet parents still wait week on week on week not knowing whether they have met the criteria or not?

Senator M.E. Vibert:

I regret the Deputy's lack of understanding of the procedure. The criteria are there so that parents do understand when they apply the likelihood of their success or not. In fact, it is included in the application form for parents and parents know and visit the schools and are informed by the schools when they apply that there will be a procedure and they will be informed. Of course, if we could offer free nursery places to all the children in the cohort we would not have this problem, would we?

2.15.3 Deputy D.W. Mezbourian of St. Lawrence:

Will the Minister advise how these parents are identified?

Senator M.E. Vibert:

The main procedure is the parents apply and fill in a form and give details, and if necessary we have further information from schools and interviews with parents. Parents provide us with information so that we can make a decision and, of course, there is an appeals mechanism.

2.15.4 Deputy D.W. Mezbourian:

May I have a supplementary? The Minister said that parents apply. I would like him to advise the House how parents are aware of the application procedure.

Senator M.E. Vibert:

The application procedure is publicised but also it is through schools, we keep a list of births, et cetera, and we try to be clear as possible. Parents obviously do have some responsibility in the matter because it is not compulsory to send your child to school for nursery education and those parents who wish to do so apply to do so.

2.15.5 The Connétable of St. Helier:

Given that one of the objectives of the Strategic Plan was the provision of equitable child care by the end of this year and that objective is not going to be met, how determined is the Minister to introduce equity and to avoid perpetuating an unsustainable and inequitable situation when St. Peter is opened?

Senator M.E. Vibert:

I have been working with and met with the Jersey Early Years Association on this very issue. Of course, had the States, including the Constable - who is a vociferous talker in this - supported an amendment to the budget we would have had a much more equitable system with some free nursery education to be offered to all parents of 3 to 4 year-olds who wish to take it up. Unfortunately, the States did not do that so I am now investigating alternatives because I am very determined that the inequity should end and also that we should continue to offer this valuable service to as many children as possible.

2.15.6 Deputy R.G. Le Hérissier:

Given that extraordinary list of criteria which requires the wisdom of Solomon to judge upon, would the Minister identify which of the criteria would disqualify people from going further in the process?

Senator M.E. Vibert:

I am very surprised that educationalists like Deputy Le Hérissier finds this criteria list difficult. In fact, I think he is being slightly disingenuous in saying this as he knows quite well how these lists operate. As I read them out, the 3 given most consideration are to do with social and educational needs, families with particular needs and children suspected of being at risk. I am sure every Member of this House would agree that we should give preference to those children. Because there are more spaces than, thank goodness, children in those categories, we then have to have other categories otherwise how would we decide when we do not have enough places? The problem simply is we do not offer enough in the way of free nursery education; as an Island and as a States we should be thoroughly ashamed of ourselves for that.

2.15.7 Deputy C.H. Egré of St. Peter:

As a fairly fundamental requirement, would the Minister advise when the new build of St. Peter school is liable to start?

Senator M.E. Vibert:

As soon as possible and we hope that they will be able to move in and open the school in January 2009 at the very latest.

2.15.8 The Deputy of St. Martin:

Will the Minister confirm that following a recent Complaints Board case that I took against the Education Department that a recommendation has now been made by the Complaints Board that in future the Education Department will be producing an explanatory note to assist parents in filling in the form so they do know what the criteria are. Will he confirm that explanatory note will be issued to all prospective parents as soon as possible?

Senator M.E. Vibert:

I can confirm that the Deputy took a case to the Complaints Board which the Complaints Board rejected but made one recommendation which, of course, we have taken up.

Deputy A. Breckon of St. Saviour:

If I may? This morning I was asked to vouch for Deputy Scott Warren who has a medical appointment and she did not think she would be in. Obviously, the medical appointment is work [Laughter] so I would just ask the House to note that and if the Health Minister would accept it, I will attribute that to his term of office.

The Bailiff:

The Greffier will note that the Deputy is now happily restored to health and has returned to the Chamber.

2.16 The Deputy of St. Martin of the President of the Chairman's Committee regarding the lodging of the revised Draft Code of Practice for Scrutiny Panels and the Public Accounts Committee:

Would the President advise Members when the revised Draft Code of Practice for Scrutiny Panels and the Public Accounts Committee is likely to be lodged for debate?

Deputy S.C. Ferguson (President of the Chairman's Committee):

I am grateful to the Deputy for asking this question as it allows me to outline the position as it stands to the Assembly. I do not want them to think that the Code of Practice has sunk without trace. There have been considerable meetings and to-ing and fro-ing since June and an updated and slightly amended Draft Code of Practice is currently being circulated to Scrutiny Panels for consideration and for feedback of comments to the Chairman's Committee for its December meeting. It is anticipated that the Draft Code of Practice will be lodged during December with debate in February 2008. This will allow time after the Christmas period for consideration by Members and lodging of amendments. I have, in fact, a detailed timetable of what has been happening since the Code of Practice was withdrawn from debate and I will be delighted to share this with the Deputy and any other Members who are interested. I do not particularly want to read all the way through and be stopped half-way through.

2.16.1 The Deputy of St. Martin:

I think the President will confirm that in the report which accompanied the Code of Practice proposition it was stated that the Chairman's Committee considered it to be vital that the Code of Practice was put in place as soon as possible so that Scrutiny Panels were functioning in accordance with the Code at the earliest stage of Ministerial government. Given that one of her main reasons for successfully bringing in a vote of no confidence against the former President was the delay caused by the implementation of the Code of Practice, and as the President has now been in office for at least 8 months and probably almost 12 months before the new Code is implemented, is the President giving serious consideration to her position?

Deputy S.C. Ferguson:

Yes, I agree. I believe that it needed to come in as soon as possible. In fact, the panel and the Public Accounts Committee have been working to the principles that are in the Code of Practice. The Deputy talks about a year's period. I would remind him that for a start there was 6 weeks holiday in the last 6 months so that cuts it down quite a bit. It was essential that Scrutiny members met with the Attorney General and had their queries about the legal advice issue answered. In fact, we had a meeting with the Attorney General but sadly not all the scrutiny members came so I hope the rest of them understand the issues. We have also had a number of meetings between the Executive and Scrutiny working party to thrash out some of the matters such as access to Part B papers and papers being sent under confidentiality cover, responses to Scrutiny reports and most of these items we achieved an agreement on but there are some, as one would expect, that have not been agreed and therefore will be part of the debate early next year. We will, in fact, issue an aide memoir to Members so that they know what the position is and which items we have not totally agreed on. Yes, we have been pushing to get this through but, in fact, we have had about 8 meetings. It is obviously not as easy as it might be to arrange meetings at the drop of a hat with either the Chief Minister or the Attorney General who, as we all know, can be somewhat of a moving target [Laughter]. We are anxious to bring it forward and get it debated as soon as possible and on the statute book.

Mr. W.J. Bailhache Q.C., H.M. Attorney General:

May I ask the President if she can confirm that she has not got me in her sights? [Laughter]

Deputy S.C. Ferguson:

Only metaphorically speaking. [Laughter]

2.17 Deputy S. Pitman of the Chief Minister regarding the role of the Corporate Management Board:

Would the Minister confirm to Members the role of the Corporate Management Board and why States Members are not invited to attend the Board's meeting?

Senator F.H. Walker:

The Corporate Management Board is a management board working to and for the Council of Ministers. Its role is to advise Ministers on policy issues, to ensure that the workforce and resources of the States are managed effectively and that the policies of the States are implemented properly. The advice given by the Corporate Management Boards to the Council of Ministers is included in reports which are available for scrutiny and many, of course, have been scrutinised in recent months. The Corporate Management Board does not take policy decisions. That is the exclusive role of Ministers and ultimately, of course, the States Assembly. Ministers are legally and politically accountable for their decisions. The role of States Members is to approve, scrutinise and monitor the delivery of States' policies and decisions. It is not our role to become involved in the detail of how they are implemented. That is what governments throughout the world pay their civil servants to deliver and hold them to account for that delivery. We in Jersey are no exception. If we want and expect an efficient government we need to be careful to avoid blurring the roles between politicians and managers. Hence it is neither necessary nor is it desirable for States Members to attend meetings of the Corporate Management Board.

2.17.1 Deputy S. Pitman:

Given the major role that this board plays in shaping the public services would the Chief Minister consider that minutes are taken at the board's meeting and made available to States Members?

Senator F.H. Walker:

No, again that is confusing the role of the politician and the manager. If the Corporate Management Board was taking decisions then I would agree wholeheartedly with the Deputy but they are not. They make recommendations. It is the Council of Ministers and ultimately the States and only the politicians who take policy decisions and that is the important thing. Members of the States need to be involved at a high level of policy setting and then monitoring and vetting. We should not be involved in the detail of how our policies are managed. That is what we pay our civil service for. It seems to me that there is a misunderstanding about the 2 roles and some Members, not least the Deputy, would like to become involved in micro-management, which is not the job of a politician.

3. Questions to Ministers without notice - Minister for Health and Social Services:

The Bailiff:

That concludes oral questions. We come now to questions to Ministers without notice. The first question is of the Minister for Health and Social Services.

3.1 Deputy R.G. Le Hérissier:

The Minister has often stated that he wants to see money given to the Ministry flow straight through to better patient care and his Assistant has often spoken about the excessive heavy nature of senior management. Would he, therefore, tell the Assembly on what basis the recently advertised position of Deputy Director for Corporate Planning and Performance Management will

have a demonstrable effect upon the care at the front line of patients and clients of the Health and Social Services Ministry?

Senator B.E. Shenton (The Minister for Health and Social Services):

The role that the Deputy talks about was just a title passed to an existing employee. It was not the employment of additional personnel. We just gave someone a bit more responsibility.

3.1.1 Deputy R.G. Le Hérissier:

I wonder if I could press the issue. Would he, therefore, confirm that patients are feeling better and clients are **[Laughter]** succeeding better because there is a Deputy Director of Corporate Planning and Performance Management?

Senator B.E. Shenton:

I am sure they will do because now we have a Deputy Director of Corporate Planning to cover when the Director of Corporate Planning is out of the Island or on holiday.

3.2 Deputy J.A. Martin:

The Medical Officer of Health was recently reported to have said, having completed a comprehensive and up-to-date health register for Jersey's population, she was quite disappointed in the results of the attendance at screenings. My question is how many names are on this up-to-date health register?

The Bailiff:

Before you answer that question, Minister, I am afraid we have become inquorate.

Deputy J.J. Huet of St. Helier:

Can we have a roll call, do you think, sir?

Senator B.E. Shenton:

Could I ask you to keep the clock running while we are inquorate? **[Laughter]**

The Bailiff:

Yes, it certainly does. It operates to your advantage, Minister. Perhaps you would reply to the question now.

Senator B.E. Shenton:

We have still have a lot of work to do on the health register but I think our database is up to about 43,000 names at the moment.

3.3 Deputy D.W. Mezbourian:

As one of those people unfortunate enough to contract salmonella recently and knowing that other people who did so have been seriously ill, will the Minister undertake to make public the entire report that is being prepared by Public Health?

Senator B.E. Shenton:

I see no reason why the report should not be made public and I will get on to the relevant department accordingly.

3.4 Deputy A.E. Pryke of Trinity:

With M.R.S.A (Methicillin Resistant Staphylococcus Aureus) and clostridium difficile having a high profile in the media recently, and dirty hospitals, could the Minister inform the House on the M.R.S.A. and clostridium difficile numbers in Jersey?

Senator B.E. Shenton:

Our record on M.R.S.A. and the other is exceedingly good and I believe one of our staff was on the television only a couple of weeks ago running through all the various numbers. I am very pleased to say that the standards at the hospital are exceedingly high and, in fact, when Senator Perchard and myself went around the wards recently they disinfected one as soon as we left.

3.5 Deputy C.J. Scott Warren of St. Saviour:

Can the Minister give a time, roughly within weeks, of when the remaining 12 or so States Members who have not yet had the New Directions presentation will be receiving that?

Senator B.E. Shenton:

I must apologise to the Deputy. I had not realised that there were still States Members waiting to receive it. I will chase it up and send her an email.

3.6 The Deputy of St. Martin:

It has been recently reported or announced that a revolutionary anti-cancer vaccine will be offered to all 12 year-old girls in the Island next year. Will the Minister inform Members how much this is going to cost and from what fund will this money be raised.

Senator B.E. Shenton:

I do not have the exact figures in front of me. It is going to be from the existing health budget. What we are looking at doing is possibly extending the vaccination to 14 to 17 year-old girls in due course. The cost is quite high per vaccination, I think it is between £200 and £300. Certainly, I can circulate the cost to the Deputy in due course.

3.7 Deputy R.G. Le Hérissier:

Notwithstanding the enthusiastic and very welcome support given by the Assistant Minister to staffing the children's section of the department, before his appearance in the department he made several statements about the need to name and shame people with great vigour. Could the Minister assure us that in dealing with this whole issue, be it through the independent inquiry and be it through the way that he and his Assistant Minister are dealing with it, that there is a much more measured and considered approach being applied and that we are not going to see the hounding of people at this particular stage?

Senator B.E. Shenton:

Senator Perchard and myself spent yesterday at Social Services. We have been around most of the areas now, quite a few of the children's homes. Senator Perchard has been working tirelessly, making sure he sees everyone. What we have said all along is we will wait for the *Williamson Report* to come out and then we will sit down and we will act on that report. We are making no pre-judgments and the staff are working very well and I think morale is pretty good around Social Services at the moment.

3.8 Deputy J.A. Hilton:

The Minister may or may not be aware that there is a Commons Select Committee currently looking into late term abortions. Will the Minister ask the relevant professional within the Health Department to compile any available evidence to answer the question of whether babies at 24 weeks' gestation, who under our current legislation can be aborted, do feel pain?

Senator B.E. Shenton:

I believe that while it is possible at the present to abort at 24 weeks this is only done in exceptional circumstances. There is no move at the moment to change the existing law and I think a fairly comprehensive reply was circulated to all States Members fairly recently.

3.8.1 Deputy J.A. Hilton:

Supplementary question, sir. I do not believe a fairly comprehensive reply was circulated to Members recently. I think it just outlined the law as it currently stands and I do not believe the Minister has answered my question. I have asked the Minister will he compile all relevant evidence that there is to date to answer this question?

Senator B.E. Shenton:

At the request of the Deputy I will certainly compile a report on the evidence to date if the Deputy so wishes.

Deputy J.A. Hilton:

I am very grateful.

3.9 Deputy K.C. Lewis:

Further to news from the National Health Service that it is proposed that doctors are to allow nurses to decide whether patients should be resuscitated if the patient's heart or breathing stops, can the Minister confirm that he has no intention of permitting such a practice in Jersey?

Senator B.E. Shenton:

There is certainly no intention at the moment to change the way things are at present. Obviously, we will have to have a look at the guidelines that were issued in October 2007 by the Royal College of Nursing and go through them but certainly there is no movement to change anything at the present time.

3.10 Deputy R.G. Le Hérissier:

Can the Minister confirm that the oft-stated promise incorporated into this Assembly's wishes at the previous Strategic Plan debate of an independent complaints body for health is on track and that such a body or procedure will be introduced on 1st January 2008?

Senator B.E. Shenton:

It is on track after many false starts. We are now looking at a collaboration with Guernsey whereby Guernsey will provide the independent complaints personnel. We are looking at quite a few other alliances with Guernsey because it makes a lot of sense for us to work a lot more closely with our sister Island.

3.11 The Deputy of Trinity:

On the issue of the resuscitation, could the Minister inform the reasons why he is not looking into this area, that nurses will be able to look at decisions, please?

Senator B.E. Shenton:

I apologise to the Deputy. I did not wish to mislead her. What I said is we are not looking at changing anything at the present time. I did not say we were not looking into it. There is a slight difference there. I have been given a fairly comprehensive note to accompany me today in case this question came up. To be perfectly honest with you I do not understand it and it is a very, very complicated issue. It is obviously very important. We will see what the U.K. are doing but it is not something you make a snap decision on and we certainly will not follow just for the sake of following.

3.11.1 The Deputy of Trinity:

A supplemental, sir. In that case, you are looking at what the U.K. do, but can I also stress that you look at what the local branch of the R.C.N. (Royal College of Nursing) feels about it and the local nurses here, please?

Senator B.E. Shenton:

Certainly, I would hope within any organisation you always refer to the people on the ground and full consultation will take place.

3.12 The Deputy of St. Martin:

Could I ask the Minister is the Williamson review is still on track and could he remind Members when the report will be published?

Senator B.E. Shenton:

We are looking at publication around February or March. It is on track but there still is an awful lot of work to be done. I met with Mr. Williamson last week. Senator Perchard has also met him on frequent occasions. It seems to be proceeding very well. I have every confidence in Mr. Williamson. I think he will produce a very fair and independent report and then it will be up to myself and Senator Perchard to act on the report when it comes out.

3.13 The Deputy of Trinity:

Just to keep the subject of Overdale with us, could he say how many patients are currently either in Leoville or McKinsty ward?

Senator B.E. Shenton:

Overdale is of great concern to myself and to Senator Perchard. It is something that we want to get right and it is an area that we want to keep within the Health Department. I could not give you the exact numbers at McKinsty but it is very low now. The Deputy is shaking her head but I was under the impression it was around about a dozen people. I can confirm the numbers. As the Deputy is aware, I have asked her and a number of other Members to have a meeting up at Overdale later in the month - the old scrutiny sub-panel that looked at Overdale - because I want to get some feedback on what they found out as a sub-panel and what their feelings are.

4. Questions to Ministers without notice - The Chief Minister:

The Bailiff:

If there are no other questions for the Minister for Health we come to the second question period for the Chief Minister. I invite questions.

4.1 Deputy S. Power:

The Chief Minister will be aware of the recent appointment of a Director for Civil Aviation for Jersey Airport. As the Chief Minister and his department are responsible for external relations and the Home Affairs Department is responsible for on-Island security and on-Island matters, can the Chief Minister confirm why the position is not based at the Chief Minister's Department?

Senator F.H. Walker (The Chief Minister):

To the best of my knowledge that question has never before arisen and I do not believe that my department is the appropriate place for such an office or officer to be located.

4.2 Deputy I.J. Gorst:

Does the Chief Minister agree that the siting of a mobile animal incinerator and the animal carcass storage unit at Howard Davis Farm adjacent to Acorn Enterprises is both unnecessary and unacceptable? Furthermore, will the Chief Minister agree to work both with his Ministerial colleagues and all interested parties to find a more acceptable solution?

Senator F.H. Walker:

I agree with Deputy Gorst that its location is unacceptable. I do not agree that it is avoidable at this time and I am aware and indeed have been personally involved in detailed discussions on an alternative. The Deputy is aware that there is no current easy solution. There is a longer term solution that I think everyone accepts and is signed-up to but finding an answer in the immediate

future is extremely difficult. I will give the Deputy an assurance that I will continue to press for an alternative location to be found.

4.3 Deputy K.C. Lewis:

The United Kingdom has drastically under-estimated the level of immigration by 300,000 and is now closing the door to immigrants from Romania and Bulgaria. Will the Chief Minister be following suit?

Senator F.H. Walker:

We keep all U.K. policies on immigration under very careful scrutiny but at this juncture there is absolutely no suggestion that Jersey suffers from the same problem. I think the Deputy is aware that there is strict monitoring of our immigration issues and, indeed, when proposals agreed by the States come into effect it will be even tighter and we will have even more information. So whether or not we follow suit with the U.K. remains to be seen but I can assure the House that there is no pressing problem in Jersey such as that unveiled recently in the U.K.

4.3.1 Deputy K.C. Lewis:

Supplementary, sir? While I applaud anyone who travels to another country to improve their lives, my concern is with the people of Jersey and protecting the Jersey way of life. We have heard lots of talk lately about human rights. When will the real Jersey people who are Jersey born of Jersey parents and Jersey grandparents have this abomination removed from their passports that they may not work in the European Union?

Senator F.H. Walker:

This is an issue that has arisen on occasions far too frequent to be counted and there have been many explanations given to this House over the years about why that qualification appears and the downside to Jersey of removing it. Jersey's relationship with the E.U. generally speaking works very much in Jersey's favour. If we seek to change that part of it then we will put inevitably other issues relating to Protocol 3 on the table which would almost certainly - or could well - lead to Jersey's detriment. It is not an issue in the best interests of Jersey that I am minded to pursue. I would add that, of course, Jersey people can and do work in the E.U. I am aware of many Jersey people who are working in the E.U. Do they have to get a permit to do so? Yes. Is that permit generally given for the right person for the right job? Equally yes, and I reaffirm there are currently many Jersey people enjoying lucrative careers within the European community.

4.4 Connétable M.K. Jackson of St. Brelade:

During oral questions the Chief Minister answered Deputy Pitman's question on the responsibility for the loss of £1.5 million of public money at Le Squez as being the responsibility of the Housing Minister before Ministerial government was put in place and as a consequence did not feel that he could comment any further. Might I ask him, in this Ministerial government that we have at present, how he would view a hypothetical situation of a loss of £1.5 million and how he would define accountability of Ministers?

Senator F.H. Walker:

I am glad the Constable did say hypothetical situation because it is indeed a hypothetical situation. As I said in my answer, firstly, the Housing Minister in his capacity as President of the Housing Committee acted totally in accord with established practice at the time. Secondly, since he became aware of it, which was after he was appointed by the House as Housing Minister, he has taken very direct and proactive action to resolve it. I think I have demonstrated very clearly that if I believe a Minister has behaved or performed unacceptably I will take the most drastic action necessary to resolve that issue and that will always remain my policy.

4.5 Deputy S. Power:

I would like if possible to bring the Chief Minister back to my first question, which was related to the appointment of Director of Civil Aviation for Jersey? As the Chief Minister and his department have responsibility for external relations, can the Chief Minister confirm to the Assembly whether he is aware whether any negotiations took place with our sister Island, Guernsey, in the sharing of this director for both Islands?

Senator F.H. Walker:

My understanding is that some time ago - and I would estimate a couple of years or so ago - there was a strong move to appoint a Director of Civil Aviation for the Channel Islands. My equal understanding is it was rejected by Guernsey. We have little choice therefore but to go ahead and appoint Jersey's own Director of Civil Aviation. I regret that, but that, I am afraid, is the state of play at this moment.

4.6 Deputy D.W. Mezbourian:

Will the Chief Minister give his views on those of his Ministers who threaten to resign should a vote in this House not go the way in which they want it to?

Senator F.H. Walker:

The Deputy is clearly, I assume, referring to statements made by the Treasury and ...

Deputy D.W. Mezbourian:

I am not. Perhaps the Chief Minister will answer my question anyway. I asked for his opinion, Sir.

Senator F.H. Walker:

I do apologise, Deputy, I am not quite sure what she is asking me to give an opinion on, in that respect.

The Bailiff:

I do not think, Deputy, that Standing Orders allow you to ask a hypothetical question

Deputy D.W. Mezbourian:

I apologise for that, Sir. In that case, perhaps the Chief Minister will respond as he originally intended to? [Laughter]

Senator F.H. Walker:

I do not believe it is appropriate for a Minister to use a statement about possible resignation as a threat, nor do I believe that has happened. I am aware that a statement has been made by the Treasury and Resources Minister, which reflects his highly-principled stand and total commitment to the policies that he is putting forward and his absolute belief that if they are not accepted by this House then chaos will ensue. He has made a statement that he may well not wish to preside over such chaos. I believe that is not a threat. I believe that is a stand of a principled man who genuinely believes that what he is doing is in the best interests of Jersey. [Approbation]

4.7 Deputy A. Breckon:

Can I ask the Chief Minister if he has seen any recent report and accounts for the Waterfront Enterprise Board and if he could comment on whether he thinks it is good value for money for the public for the contract to give the old abattoir site for 150 years for £1?

Senator F.H. Walker:

That is a very misleading statement because I think the Deputy is well aware that the actual value of the site to Jersey and the people of Jersey is very considerably higher than that and I am very satisfied that the Waterfront Enterprise Board is currently extracting a very high value for the land under its management and will continue to do so. Much will depend on the decisions taken by this

House in due course on the so-called Hopkins Scheme - the sinking of the road - but the potential value to the public of Jersey of the Waterfront, as proposed by the Planning Minister and the Waterfront Enterprise Board, is very considerable indeed.

4.7.1 Deputy A. Breckon:

Can I ask a supplementary on that? Has the Chief Minister seen any accounts that would substantiate any of that?

Senator F.H. Walker:

Yes, Sir, I have.

4.8 Deputy G.P. Southern:

What action, if any, is the Chief Minister considering, either through the Commonwealth Parliamentary Association or through the U.K. Government, to influence the actions of General Musharaff in Pakistan?

Senator F.H. Walker:

This is a very difficult issue for Jersey and it has arisen recently in relation to Burma and also in relation to Zimbabwe. It is a very difficult position for Jersey to take. There was thought, not so very long ago, that I would write to the U.K. Government expressing deep concern about what is happening in Zimbabwe. Having considered it deeply and consulted widely on it, it was considered not necessarily in the best interests of Jersey to involve itself in these ways and although we deplore, I am sure, the actions being taken in a number of countries within the Commonwealth and elsewhere, we do not consider that it is best tactics - if that is the right way of describing it - for Jersey to seek to involve itself in this way.

4.8.1 Deputy G.P. Southern:

I believe the Chief Minister's answer referred to acting through the U.K. Government. Is he prepared to consider acting through the Commonwealth Parliamentary Association where perhaps we have a little more influence than otherwise?

Senator F.H. Walker:

I think that is a fair question and one which deserves further consideration.

4.9 Deputy J.A. Hilton:

The Council of Ministers considered a report on 26th July in relation to employment of people with disabilities and I did ask the Chief Minister this question a few weeks ago. What I wanted to ask him was that currently, according to the figures given, there are 13 people employed within the States of Jersey, with disabilities. The decision taken by the Council of Ministers that day was that that number should be doubled to 26. Does the Chief Minister think we are taking seriously enough the needs of people with disabilities, regarding employment opportunities, as the Island's largest employer?

Senator F.H. Walker:

I sincerely hope we are and certainly the actions and decisions of the Council of Ministers suggest that we are indeed taking the matter seriously. Whether more can be done is, of course, always an issue and it is something that Deputy Gorst, among others, has been deeply involved in and it is something which I can assure the Deputy and the House, we will continue to monitor and seek to improve at every opportunity. The Deputy is quite right, as the Island's largest employer, we have an obligation to play more than our full part in this respect and I intend that we should do just that.

4.10 Senator L. Norman:

Is the Chief Minister able to say why Guernsey changed their minds about the appointment of a Channel Island Director of Civil Aviation and where that leaves the future of administrative co-operation between the 2 Islands, bearing in mind that the changes of heart are quite regular occurrences?

Senator F.H. Walker:

I cannot inform the House as to why Guernsey changed its mind because I am not aware of the reason that they changed their minds. That, of course, is a matter for them. I agree with the Senator that it is not ideal to have a Director of Civil Aviation for each Island, but that is nevertheless the position we are forced into and one which we will have to live with. I am sure that the respective post-holders will work together very closely to ensure that, in effect, we have Channel Island direction - Channel Island regulation - and that there will be little change, hopefully no noticeable change, from the current position.

4.11 Deputy C.J. Scott Warren:

Can the Chief Minister give Members any further information or update regarding the overseas status for Jersey students and other Channel Island students and whether negotiations with Guernsey are at the level with U.K. on this, and whether it is ongoing?

Senator F.H. Walker:

I am sorry, my hearing is not what it should be. I assume that was about higher education and co-operation with Guernsey? There again, sadly, there has not been all the co-operation with Guernsey that there should have been although there is a joint position, which has been transmitted and continues to be transmitted, to the U.K. Government about the fees that we are charged for Channel Island students. So the level of co-operation is okay in that respect. It is sad to report at this time, that there has been little sign of movement from the U.K. Government but we do continue to press and my understanding is that Guernsey will continue to press and that there will continue to be joint approach to seeking to resolve this issue.

4.12 Deputy J. Gallichan of St. Mary:

Following on slightly from Deputy Lewis' earlier points, I do understand the situation regarding Protocol 3 and have reluctantly come to accept it, but I wondered whether any investigation had been carried out into the possibility or potential benefits that might accrue from a bilateral agreement with France, for example, along the lines of one that exists between France and Monaco?

Senator F.H. Walker:

Not to best of my knowledge. I am not sure that is possible. I think that we, in this context, will be governed by the terms of Protocol 3 as they apply between Jersey and the whole of the E.U., but it is something I will give further thought to and investigate further.

4.13 Deputy J.B. Fox:

With the increasing progression between Normandy and Brittany in our relations having positive results, and understanding that Paris does control the answer to this question - which is the double taxation which, at the moment, prohibits quite a lot of the exchange of workers to and from the Islands and especially to the Islands - this would result, obviously, in not having to educate or support families as they live so close by and provide a very valuable, experienced workforce. Would the Minister confirm whether he is of the opinion that we should revive our request to Paris in view of our impending immigration policies, to see if we cannot make further progress forward in resolving this longstanding issue?

Senator F.H. Walker:

It is, of course, not a simple issue to address or to overcome and the Deputy is quite right. The answer is indeed for Paris - not for Normandy and Brittany - and discussions with government officials in Paris are continuing on a regular basis in relation to tax and other information and I will ensure that this is taken up with them again.

The Bailiff:

That concludes the period allowed for Questions without notice. There are no Personal Statements on the order paper, nor Matters Relating to Statements on Matters of Official Responsibility.

PUBLIC BUSINESS

5. Goods and Services Tax: petition (P.125/2007)

The Bailiff:

We come therefore to Public Business and the first item is the Goods and Services Tax Petition - Projet 125 - in the name of the Connétable of St. Helier. I ask the Greffier to read the proposition.

The Greffier of the States:

The States are asked to decide whether they are of opinion to request the Minister for Treasury and Resources to take no further steps to introduce the Goods and Services Tax in Jersey until public finances have been examined independently to identify potential savings and until alternative methods of raising funds have been investigated.

5.1 The Connétable of St. Helier:

Members have in their hands a petition signed by 19,209 members of the public, calling upon us to delay the implementation of G.S.T. until an independent review of States expenditure has been carried out and alternative income-raising measures to G.S.T. have been investigated. They have in their hands my report setting out why I believe the prayer of the petition should be granted, and the comments of the Treasury and Resources Minister, saying why he believes I am wrong. I am not going to go over the arguments made in these 2 documents, as I am sure other Members will wish to do so, but I will answer any questions raised about the arguments in my summing-up. I want to begin with a few words about the Treasury and Resources Minister. I have said this before, but I think it needs re-stating. Senator Le Sueur's early work on fiscal strategy was, in my view, a model of consultation. I believe that throughout the long period now that he and his colleagues have been developing the proposals, he has shown complete sincerity and integrity. I want to distance myself from most of the criticism and all of the vilification that he has suffered in recent weeks. **[Approbation]** I want to go further and ask the Minister to reconsider his position in regard to this debate because I for one do not want to see him go and should the States agree to a deferral of G.S.T. that does not mean, in my book, that he has failed. It means he has listened and that is not a resignation issue. A fortnight ago, on my own initiative and at my own expense, I visited our sister Island to talk to their Treasury Minister and some of the shopkeepers in St. Peter Port and some Islanders. According to one of the few voices regularly heard in support of an early introduction of G.S.T., a *J.E.P. (Jersey Evening Post)* columnist, I "trotted off" to Guernsey. Interesting choice of words. I do not know if it was trying to belittle my stand or maybe there was some other joke intended but anyway I went to Guernsey. The latest hymn in praise of G.S.T. by this particular columnist did at least conclude by recognising the failure of the States to date to hold meaningful discussions with Guernsey about this and other issues of mutual interest. I deplore the regular efforts made by certain Ministers, both inside this debating chamber and outside it, to disparage what Guernsey is doing to avoid the early introduction of a sales tax. This is in marked contrast to Guernsey politicians and Deputy Trott - whom I met 10 days ago - began our meeting by making it absolutely clear to me that he would have no truck with an exchange of views in newspapers. He would say nothing on the record at all about what Jersey is doing. He merely told me what he was doing about the problems and shared that information with me. But my little plane had barely

touched down in Jersey before our Treasury and Resources Minister was declaring in the media how Guernsey had got it wrong and I would say far better surely for some of the Ministers to have trotted across to Guernsey themselves. So what is Guernsey doing? Are they, as the Chief Minister recently asserted in the States, spending their strategic reserves to get out of trouble? I put that to the Guernsey politicians whom I met and they shook their heads and laughed. Like us, they are going to grow their economy, their targets have been rubbished in this Assembly as unachievable, but they are determined to try working with the public to increase productivity and attract new business before penalising the public with a regressive tax. They are raising the threshold for social security contributions so that the more you earn, the more you pay. Sounds fair and progressive to me. That is not the same thing as a payroll tax. It is using an existing mechanism, no new red tape required, no extra civil servants to administer it. Crucially, in my book at any rate, Guernsey is proposing to deal with the thorny issue of public spending control before introducing a new sales tax. They put it to me, how is Jersey going to get to grips with spending when it can simply raise the level of the sales tax? How can we meaningfully make the painful and unpopular decisions that will have to be made to drive out waste, inefficiency, restrictive working practices and the like if we have a cash machine at the end of the corridor? Or, to change the image, if your son or daughter - and I am not making any particular comments here - is having trouble budgeting at college, what do you do? Increase their allowance? Or do you say to them: "Look, son, daughter, this is all you have got until the end of term. You have got to make it last." There has been a good deal of shroud-waving about the dire consequences of deferring the introduction of G.S.T. in May. The public apologists for G.S.T. - there are but 2 - wrote to me in the following terms. I am not going to reveal his name but I am sure he will not mind my passing on his disaster scenario. I quote: "Thanks for the efforts of Simon Crowcroft and Len Norman" [Senator Norman is in there as well, I apologise] "The introduction of G.S.T. is delayed beyond the next election. At the next election, a single ticket No to G.S.T. Party, led by Deputy Geoff Southern, Deputy Shona Pitman and Deputy Alan Breckon are elected with a majority, with the usual low turn-out, to be continued but you, Constable, own a significant footnote in the history of Jersey's demise." I must say I did chuckle over that. It is truly a nightmare scenario. **[Laughter]** But, seriously, Members will be told today that supporting the public's request for a stay of execution while we get our house in order will significantly damage the Island's reputation. Business confidence will suffer, we will be told, because this government listens to the people. The Chief Minister may share with Members an anecdote of a certain party in another off-shore jurisdiction, who is moving all his assets and business to Jersey because of our fiscal strategy. Well, the other off-shore jurisdiction has some interesting things to say about that, but I am not going to deal with anecdotes or point scoring at that level. It is really quite simple. Members need to weigh up the reputational risk of deciding not to use this particular fiscal tool at the present time against the political damage that will result from ignoring the wishes of Islanders. I am not just talking about individual political careers, I am talking about trust in Island Government. I am reminding Members of the Council of Ministers' pledge to reconnect the States with the people. The Chief Minister will tell Members, I am sure, that our reputation is at risk with the financial services industry, even our international reputation. I am telling Members that, in my view, our reputation is at risk with the people we were elected to serve. There are genuine public concerns fuelling this petition and I began indeed by praising the integrity of the Treasury and Resources Minister for the way he has handled them, but not all of the Council of Ministers have treated the public in a similar fashion. I must say that the Chief Minister's mockery of the petition, in front of what he must have assumed was a safe audience of the Chamber of Commerce recently, was not only a tactical blunder, but much more importantly it was an insult to the thousands of Islanders who have genuine concerns about this new sales tax. I know that he has apologised, but the apology was a qualified one. It was not unreserved. Members cannot fail to have noticed the series of well researched and cogent letters that have appeared in the *Jersey Evening Post* in recent months. Interestingly, and this is unusual for a topical issue, hardly any at all have supported G.S.T. being introduced in May. Some of the letters seem to me to be able to do my job better than I can today. I am just going to read a couple of short paragraphs. One

says: "At heart, it is a matter of principle. Purchase tax, V.A.T. (Value Added Tax) and G.S.T. are all indirect taxes against which good old Jersey has historically and famously turned her face, but suddenly we are looking at an all-encompassing tax to include even foodstuffs. No. We must back those with the power to delay it until absolutely every other avenue has been explored." Another writer says: "Understandably, no politician, be it of a major power or a microcosm such as Jersey, wishes to be perceived as changing his or her mind. Politicians are only human after all." Not everyone would agree with that statement. However, in the light of the present positive economic circumstances, which admittedly could never have been foreseen at the time that G.S.T. was first seriously mooted some 18 months ago, there is surely now an over-riding case for our representatives to grasp the mettle and consider abandoning the G.S.T. proposals or, at the very least, putting the current proposals on hold. To adopt G.S.T. now would be to pander to the politics of greed and not to prudence. So what are these public concerns? Local businesses, as Members will know, are worried about how G.S.T. will be implemented, the administrative burden, even for those like charities who can claim it back. The red tape and how it will affect their business. How will it disadvantage them in relation to non-local companies? How the rules seem to be being made up as we go along. How the *de minimis* level of £400 will affect their sales and so on. Of particular importance is the fact that they will lose whatever competitive edge they have, or could have, as competition law begins to take effect and other efforts are made to reduce the cost of their doing business in Jersey. They will lose the tax-free shopping status. Guernsey, of course, will not lose it. Truly, Sir, it will be a very sad day, I believe, when our Island shopkeepers take down the tax-free shopping signs in their windows. Members will note the latest position statement from the Jersey Hospitality Association, which I have circulated. The Jersey Hospitality Association, as Members know, recently held an event to mark their 50th anniversary. They have been granted an exemption for next year's hotel and guesthouse bookings, but even having received that, and I was impressed that they are willing to go public on this, the Association met and agreed the following statement: "We, the undersigned members of the tourism industry, believe that the Island's reputation as a tax-free destination is part of what makes Jersey special to the visitor. The introduction of G.S.T. will be one more obstacle in the way of attracting tourists to the Island. Therefore, we support the deferring of G.S.T. in order that further examination of States' budgets can be undertaken." The genuine public concern is not restricted to the business community. What has been most remarkable, I believe, about the petition, is how far it has been taken up by a broad cross-section of the community. The depth of genuine public concern about how the tax will affect those above the level for receiving income support. There were only a handful of States Members in the Royal Square for the rally in the summer. I know it clashed with a States Members' trip to Normandy, which is nobody's fault, but I must say, even if I had supported G.S.T. I would have been there. I would have been on the platform, listened and argued and taken it on the chin and I think it is a pity that at none of the meetings, certainly that I have been to over this, there has been no one prepared to stand up and put the case for an early introduction of G.S.T. If more States Members had been at the rally I think they would have been surprised by the range of support the petition has. They would have met people there they really did not expect to see at a demonstration in the Royal Square. Notably, of course, the petition has received the support of the Senior Citizens Association and the majority of these Islanders will not qualify for income support, they will simply have to pay the extra 3 per cent from May next year because, unless their prayer is heard, States Members will not allow that independent review of spending to be carried out. That is the stark reality. It is as bad as that. We can talk until the cows come home about focus groups and strategies to improve the lot of the elderly in our Island, but what these Islanders will remember is who voted against the prayer of their petition and who did not. No doubt some of the Senators, especially those with a comfortable 4-year spell before they have to go back to the polls, will talk about government by referendum. They will cite hypothetical petitions against immigration for instance, and say of course, everyone would sign a petition to cap the Island's population, would they not? I am not sure they would. If the consequences were spelt out, as I believe the consequences were spelt out on this particular petition, I am not sure that there would be more than

19,000 people signing up to such a notion. Do people blindly sign what is put in front of them? The Council of Ministers keep saying that they have made all the savings that can reasonably be made and we still need G.S.T. next May, but do the public believe that? Members do not need me to tell them what the petition asks them to do. They do not need me to point out that the recently announced windfall in States' revenues covers a tax take from G.S.T. next year. I put to Members that we do not need the money. We can afford to take a step back, get the independent examination of public sector spending carried out that Guernsey has embarked upon, not some in-house working group of Assistant Ministers who, despite all their pre-election promises have so far failed to come up with significant savings. I have been asked by some Members about the detail of the review. How long it will take? Who will carry it out? My view is that this is a debate about a principle, whether to defer and have the review or not. If the petition is successful today or tomorrow perhaps in the House, it would be a matter for the Treasury Minister to come back to us and tell us how that review can be carried out and what the time scale would be. Many would prefer it to be done by this House and not to be left over for a new House to debate and to be brought back next year. There was a revealing comment made by one of the Scrutiny Chairmen a few meetings ago. The subject was the last minute exemption agreed for hotels and guesthouses, to which I have already referred. The Member said that one of the problems his panel had with the decision was that we would lose, I think it was £750,000. We would lose three-quarters of a million pounds. I stood up and queried this. Is this not the tourists' money? Does not that money belong to the people out there who may or may not decide to visit Jersey? Equally revealing was a conversation I had yesterday evening at the Urban Task Force meeting, which I chair. The subject as how much rates the Parish of St. Helier will reap from all the new developments being planned for the Waterfront. It was the Chief Minister who said this to me and I am sure he will not mind me repeating the story. I had to remind him and the rest of the meeting that Parish rates, by law, can only be used to pay for the services that we provide to parishioners. Services whose costs are annually audited by the people. Expenditure that is sanctioned by the people. Any income St. Helier gets from the Waterfront, cannot simply be trousered. It can only be used to reduce the rates paid right across the Parish. Why do I mention these 2 comments made by ardent supporters of G.S.T.? Because they reflect the view common in all governments, that taxation income belongs to the government. It does not. It is not our money. It belongs to the public and if we do not need it next year, we have no moral right to it. In conclusion, Sir, and I know that there are many Members who wish to speak and, to some extent, justify the positions that they are going to take on this matter, so I want to be brief. I do believe - and I believe this view is shared by the public - that the introduction of G.S.T. will make it almost impossible to cut public spending. That is a view that was expressed to me in Guernsey and I apologise to Members who think I have referred to Guernsey too much in my speech. I am pleased to have had the opportunity to present this petition to the House and I want to thank all of those who took it out, local businesses and local people, to obtain the signatures on it. A lot of work went in to the gathering of these signatures. It is not my proposition, it is the petition to each individual Member of the States from more than 19,000 Jersey people and I commend it to the House.

The Bailiff:

Is the proposition seconded? **[Seconded]**

5.1.1 Senator T.A. Le Sueur:

I think Members would expect me to speak first in response to this and try to set the scene because although the proposition before us today appears pretty clear and simple, it is to defer G.S.T. in order to investigate alternative methods of raising funds and to examine public finances. However, the reality is that this is simply a thinly-veiled attempt to say no to G.S.T. Say no permanently. That, I think, is what the people in the Square this morning were saying to me. That is, I think, what many of those who signed the petition are saying to me because I accept the 19,000 votes and I believe I understand what they are saying. They are saying no to G.S.T. Full stop. As a side

issue, I am aware that several Members have strong views about G.S.T. and food, but that is an issue we will be debating in 2 week's time. I hope, indeed, that we do not stray into those matters today, but focus on the very clear proposition before us, which is to address that petition. Even if we do end up zero-rating food, we still need to bring in G.S.T. and, for reasons which I will make clear, we need to bring it in next May. I have to say, Sir, that I am extremely disappointed that once again the States appears to be going over old ground. The only reason I am not even more vocal in my displeasure, is that I do appreciate that the public have signed a petition and it is right that that petition is heard and it is right that the Constable or somebody should bring that proposition to the States. I appreciate him doing that and I appreciate the kind words he said about the work that has been done over the years on the whole subject of G.S.T. I sometimes wonder if today is a bit like Groundhog Day. I keep thinking that we have had these debates before. We have made these decisions already. Although the principles have not changed, we are having the same debate again in a vain attempt to avoid having to make tough decisions. It has been suggested to me that the message has not been properly communicated, so I hope Members will forgive me if I go over matters a little bit and explain how we got to where we are today. The first question I have to answer, is why did we agree to move to Zero/Ten? Really the whole thing started with Zero/Ten. For many years - I suppose since the 1960s - Jersey has been very fortunate in having a successful finance industry, an industry which has generated enough tax to pay for the high level of services which we currently enjoy, such as health and education. I am sure that Members fully appreciate how the finance industry not only provides that tax revenue, it provides jobs - something like 13,000 jobs - for people who are mainly Island residents. Those people work directly in the finance sector, but of course there are also thousands of other people in the Islands whose jobs are also very much dependant on the success of that sector. However, increasing competition from other jurisdictions has meant that Jersey has had to reduce its corporate tax rate in order to remain competitive and attractive to local industry. Without those changes, Jersey would be in a far worse position and our economy would be considerably less prosperous. What we are doing effectively is moving that tax burden from companies and clients outside the Island to residents of the Island. That I think is where there is undoubted pain and where the residents of the Island, quite understandably, get concerned and sign petitions. I remind Members that the finance industry has a huge amount of choice in deciding where to locate and Jersey had to move to Zero/Ten if we were going to retain that business. A consequence of which was that we were going to lose between £80-100 million a year in tax. As I say, if we did not take that move, the loss would have been far, far more than that. Now that is a big figure and it calls for a big solution. I am afraid big solutions often tend to be somewhat unpleasant and unpopular. Before coming up with those solutions, we undertook a communicative consultation and I think sometimes we forget just how extensive that consultation has been. It was in 1998, yes, nearly 10 years ago and long before I became involved with F. and E. (Finance and Economics Committee) or the Treasury, that an independent fiscal review group was set up, involving a wide cross-section of the community. I think that some Members here today, such as Senator Kinnard and Senator Vibert were on that working group and I dug out their reports from my files just to remind Members of their views. That group, in 1998 and 1999, recommended that the States was too dependent on direct taxes, such as income tax and social security and that the States should implement a form of indirect taxation, such as G.S.T. I repeat, Sir, that was back in 1998. Not 18 months ago. Nearly 10 years ago. We got on and in 2001 the F. and E. Committee began to undertake what I think has been a very detailed consultation exercise, perhaps more so than any other policy issue. There were consultation documents in July 2001, May 2002, August 2003, February 2004 and papers and papers. I have got some here which were public consultation documents - some may remember a *J.E.P* supplement that looked at reforming Jersey's tax structure - there were Parish Hall meetings, tax modelling workshops and if any Members have any doubt about the amount of information there is, I refer to then to annex B and annex C at the end of my comments to the proposition and I refer them, if they need reminding, to some of the papers which I have accumulated over the last 6 years. **[Laughter]** Have we consulted? I think we have. Have we researched? I think we have. **[Approbation]** So, what were

the suggested solutions and has there been any consideration to the alternatives? Well, Sir, as part of that fiscal strategy research, we identified 3 ways of filling that tax hole. Those 3 ways were economic growth, cutting States' spending and increasing taxes. We agreed that £40 million should be found by economic growth and cutting spending. That left £60 million to find through increased taxes. £60 million each and every year. Now there are several ways in which you can raise taxation but to raise those levels of money, there are only really 3 candidates. One is income tax, the other is payroll tax and the third is consumption tax or G.S.T. We were clear what our objectives were from those alternatives. Our tax package had to raise £60 million and, to be fair, we would have to broaden the tax base so that everyone made some contribution based on their ability to pay. The package also had to reduce our over-dependence on direct taxes. We assessed those tax raising measures on various grounds. None of them was a perfect fit. All of them had advantages and disadvantages. Eventually, we proposed a package of measures of increasing income tax through 20 means 20 and I.T.I.S. (Income Tax Instalment Scheme), G.S.T. and income support. The aim was that everyone in Jersey - everyone except those on very low incomes - should contribute to the remaining £60 million shortfall, with the better off paying most. The States then reiterated that increasing the basic rate of income tax would damage Jersey's low tax status. In order to raise £45 million, we would have to raise the standard rate of income tax from 20 per cent to 25 per cent. That still would not be enough. We would also have to cut all the personal allowances and exemptions by 25 per cent as well. What would that do? Well, that would really hit the less well off and even those on middle incomes as well. Just raising income tax for people on higher incomes would not generate enough money. Taxing everyone earning £80,000 a year at 30 per cent even, would only raise about £11 million a year extra. So to payroll tax, and there is a whole whack of paper in there on the advantages and disadvantages of that. Really, payroll tax affects and damages our exports; our exports in tourism, our exports in agriculture and our exports in the finance industry. Again, who suffers? It is the people of the Island; it is the taxpayers of the Island. No single tax can fully meet all these principles, but the package of measures, the package which we introduced, the package agreed by this House as a total package, including G.S.T., scored well overall. It is perhaps worth reminding Members that we brought in G.S.T. for a variety of reasons. We chose it because it keeps Jersey competitive in the export market, it is paid by virtually everybody in Jersey, from 1(1)(k)s and tourists to the wealthy retired people. It is a very simple tax and it minimises the chance of revenue evasion or sophisticated tax planning. It broadens our tax base and reduces the uncertainty of tax receipts for the States. We have seen this year tax receipts go up, surprisingly largely. When I see the financial press in the last couple of days, I wonder if our financial risk is going to go down equally badly in another year or 2. This G.S.T. is a far more stable source of revenue. It can generate £45 million a year in such a way that the most anyone would be worse off is by 3 per cent, but in reality it is more like 2 per cent because there are certain exclusions, such as housing costs, which do not suffer G.S.T., contrary to what some people may suggest. Housing costs are exempt from G.S.T. and so the overall cost is rather less than 3 per cent. Providing that we keep it simple, it is also relatively easy to collect. I repeat, Sir, there is no perfect tax but this combined package of G.S.T., income support, 20 means 20, and up-rating of income tax thresholds, which I am proposing in the budget, provides additional relief to those on middle incomes and results in a bigger contribution from those on higher incomes. It also ensures that Jersey can look forward to a sound economic future, which means that the Island's way of life, with a good environment, generous public services and quality of life, can be continued for generations to come. Sir, unless we can secure that economic future, all our plans, all our dreams, become unfulfilled. That is why it is so important that we keep on track with this fiscal strategy in delivering that and maintaining our plans. I remind Members that this package of measures - and I repeat package- has already been accepted and agreed by this House, once in July 2004 and reiterated again in May 2005. Did we consider the alternatives? Yes, we did. I am reminded that we have now debated and discussed the fiscal strategy on no less than 9 occasions. I repeat, 9 occasions, which included proposals from Senator Syvret to look at alternative tax options, a proposal from Deputy Southern to increase social security contributions

through payroll tax and another proposition from Deputy Southern to increase income tax. All of those propositions lodged, debated by this House and rejected. I repeat, it is this House which has set the course of action and it is, I believe, the correct course of action. Not only have we agreed that, but we have had some independent reviews as well. Firstly, by PricewaterhouseCoopers in London and, more recently, by David Kern of the Chamber of Commerce in the U.K. Both these eminent and independent people came to the conclusion that G.S.T. was the best solution for Jersey and, I might add without reducing them to third place, so did the Members of the Corporate Affairs Scrutiny Panel. Nonetheless, Sir, this proposition still doubts that and asks us to look at the alternatives. Again? Please, Sir. I cannot imagine having had 10 years of analysis and consultation, that anyone could believe that there is yet to be identified a better, more painless way of raising £45 million. I am equally sure that those people who do not like G.S.T. to raise £45 million being taken out of their pockets are going to be equally opposed to any other tax, which also takes £45 million out of their pockets. If we are being honest, we know in our hearts that yet another investigation is not going to get us anywhere. It is not going to come up with anything major. It is certainly not going to come up with £45 million. There is no other place to go so, at that point, some people start to shift their ground. They say: "Oh well, we can find some more savings. We can cut States' spending." Sir, I repeat, and I am grateful to the Chief Minister and to the press for publishing the facts and confirming it, that we have found savings of £35 million a year. We set out to find £20 million; we have done even better. But the suggestion that we could find another £45 million a year on top of that is, I think, pretty ludicrous. Those who might question that might need to be reminded that a couple of months ago we discussed an amendment to the Business Plan - we did not vote on it - to reduce our spending by £12 million a year and the general impression at that time was that that was a step too far. £12 million a year and yet now some are suggesting that we find £45 million. Sir, to do that we would have to decimate States' services. An example of the sort of reductions, and I will have to pick on education, I hope the Minister does not mind. If you closed all the Island sports centres, all the arts facilities, the arts centre and the opera house, closed all the States' nursery schools, shut down the public libraries, shut down the youth service, if we did all those things we would save £9 million a year. So, if we want to save £45 million, we better multiply that across another 4 departments and then see what the public think about that sort of solution. Sir, it is unrealistic. We have got proposals and I welcome the work that the Public Accounts Committee are going to be doing with the Assistant Ministers in looking at ways of spending, led by the Comptroller and Auditor General. I know that those Members are determined to find whatever savings they can and I am sure they will find some. But let Members be in no doubt that we are going to need those savings if we are going to be able to deliver essential matters, such as the Prison Improvement Plan. We know we have got States' spending, which has been constrained, we know our spending for the next 5 years. If we are going to provide those services, they are going to have to be done from the savings and efficiencies that that team makes over the next period. That money will be needed for those things, things like the town park, for overseas aid and so on. We will need that money just to stand still. We will not be able to use that money in order to avoid the inevitable. Why is it then, some people are saying, that Guernsey has managed to do without G.S.T.? The Constable of St. Helier said he deplored disparaging comments about Guernsey and so do I and equally both Deputy Trott and myself have tried to avoid having a slanging match with one another. When I made comments last week it was not to say that Guernsey had got it wrong, I said that the press had got it wrong in reporting what had been said. I hope the Constable of St. Helier did not fall for the story that while Jersey has a black hole, or so called black hole, of £96 million, Guernsey has a grey hole of £25 million. The fact is that comparing like with like, Jersey's so-called black hole is £96 million, but Guernsey's black hole, on a similar basis, is £80million. Jersey is going to meet part of that through economic growth. So is Guernsey. Jersey introduced 20 means 20 to take money off the better off. Guernsey increased social security contributions up to a certain limit, which effectively took money off the middle incomes in Guernsey, but it did not affect those on high incomes or an investment income. So they taxed middle Guernsey, we taxed wealthy Jersey. After 20 means 20 in Jersey

and economic growth, Jersey has a shortfall. After increasing social security contributions and economic growth, Guernsey has a shortfall. Jersey is going to meet that shortfall by raising G.S.T. Guernsey has no plans to meet that shortfall. It intends to live beyond its means by £25 million a year which it will take out of its savings. Frankly, it may do that for a few years, but it cannot do that for ever. It is unrealistic and it is unsustainable. I can understand why running deficits and avoiding tax increases are popular, particularly as it gets nearer to election time, but I repeat, in my view, it is irresponsible. Guernsey plans to live beyond its means and use up nearly half its rainy day fund in the hope that something - Lord knows what - will turn up. I must say that Guernsey's Deputy Parkinson is more of a realist. He commented: "There is nothing to be gained by a wait and see policy, when the outcome is obvious and entirely predictable. All that will be achieved by the delay is the wanton destruction of the Island's contingency reserves." He appreciates that delay does not do any good to anyone. I hope, therefore, that I have reminded Members that realistically there is no better alternative to G.S.T. Contrary to what some would assert, we have done all the work over nearly 10 years, probably more research and more consultation than on any other topic and the outcome is clear. The fiscal strategy we agreed is the best way, the sensible way, the right way to go. If we want further proof of that, the current success of our economy and the business confidence permeating the Islands, is ample justification for endorsing our fiscal strategy and sticking to it. There is another bit of the jigsaw about Zero/Ten, which we will discuss in a couple of weeks' time. But that perhaps leaves one last question and although it is not directly within the petition, or within the proposition, I am aware that some Members are saying: "Should we put off G.S.T. for a year or so?" simply because our financial position has improved. A realistic question which I think deserves an answer. Sir, as I said, many years ago we came up with this strategy for dealing with the fiscal deficit, the black hole. It was that package of economic growth, public spending, I.T.I.S., 20 means 20, and those would be phased in, along with G.S.T., over a period in anticipation of and in advance of 2010 when Zero/Ten came in. Sir, our plans are working. I find it frustrating, to put it mildly, that because they are working some people believe, because we are now running a surplus in the short term, that we do not need G.S.T. Let me explain, we did that as part of a plan. We agreed, as part of our fiscal strategy, that we would build-up a surplus over the next few years in anticipation of when in 2010 we lose £100 million. £100 million a year: that year and every year thereafter. Without G.S.T we would be in the red to something like £60 million a year every year thereafter. To put it another way, we may have a £38 million surplus this year, but we are going to shortly lose £100 million every year. So we do need G.S.T and we need G.S.T as we originally planned. Yet some people still ask: "Can we not put it off for a year?" My answer to that is that we should not bend and flow with short term improvements in our tax revenues. Yes, our economy currently is doing quite well but if, as is likely, the worldwide credit crunch we are seeing results in a dip in our tax revenues, will those currently shouting for deferment suddenly say: "Oh, bring it in quick." I do not suppose they will. No, Sir, and yet that credit crunch I see as becoming even more of a reality and I remind Members that we have not built-in the effects of that credit crunch into our forecast in any way whatsoever. The last forecast was done before we were aware of the impact it is having on the banking sector. I suspect that whatever real growth we may have seen will be trimmed, perhaps not immediately, perhaps not next year, but will be trimmed quite soon because that banking recession which currently may be affecting America, is going to equally affect the U.K. and ultimately affect the Island as well. We cannot expect to be immune from that sort of catastrophe. So I ask those urging deferral if they do not really think it is better to bring in G.S.T now, while the economy is reasonably healthy, rather than wait a year or 2 when you might be rather less certain. I think the time to do it is now. I repeat, that the main reason for not delaying is that we are only succeeding at the present time because we have clear policies and we are sticking to them. Sir, to quote a football analogy, you do not change a successful team. You do not change a formula that is working, and it is working. Evidence of its working is quite clear to all of us to see. Sir, like the Constable of St. Helier, I do not like comparing with Guernsey either, but the fact is that they do not have a clear long term strategy and their economy is not growing as well as ours. Our business customers around the world look at us and they do business here in the

knowledge that we know where we are going and we have set out not just the route but the timetable as well. Destroy that confidence and you undermine all the good that we have achieved over the last 2 or 3 years, and for what? Will the public really thank us if we seriously damage our economy for a bit of short term populism? I think not. In summary, Sir, this debate is simply about whether to court short term political popularity, or to make difficult but necessary decisions that are in Jersey's long term best interests. I know G.S.T. is not popular. I have had the letters, the phone calls, the abuse and the criticism and the Assembly can be sure of one thing, I am not doing this out of perversity. I am not doing it because I have lost my marbles. Nor am I doing because I am arrogant or pig headed or even, as some have suggested, because I am in the pocket of the international finance industry. Sir, I am doing this because I care about the future of this Island and the future generations of its people and I know that if we have the courage to implement G.S.T. it is the final piece in that puzzle, in that strategy, which should guarantee Jersey's future. Jersey can confidently expect to have a prosperous economy, well paid jobs and a fair system of taxation to provide the revenues we need for our young, our sick, our needy and all the other services we value. On the other hand I have no doubt that if this proposition before us is passed we will enter into a prolonged and shambolic period of searching for some magic money tree which will yield £45 million in a painless way. It will not happen. It will fail miserably. Frankly, for one, I do not want to be party to such a shambles which I believe would in the long term be detrimental to the people of Jersey. Sir, this proposition may be well-meaning; if nothing other than damaging, populist prevarication. I urge the House to show the leadership the people expect by rejecting it.

[Approbation]

5.1.2 Deputy J.J. Huet:

Do you ever feel that we are living on a see-saw sometimes? Up down, up down, in out, in out. It is like a song. I remember when the first G.S.T. was brought up and most of us, I think, were madly against it. We were: "No, over our dead bodies. No we are certainly not going to have it." Then we started having lots of meetings. We found out how much we are going to need to keep the Island going. But we were promised a total package, that there was not going to be any exemptions. It was all going to be nothing; everything was going to be rolled up, no exceptions. What happened? Now we have a load of exceptions. I have not long come back from the U.K. and I must admit I visited some of the charity shops in the U.K. Friends of mine that come from U.K. to here have visited ours. They have told me that we have the most expensive charity shops that they have ever come across, including from all the U.K. We know that Jersey is an expensive place to live. Jersey is an expensive place to do business. We know this. But then I see that we have now all these exceptions. We have finance. Now we have finance we know it is their money that runs the Island. We have school fees. We have building costs. We have health things. This total package has disappeared. If that can disappear from that ...

Senator T.A. Le Sueur:

Point of information. Finance is not exempt from G.S.T. Finance is making a contribution.

Deputy J.J. Huet:

I know they are, yes, but they are exempt in other ways. What we do not have and I think we do need ... if we are going to have all those exemptions that we should be putting food in there. I really believe that.

The Bailiff:

We are not debating that today.

Deputy J.J. Huet:

I know, Sir, but I am just putting that in. If we have all those we should have food as well.

[Laughter] Jersey is very expensive. I do not think that we have looked at everything. I am still waiting 10 years later for a land tax. I do not think it is ever going to come. I think I will be buried

and you can put it on my gravestone. It will not come, it is not wanted. Sir, we have to be practical. We have to have enough money and £45 million is not going to come out of thin air. I would think that like most women I would think maybe we are more practical about money than men are. If you only have 99 you cannot spend 100. We do not have enough. We will not have enough. Though I want food to be exempt to go with the others, I still think we are going to have to have G.S.T. I do not want it, nobody else wants it, but it is like somebody said, I do not like income tax either and mine seems to continuously go up. But that is the way of life. You have to look after the people that cannot look after themselves as well. So the last thing we want to do is to destabilise the Island. The last thing we want to do is see any of the finance walk away. We would notice a big difference if that ever happened. We have to make the Island a proper place. I believe seriously that we can only do that by bringing G.S.T. in, though it goes against the grain all the way. I cannot see that we are doing any good by delaying, delaying, delaying. The day has come and I think we have to face it, Sir.

The Bailiff:

If nobody else wishes to speak I will call upon the Connétable to reply. You do wish to speak?

5.1.3 Senator B.E. Shenton:

Much has been made in the media about an apparent u-turn that I made last week and yet my position on G.S.T. has always been exactly the same. If G.S.T. has to come in we must have exemptions and food must be an exempt item. What we are faced with today is the Constable of St. Helier's proposition and following that we have the Appointed Day Act. The debate on exemptions will not be for another few weeks, so what we are voting for today is G.S.T. without exemptions on food. The Council of Ministers would not discuss this on Thursday and therefore I have no option but to support the deferral of G.S.T. because I cannot put my hand on my heart and start taxing the food of Islanders. Believe me, there is little support for food exemptions among my Council of Minister colleagues. As I said, my position was quite clear, if G.S.T. has to come in food should be exempt. The first part is, if G.S.T. has to come in. We have just had an announcement of a significant budgetary surplus. Yet we are still bringing in the tax without exemptions. We also have a strong voice from the people that they do not want G.S.T. at this time. The reason we have to review the situation is because this is our role as politicians. I am not interested in how many times we have debated this. I have only been in the House for 2 years. You do not pass something through fatigue. You do not pass something just because you have debated it on a number of occasions before. You open your eyes and you open your ears and you look at what is happening now. Not what was happening 10 years ago, or 5 years ago. The definition of government according to Aristotle is that the government exists for the sake of the good life. While it is satisfactory to acquire and preserve the good, even for an individual, it is finer and more divine to acquire and preserve it for people and for cities. The politician is therefore responsible for the souls and the needs of all the people. Politicians are not in their elected office to better life for a select group of individuals. Instead the politicians are there to represent the people as a whole and make the best decisions for the greatest number of people that he or she possibly can. I believe this perspective to be the absolute truth about the way a politician should perform while in office. That is why I cannot support G.S.T. at this time and I certainly cannot support G.S.T. on food. Politicians must be true to their ideals. They must not sacrifice them on the altar of collective responsibility. Senator Walker often calls me a populist. I think Senator Walker is also a populist. I perhaps am more popular with the people but he is certainly more popular with the chief officers. [Members: Oh!] I believe that a popular government can deliver much more for the people than an unpopular one. The Director General for Research at the European Union produced a working paper, the *Social Consequences of Changes in V.A.T.* What it said was that: "A uniform V.A.T. rate, or G.S.T. is proportional and therefore regressive when related to income. For a similar basket of goods and services someone with a high income pays less V.A.T. as a percentage of income, than someone from a lower income group. This is an important reason for introducing a multiple

rate structure. Reduced rates apply to products that are/were relatively important in the consumption pattern of lower income groups. In this way re-distributional goals are pursued and V.A.T. is made less regressive ... all Member States also exempt certain goods and services from V.A.T.” This is the point. We are a wealthy Island yet we are committed to introducing a highly regressive tax in its most regressive form. We also want to introduce it regardless of change in economic circumstances and would prefer to fix it at a rate than use it as an economic tool in the future, something that Deputy Ryan has been highlighting over the past week. It is not just the cost to consumers that worries me. It is also the cost to businesses. As well as the G.S.T. inspectors breathing down their necks and waiting to fine them if they do anything wrong, they will also have to watch out for the I.T.I.S., for the tax man, social security. Also they have to make sure they comply with all employment legislation and no doubt, just to finish them off, we will probably introduce price marking legislation as well. We certainly love to strangle our businesses. As Senator Le Sueur’s already mentioned, it is highly likely that the economy may be a little less buoyant next year. Add to that the unemployment impact of G.S.T, which has been skipped over, the threat of the internet and the fact that we are changing Jersey from what it was to what it is today. The ridiculous thing is, we may not need G.S.T. at all and could end up as the only Channel Island that inflicts it on their population. We do not make the strategic reserve work for us. Financial forecasting has been far from accurate and we have failed as a government to sell the whole concept to the public. If we introduce G.S.T. today it will be not because we have to, if we introduce G.S.T. today it will be because we want to. I urge Members to support the Constable of St. Helier’s proposition.

5.1.4 Deputy G.W.J. de Faye:

I did not want to interrupt the Senator in the course of his speech. I would like to correct what might be a misapprehension. I do not know where he gets the idea from that I am keen on taxing food. It was not a matter discussed at Council of Ministers in any event.

5.1.5 Deputy R.C. Duhamel of St. Saviour:

I will be brief. For me this issue is one of 2 extremes. Should government tax more to spend more or should government spend less and tax less. I think the Minister for Treasury and Resources has done a fair job in assessing what taxes may be acceptable or not in order to help us spend more but what I do not consider has been done adequately is the opposite question. I think that there is a lot more fat that could be cut from the bone of the Civil Service. There will be squeals, there will be howls of rage perhaps from those Ministers who will see some of their portfolio disappear. But if the public would wish us to go in that direction I think the public deserves us to look at that problem seriously. I do not think we have done it as yet and on that basis and that basis alone I think - as more monies are available there is no immediate need to spend those monies - so on that basis, Sir, I think I have to support the Constable of St. Helier and the petition of the 19,209 signatures.

Senator F.H. Walker:

I do wish to speak but there is no way I am going to be complete within the next few minutes. I wonder if now is a suitable time for an adjournment.

The Bailiff:

No other Member wishes to speak shortly?

Deputy S.C. Ferguson:

If we are going to adjourn I would just like to make an apology to the Attorney General. I referred this morning in what might be construed in pejorative terms to the Attorney General as a moving target. I did not mean to impugn him but meant of course that he is so busy that it takes time to arrange an appointment. I would therefore apologise for any discomfort and unintended insult that this comment may have caused. [Laughter]

The Bailiff:

I am sure the Attorney General's shoulders are much broader than that, Deputy. Members agree that we adjourn and reconvene at 2.15 p.m.

LUNCHEON ADJOURNMENT**PUBLIC BUSINESS (continued)****The Bailiff:**

Does any other Member wish to speak? Do you wish to speak, Deputy?

5.1.6 Deputy G.P. Southern:

Seems that was nearly a rather brief session despite the Treasury Minister's insistence that all we are doing is going over old ground. There is no need for it to be that short, surely. First, can I welcome the Constable of St. Helier on board the rather slow-moving but nonetheless determined anti-G.S.T. train. I welcome his late conversion into the anti-G.S.T. camp. I will not mention that it comes in an election year. That, having been said, he is nonetheless welcome. The points he made were absolutely valid until he had a little go at the J.D.A (Jersey Democratic Alliance), it could have been one of my speeches. It was very close. The Treasury and Resources Minister in response to the Constable, in his initial sally, suggested indeed that we were merely going over old ground and it was the same debate. However, we have moved on, there are new pieces of information that we have. Perhaps the first piece of new information is that we have 19,000 people prepared to sign a signature to say: "Do not do it for the moment, hold your fire." Public support has not been won over to G.S.T. The arguments have been repeated many times but the public has yet to be convinced. In referring to the economist, David Kern, who the Minister said was fully supportive of his measures, yes, he did say in his presentation given to the Chamber of Commerce and others in the last few months... he said: "Many economists believe that in principle a sales tax has many advantages over other forms of taxation." Many economists do indeed believe that, in principle. "But," he says: "G.S.T. is now facing implementation problems and fierce opposition from local traders." He then goes on to say: "Restoring public support is critical." Nineteen thousand voices say that that critical step has not been made. The Minister then went on to talk about 3 methods of paying for the black hole that he in fact has created. Referred to economic growth, cutting States' spending and new taxes. Effectively despite only 2 months ago saying that the outlook is bright, very bright indeed, he now says: "But the economic growth we do have, which is a reasonable economic growth" are the words he used - some moderation there - rampant might be more like it. We have 7 per cent growth. Our Financial Services industry is booming. No, our Minister says: "Careful, careful, 2 months ago I was possibly too optimistic. It might be interpreted by some - and indeed it has been interpreted by many out there - that we will not need G.S.T. after all. I may be falling into a trap of my own making if I sing too happy a song because I better issue a note of caution, hang on, we are doing well now but it is only short-term, around the corner could be all sorts of dark days, do not bank on it." Well, he has done precisely that. However, 7 per cent growth is rampant. If that growth were reined-in a bit (a) would probably be a bit more sustainable and (b) 2 per cent growth - which is what we are aiming at, 2 or 3 per cent growth - is of course, perfectly achievable in any circumstances whatsoever. That argument, I do not think, holds out at all. The outlook, I believe, is still bright. Bright enough for us to have some faith that our income will continue growing. He then went on to say that of course, we have consulted. We have consulted and consulted and consulted. Since 1998, in fact, we have consulted. Since 2001 he has not been listening to me because I have been telling him every time he consulted he is wrong, wrong and wrong. But, no, he does not quite seem to hear that word. The consultation ... I suppose it is accurate to say we have consulted because consultation does not

mean that anybody pays any attention whatsoever to what they hear or what is presented to them. Consultation you can do quite easily, you can go out there and you can listen. You can listen time and time and time again and then come back with the idea that you have thought of in the first place, and say I have consulted. Genuinely that is true. You have consulted and paid no attention to what people have said. It is still consultation. Yes, it works every time. We have listened time and time again and did what we thought of in the first place. He then went on to say, but, of course, when Deputy Huet suggested that finance companies were exempt said: "No, of course they are paying G.S.T, they are paying their whack as well." It has been estimated that their use of goods and services locally is between £10 million and £15 million. As a response to that they are asked to make a contribution of between £7 million and £9 million towards the G.S.T. take. Again they are not completely let off but they are partially let off. Let us make it absolutely clear, as he said clearly, this is a transfer of tax from companies to residents. Then he went on to say - almost, not quite - why. Because those companies can leave if we do not treat them right, but we can squeeze residents all we like. Starting with a mere 3 per cent and building upwards, we can squeeze residents because most ordinary residents cannot afford to leave. They are a captive audience, they are a captive target. That is, as he truly says, that is what we are doing. The other thing to bear in mind is that wherever indirect taxes have been brought out in the past, like V.A.T. they have almost, without exception, been brought in on the back of some tax being removed. That is the way you get G.S.T. or V.A.T. in. In the U.K. they removed purchase tax and brought in V.A.T. at a low rate. In Australia they removed Luxury Goods Tax and brought V.A.T. in at a low rate. That is the way it works. Where is the tax being taken off in this case. It has been taken off one group, the companies, and put on us ordinary residents. He then had the gall to say his tax was a fair tax. Can I nail this once and for all, G.S.T. is not a fair tax. It is a regressive tax. Presentations that we have received from the Minister suggesting that it impacts equally on the poor as on the rich are, in fact, misleading. They only impact equally on the rich and the poor alike if you take expenditure out of the factor. Of course, you are paying 3 per cent on most of your expenditure, whether you are rich or poor it is much of a muchness. The reality is that any economist and any accountant worth his salt refers to income. Related to income it is far more impact on the relatively poor. Before we look at what that impact is - and it is serious, it is not a mere 3 per cent, the lightest of light touches - it is serious money for some people. He then also said: "Of course we have examined all the alternatives until the cows come home." Went on to mention social security changes - my own particular favourite - which he still persists in labelling a payroll tax. In fact says that he has examined them and they have been found wanting; and: "On balance G.S.T. is the fairest and best of them all." What sort of mirror is he looking in? But the fairest tax? In fact one of the tests was that every one of the alternative taxes had to reduce dependence on direct tax. If we use that as our criteria what are you going to get out of your answer, what is the best answer, it is going to be G.S.T. because it is the one which is indirect. That is the test that was used and no wonder all the rest fell down because we are looking at it with a one-eyed view. I remind him again - because I keep reminding him, it seems, annually - I keep asking him: "What about land value tax?" Not development tax or property tax, land value tax. Which is being used in many places effectively because land is a thing you cannot move, you cannot up with it, you cannot put it in a suitcase and take it away, land value tax. An effective means of leveraging tax in many parts of the country. Not only not examined, no report produced, but I do not believe still understood by whoever it is that gets this task in the Treasury. Because the answers coming back are notable by their silence. So no real examination of alternatives. Let us have a look at what this tax means. To do that you have to turn to the Jersey Household Expenditure Survey, what people spend, 2004/2005. For example you find that in the second quintile, in terms of poverty, the second poorest group of people the average spend on goods and services apart from housing, is around the £250 a week mark. That turns out to be £7.50 a week additional spending to pay for G.S.T. Do the sums, they are not hard. About £350 a year worse off. These are not, by and large, the people that income support were reaching, they are not in the bottom quintile. These are in the second quintile. There is going to be no extra support for them. They are going to be £350 a year worse off as a result of

only 3 per cent tax. Imagine, if you can, finding that £350 each and every year. Then we look at average households by type. Remember these are average households, not poor households, average households. The average household with 2 pensioners in it - a pensioner household - spends approximately £400 a week on all its goods and services. Again doing the sums, that works out to £600 a year. Let us make the average pensioner household with 2 pensioners in it, £600 a year worse off. That is a jolly fair tax, is it not? A jolly good tax. I do not think so but the Minister apparently does. For a single pensioner similar figures occur, we are talking about £175 a week average spend. Works out about £250 a year. So single and couple pensioners made substantially worse off as a result of this tax. Incidentally - it is not directly relevant but we will be debating it sooner or later - pensioner households spend significantly more proportionately on their food than do other households. The average spend for a couple - not a pensioner - is 9 per cent of their total spend. For a pensioner couple it is 13.5 per cent. So substantially more on food. If you really want to impact on them, as we are about to, do not exempt food and you can really harm pensioner households. What are we to conclude then? We have got a breathing space. There has been no argument suggested - apart from some voodoo accountancy - that we can and have to implement this tax 2 years in advance of needing it. No argument put forward at all apart from "because we can", and will that not be nice for us? We are seeing an increase in our economic activity and an increase in tax returns, which as the Constable correctly said, almost covers the gap. We can afford to wait. One thing I have learned about the Jersey people, and that applies particularly to this G.S.T. debate, is that they are very slow to respond to what is happening. The result is we have 19,000 signatures at the last minute. This is the last chance to have a pause. To have a hiatus. The people have just realised what it means and have said: "For God's sake, please pause." But the Jersey public might be slow to respond but by God once they do they do not forget what happened. Members must bear that in mind. The people have spoken. They have said pause, you do not have to go forward with this yet. Please listen to them.

5.1.7 Deputy S. Power:

I can assure the Assembly that I will be fairly brief. I think one of the problems that the voter, the taxpayer and the public have in understanding this great debate about cause and effect - which is because of Zero/Ten we will have G.S.T. - is that we are switching from a system of direct taxation to a system of indirect taxation. With the existing system of direct taxation system we have, people knew where they were. I think they knew that they had a 20 per cent rate of tax. They knew what their year-end return was going to yield. They knew what to declare and they knew what they were going to have to pay. With a switch from an emphasis from direct taxation to indirect taxation - G.S.T. being one of these forms, people are very nervous about - what will the future hold? Will the rate stay? Will the rate go up? Will there be another form of G.S.T? Will there be a property tax? Will there be something else? What will come out in a year and a half? I think people are very, very nervous of variations and moving walls. We have heard in the very recent past ... and I am pleased to say that the Treasury Minister has done an excellent job in telling us that it looks like we have an indicated budget surplus of somewhere in the region of £38 million and there was another reference to another £3 million somewhere else. Yesterday the Chief Minister said that there were £35 million in savings somewhere else even though they had been spent somewhere else. I am not quite sure what kind of saving that is but it is certainly an indication that things are positive rather than negative. I believe that the Treasury Minister himself is a very honourable man. I would also say he is also a very stubborn man, which is an observation and not a criticism. My problem here today is that I find myself in a position where we are dealing with cause and effect. Cause and effect being that because of Zero/Ten we have to have G.S.T. I have said this before in this Chamber and I will repeat myself very briefly: I have yet to be convinced as to why it has to be zero and 10. I have read and I have re-read and I have read again this morning the European Union Code of Conduct for Business Taxation. I have read again what the European Code of Conduct says on business taxation and what it says about harmful tax measures, which I am not going to repeat here, but if Jersey is to be restricted to Zero/Ten or it is adopting a Zero/Ten

policy and other independent jurisdictions within the European Union can have other tax structures which include variable rates other than Zero/Ten then I do not see how our hands are being tied to Zero/Ten. I have said this both publicly and privately to the Treasury Minister and to the Chief Minister, and I asked at a recent briefing again at St. Pauls: "I do not understand, I simply do not understand for the life of me, why those companies that are paying 20 per cent tax on the High Street here, in King Street and Queen Street, are suddenly zero-rated when they never asked for it?" Unless somebody tells me that the European Union or Her Majesty is going to send gunboats down here to tell us to do what we have to do, I still remain unconvinced. Switch to G.S.T. and Zero/Ten is symptomatic of a much bigger issue. That is the issue in the way we make our living in Jersey. In the highly unlikely event that I am ever to be Treasury Minister or indeed Chief Minister for that matter, I would be looking to diversify our economy in a different way. To be less dependent on the finance industry. Before somebody jumps up and says to me, we are where we are, what we should be doing is looking at ways of diversifying the need to generate income for this Island. The other area that we need to look at is reducing the cost of running the Island. Deputy Duhamel said this morning: "Tax more to spend more. Tax less to spend less." I agree with that. I think we need to shrink the public sector on the Island and I do not see a move to do that. I still remain unconvinced of the need to have Zero/Ten only. I would be much happier to see Zero/Ten/Twenty but I am being told, and I am probably going to be told again this afternoon, that we cannot have that. I stand with what I interpret it to be. I just look at 2 countries: I look at the Republic of Ireland and the French Republic. They have tax systems which work, which appear to be within the E.U. and they have varying tax systems and tax rates. I will be supporting the Constable's position today or tomorrow, whenever we vote on it, I hope it is this afternoon. I doubt very much that I am going to move.

5.1.8 Deputy A. Breckon:

I heard what the Treasury Minister said this morning but I still think it is important that we have this debate. It is far-reaching but it also has significant and mostly local consequences. I agree with others who have said we must not personalise this debate. It is a policy debate and I think it is good and healthy to have differences and have a discussion. After the debate and after the vote then we get on with whatever it is. That is the way it is. However, I think what it has done it has for some Members perhaps been a steep learning curve of when perhaps some issues are for debate that do get a bit more emotive. It is probably true to say, Sir, that it has energised the community and perhaps exercised the minds of some States Members; and perhaps in exercising them have applied them in ways that perhaps they had not done in the past and I would ask them to keep those minds open until we conclude this and until we move on. I would, Sir, like to mention the role of the Consumer Council because there have been all sorts of allegations and accusations. Where does politics start and policy mingle with this; where does it affect the community? As was done there was an exercise about a levy on motor fuel and many marine traders, many yacht clubs, the various boat owners' associations were consulted and they had something to say. In the end because of that and recommendations from Economic Development, I think they had said that perhaps there was some merit in trying to develop the marine industry, then what did not happen was that particular levy was not introduced. It is probably relevant then that a consumer council would want to be involved and have an opinion and try and energise the public if you are trying to raise £45 million from them on a number of ways and charges. In fact they would be pretty slack if they did not have an opinion at all. Having said that, Sir, during the consultation exercise which - as the Minister has rightly said - went on for a fairly long time, I do remember being involved, attending meetings, at Communicare, at St. Paul's and at St. Clement. and there were no strong views, opinions, negativity that came out of that. It was fairly soft-sell. I think the Treasury Minister would agree with that. One thing that did come through loud and clear is that senior citizens and Age Concern had some very, very real concerns from the start. Their view, I do not think, has changed on that. Just to remind, there is a smiling Senator Syvret here in a photograph and also a smiling Treasury Minister, that was on 10th May 2005. That was the protest out in the

Square by the Senior Citizens Association. So their opinion, Sir, has been fairly constant throughout. I would say that with those meetings - and I think the Treasury Minister will agree there was about 30 people attended most of those meetings - there was about 5 in total at different venues and presented to different groups of people but the public did have access. Part of that soft-sell, Sir, was about how a rate of G.S.T. will be so low - it would be the lowest anywhere - so we had to be grateful for that. It would have little impact. There would be no red tape and I think very early on in the negotiations it was said that the exemption for business would be £300,000 - I think that was one of the issues that did emerge. I know in the U.K. it is £60,000 and people were concerned about that, they were getting bound in red tape. What I did see of the road show, Sir, in my opinion, they were also fairly dismissive of any fund raising alternatives and other suggestions. We cannot do that, we have tried that, we have looked at that. This was years ago, this is not now, these things were being kicked into touch at an early stage. People also mentioned: "You are coming to us for money, what about the cavern, what about the marinas?" which, at the time, were serious overspends as well as capital projects. I think we had P.70 groups who were supposed to manage them and then we realised when things went wrong they were not supposed to manage them at all. Of course, the public picked up on this as an issue. Why, if you have not made the best job of this, do you want to raise money from us now. That was an issue then and I think it is still an issue now, Sir. Also accompanying this there was some soft-selling to business organisations. "This is not very nice, but come along with us, it is the least worst option," I think terminology like that was used. From them was probably wrung some qualified support. I have spoken to a number of people who were involved with those organisations since and they have some doubts now about whether they should have swallowed the pill or swallowed the medicine so early. It was against this background in general, the consumer council kept a low profile on this because there was nothing really emerging that people were squealing about and there was no strong opinions either way. However, as the show has sort of rolled-out, especially in the last 12 months, then issues perhaps have emerged where all sorts of people have been... perhaps we should use the term "vexed" about what was happening. That is probably because the penny has begun to drop and they realise some of the consequences and how deep and how far this was going to go. Again, we tested that and we thought well - Members might know - if you ask somebody to give you a couple of hours on a Saturday morning they can probably give you 10 reasons why they cannot. But the chances are they might give you a pound or 2 for a raffle ticket or a donation. So we thought if we are asking people to show their support in some way then it is a test, bearing in mind that about 30 people are attending consultation meetings. So by doing this if nobody shows... you take a chance. Then what happened from that is people contacted us and said: "Actually, we feel pretty strongly about this, we would like to register some sort of protest." There are various ways and means; you can set something online, you can use technology, you can do whatever they want. No, no, we will go a traditional route which is petition, which is signed and we went through the process. With the assistance of the Greffier, we got that worked-up, that was agreed what we would do. That was because people said: "We will be out of the Island, we cannot make this or we have mobility problems, whatever it is, but we would like to do this." So that is really where we come from with the petition. We were, Sir, really the facilitators rather than the drivers of it, but we did go on the streets. I can recommend that to Members, if you want to find out really how people feel, go and stand in British Home Stores for a couple of hours on a Friday or a Saturday and you will find out. I would recommend that to Members. It was, Sir, a community effort. I just want to stay with that a minute because the sort of thing that happened is there was a retired couple in St. Clement, as it happened, said: "Well, we are not happy with this" and I will come to that in a minute or 2, why they are not happy with it. But they said: "There are friends and neighbours and people around about, they are not happy as well." So they went out and knocked on their neighbours' doors and had a bit of a chat and said: "How do you feel?" They came back with 60 or 70 signatures. That is the sort of level it was at. Also it was in workplaces, it was in cafés, it was in hairdressers and restaurants and we did not really know that. Stuff just kept coming back and coming back. It really, really snowballed. So it was a community effort. It was not my effort and it was not

anybody individually, it was the community effort. That is why I did not take too kindly to anybody maligning it. Also there was organisations like the Transport and General Workers Union. So before they make a protest and want more money they have said: "Do not do it." They have been there first, so if it goes the other way then I would ask Members to bear that in mind. Again the senior citizens - Age Concern - were consistent to the end, as it were, have been proactive in gathering signatures and supporting delaying G.S.T. because that is the way it is. Those are the people and the strands of the community, if you like, that we would normally go to and ask them what they think, we did not have to go to them. They said: "What can we do here? We will join in." This is community: "Yes, we do not agree, we should be looking at this." They have done the driving. Members might ask themselves for a moment or 2, why that should be. The reason for that is because they are concerned. There is some really deep feeling about that because many ordinary people feel they will be affected. You might well say that the penny or the 3 pence has now well and truly dropped. People are aware how far this will go into the community. There has been, I must admit, Sir, some anger with that about how people have expressed themselves. One of the reasons why it is hard for people to understand - for the general public - how can a national or a multi-national company take millions and millions of pounds out of the Island and make a questionable contribution, and you get this pensioner couple in St. Clement who might have to contribute £5 or £6 when they do not pay tax any more. They do not get income support. They get their basic pension, they mind their own business. "Why is this happening to me?" That is a legitimate question and one, more importantly, they are prepared to protest about. These are not people who would normally say: "Oh, I do not really like that." They are saying: "Well, hang on, why is this happening?" It is a legitimate question for them to ask. Of course, it could be a single parent in the same situation. They are rightly asking themselves - as I think Deputy Southern mentioned - the £250, if I am in that. If that is the sort of money I am spending in the economy, why am I going to be paying £7 or £8 tax on it? Can I afford to pay that tax? Probably just under the threshold; could well be. The other thing as the Treasury Minister will well remember when he was at Social Security one of the things that people valued in *Continuity and Change* was pensions. We will protect our pensions. We will pay extra, which we did do. We went from a 10 per cent contribution rate to 12.5 per cent because this was an issue that people felt was worth paying in for and worth protecting. So on one hand we have all agreed to that, and now we are going to take £6 or £7 off people in exactly that situation. They are questioning, why. That is a reasonable question to ask. We have built-in the dynamism, we have taken the wages index, the retail price index, we have put a little safeguard in, and now we are attacking - attacking that is what it is - those very people. Small businesses also have been very proactive. They have displayed information, they have leaflets, they have spoken to their customers. This is not just corner shops, this is some of the bigger shops and also some restaurants, not just cafés but restaurants across the community. The reason they have been active is because it is a difficult marketplace out there, and things are a bit tight. They are looking at this and thinking, sometimes this could be about survival. Are we going to survive this? We are going to be collecting tax, there is going to be a cost to doing that, how is it going to affect us. There is also the issue of red tape emerging, Sir, especially for smaller businesses. Somebody phoned me a couple of days ago and they sent me this letter. The crux of this letter, Sir... it comes from a U.K. transport-related company. The essence of the letter, the punch line is: "It will be the responsibility of the consignee to settle any tax due direct with Jersey Customs before any tax liable consignment can be delivered. Any delay in this payment will incur a storage charge to be borne by the consignee." What that means, Sir ... I spoke to the gentleman involved, what he said was, I deal in fresh produce, I have a small company, I have been told to get the value, pay your tax, you can have your goods. He said: "I am not always on the Island. Sometimes somebody does it on my behalf. The value varies, this is fresh produce, it is not known sometimes, whatever." He said: "This is going to be a nightmare, what happens if I cannot pick it up? Is there cold storage?" It says somewhere there that the receiver is paying all the charges and is responsible if it does not happen. It has some personal details, I am quite happy to delete those and copy this to Members. This is some of the red tape that is emerging. The chap is saying:

“Well, what do I do here, how do I get my stuff off the docks if there is a queue, we have never had this before?” The answer is, you pay, and then you can have your stuff. Pay, bring a receipt, take it away. He said, to him, this could well put him out of business unless it changes. That has come from a U.K. company, I will not say who it is, but maybe it is wrong, I do not know. That came in the last couple of days. That is the sort of thing that people are concerned about. The other thing that we were told with G.S.T., there will be a cost in the implementation and I have noticed even in the latest budget thing we are still staying with the number 10. So I would just like to remind Members that in the business plan - the Treasury and Resources part - that has changed. For goods and services tax it was 10 members of staff in 2007; it is 13 proposed for 2008. Also in the narrative to the Treasury and Resources it says regarding the internal audit that there is a staff reduction from 7 to 2 and it says: “Staff have been transferred to G.S.T.” Now I am not sure if that is 5 staff on top of the 10, 12, 13 or if it is not. So, I am not sure if the 10 is now reaching 20. So perhaps someone... well the Treasury Minister cannot but maybe the Chief Minister could give us an idea of how many staff it will be because the 10 looks like multiplying and I would suggest to Members that if you have to go down the docks and do this sort of stuff then we might need more than 20 even. Somebody is going to have to do that. That is an administrative task where somebody is going to have to look at something, take it away, whatever. So maybe there is a staffing implication that we do not know about yet. Also I think the actual law itself was done fairly quickly. Now most people who it would affect would not be used to dealing with this type of legislation, articles and whatever else and it is a case of: “Well, here it is; is it not nice; what do you think?” and, as I say, for many in business it just was a non-event. Although there were explanatory leaflets, again people just in the main want to get on with their business and get on with their lives. There is also the price marking issue that we have to get to and there is also, Sir, the regulations which we approved a few weeks ago on regulations which was P.122 and in particular, Sir, there was at Article 18 an issue there - it is quite a long article, it goes over nearly 2 pages. It is about substantiation of amounts under Article 41(2) and (3) of the law and it says in there about all the compliances used for people on the substantiation of amounts and producing any of these documents to the Comptroller on demand within a period of 6 years after the supply. I know that that did cause some concern when people said that. Six years they thought was: “Hang on, was this not straightforward; was it not easy to administer? What is this 6 year thing?” The other thing, Sir, regarding costs, I have been in discussions with the utilities and the J.E.C. (Jersey Electricity Company), Jersey Telecoms, water and gas and these figures are not cast in stone - and I am still waiting for some information - but my understanding is the cost to those companies of implementing G.S.T. will be in the order of £500,000 to change their systems. What they have said at this stage is they will carry the cost for now. As we know the Telecoms is a delicate situation. Theirs one is the biggest number followed by the J.E.C. The other 2 are... I am not quite sure. So that is the sort of business cost that we are talking about. Now, some of the businesses may or may not wish to tell Members what they have got, but that is something I got from an inquiry I made. I know many other businesses, especially small ones, are concerned about having to change their systems and how they will cope with that and how they will get the money back, if indeed they will. Or if they will bother or they will just go away and do something else. I said, Sir, that concern had been expressed about the general issue of G.S.T. and that came from one of the good things about going out into the community and meeting people and doing this, some of the youngsters said: “Is this going to be on sports stuff and C.D.s (compact discs) and things like that?” They said: “Who is doing this?” Their terminology, Sir - I do not know if it parliamentary language - is: “How sad is that? Who is this? Who is doing this? On C.D.s and sports stuff, do this lot not know how expensive this stuff is here anyway?” So that is the sort of reaction on the youngsters out on the street. The other thing, Sir, is that Jersey ... we have movements and we have statistical - sometimes - paralysis of what is happening out there, but the reality is what people pay, not how much it has necessarily moved. Sometimes the differences are fairly noticeable and the statistics unit on an annual basis produce a comparison of consumer prices in Jersey and the U.K. Now there is some basic stuff - for example, meat - some cuts of meat are up to 30 per cent more

expensive. Fish - we are surrounded by water - up to 40 per cent more expensive; fruit and vegetables up to 30 per cent more expensive; fresh fruit up to 22 per cent more expensive; dairy products up to 54 per cent more expensive. In the U.K. of course many of those things do not carry V.A.T. Some do, but most of those do not. Again, the difference in some of the other basic stuffs: bread, milk, flour, sugar, tea bags, there is quite a substantial difference. So the question people are asking, quite rightly, is why make it any more expensive? That is an answer I have not had from anybody, I must say, Sir. So as this G.S.T. thing goes on, people are now realising the consequences of this and in general terms they are, one might say, not amused. They are quite rightly asking, well, are there other methods of raising money and perhaps as the proposition asks, ways of saving money? Another thing that has been touched on, Sir, is inflation and what it may or may not do if we add 3 per cent and how that will flow through. I do not necessarily agree that it will be a one-off because if you put it into fuel, for example, then it will flow through into transport, into people's costs and wherever. Also if it gets in to the retail price index, which undoubtedly it will, it will add to retail rents and to residential and there is a spiral there, costs and wages which I do not think have been properly analysed. The proposition, Sir, just to remind ourselves is to request the Minister for Treasury and Resources to take no further steps to introduce a goods and services tax in Jersey until public finances have been examined independently to identify potential savings and until alternative methods of raising funds have been investigated. I was fortunate, Sir, many years ago to quote somebody else in a former life who worked for Jersey Gas Company and the Chairman of Jersey Gas Company and also Jersey Water who will be known to many - Jurat Peter Blampied - who was also involved in early years in the Audit Commission and he had done some sterling work and he had done it really for fun. I had a conversation - I bumped into him the other day - and some of the things that were suggested about the property that somebody else touched on in Schedule A and he had some other issues as well, I think probably some of these things are well worth looking at. We do not need experts and consultants. I think some of this stuff is there from this very learned gentleman. There are other things, Sir, that we could do to raise some money and I do not think that we have done that and that is a failure. I think many people, including the elderly themselves, will be willing to pay towards elderly care if it safeguarding their home. Somewhere not very far across the water they have done that. I think we are slow on the take-up here. The reason I say that is if there was such an insurance-based scheme then people themselves would rather pay that than pay G.S.T. and if they need it - and hopefully they do not for a long time - it is there as a backup and it would reduce in a reduction in public funding. But it is not a 5 minute wonder; it is a longer-term issue and it is a shame really, Sir, that we have not got there yet. If we think how we could generate that, we have a workforce of over 50,000; we have people in retirement. If people were paying £5 a week, it is a significant amount of money and if we accumulated a fund over 4 or 5 years, it is a buffer. We can deal with the problem - and I can see Senator Walker looking - we are talking about elderly care, how do we deal with the demographics? It is something I think that must be on the table when we do that and it would give some people some certainty if they happen to be unfortunate enough to need this sort of service. Regarding the savings, Sir, when we had an amendment to the business plan not long ago, there was, perhaps, an element of panic that came through the Council of Ministers when it was proposed that the Public Accounts Committee, of which I am a member, sought to reduce by about 12.4 million, the budget for 2008. But this would still have resulted ... there were other consequences for 2009 and for 2010 but it would have still been an increase of 4 per cent, 2007 to 2008. With a 4 per cent increase what happened was we have the Council of Ministers probably squealing a little bit saying: "Hang on we cannot manage with this with just a 4 per cent increase." But, hang on, what we are asking people to do in the community is in effect manage with 3 per cent less. So we have the Council of Ministers saying: "No, we cannot manage unless we have more than 4 per cent" and then we are saying to a lot of ordinary citizens: "Well, sorry you are going to have to tighten your belt a bit. You know, you will have to manage with less." So, it is maybe a case of do not do as I do, it is a case of do as I say, and that is perhaps how that could be seen. What happened there is we had the comments of the Council of Ministers who offered up various

things about what the savings might be and straight away we go for the stuff that is going to cause a bit of controversy. So we have - there are a couple of things here, Sir, I would like to quote from - one from Economic Development, reduction in school milk provision: "Remove provision from certain school year groups." Now, I ask members to think about that. So, we are sitting together, I am a 10 year-old; I get the milk. My colleague's 11 year-old, he does not. Who thought of that? Where did that come from? That is the sort of stuff that will come if we leave people to their own devices, that is why we need some focus about savings. Now at the same time we know - and I have seen the signs on the gate telling the tourists where to go to find the office - we are paying £109,000, or will be shortly, for a new office. We have got the housing office across the road half empty. We have got an office in Bath Street that I do not know who is in it. Now, should not that be the sort of thing, Sir, that we are looking at? Not school milk. We should have more rigour in some of these issues. If we go back a little bit further, we were not paying any rent at all for the tourism office, not that long ago. We handed over the lot, lock, stock and barrel to W.E.B. (Waterfront Enterprise Board) for £1 for 150-year lease and then they started charging us rent. That is perhaps the issues that we should be looking at. There is other stuff in there, Sir, that I mean to offer it up as savings, it is very emotive and that was known at the time. So, if we have that, then we need to be looking at the real issues and not stuff like that. The other debate we have had, Sir, is income support and there is £1.75 million for G.S.T. for those on low income. But many other people will get nothing and the question is some are not in the tax bracket, some are, so where are we going with this? Others have said this is regressive and it is also on life's essentials. The other issue that perhaps is not clear is what treatment is the finance industry getting? This is going to be disclosed in November. Are we not in November? Should we not know how they are going to be G.S.T.-ed? What is their deal? We might all say: "Can we give you £50 and leave us alone?" We might go somewhere similar if we could negotiate as individuals. These pensioners might say: "Well, we will give you something. Leave us alone." How will they contribute? We do not know that. We have not had that debate and I am not sure where that is. Perhaps somebody could tell me. We have still got the price marking *de minimis*. There are 2 angles to the *de minimis* which is the level by which G.S.T. will not be levied. Many small businesses throughout the Island are terrified of a high *de minimis*. What will happen is people will go in their shops and premises and look at stuff and fiddle about with it, see how it works and then order it off the internet and get it cheaper without paying G.S.T. There is a very real fear out there for small businesses about what might happen with this. Small ticket items, we have still got to have this debate with Senator Shenton, but there is real fear that this will filter through. Three per cent does not translate on to 50 pence and it goes on and there is a suspicion of what might happen and what might not. The other thing is, Sir, without going into detail, the finances have changed a little bit. I am not saying that if we are better off than we thought we need to blow it or to spend it willy-nilly, but at the same time we have always taken a cautious approach and I think this proposition extends that and it does give everybody a little bit of a breathing space. What I think it does do with the tax and spend it will give focus if we adopt this proposition. If we do not, the G.S.T. could roll-on and the Treasury Minister has, perhaps not gone on the record, said that the way things are perhaps if we went in with a lower level, if it is on the goods and services that we envisage, we would extend this to 2015 providing we do not get a chill from the outside world of financial implications by the actions of others. So, on the question of could we defer, the answer is probably, yes. But if we are going to defer then we must use any time productively and look at the issues. When I say "we" that involves all of us I would suggest, Sir, and that there is all that we could do to make a contribution. If we do look at some of the issues like value for money, I believe there are things that we can do without sacrificing essential services. I believe, Sir, that we can work together. It is the responsibility of us all. It is not just the Treasury Minister because they used to be, as he mentioned, the Finance and Economics Committee. It is a tremendous burden on any Minister. It is a terrific responsibility and I would say it should not be his alone. It should not be and I know there are Assistant Ministers here and there but that is not the issue either. It is an issue, I think, for us all. We should include the public. We should not exclude them so they know what is going on

and they have access to information. We should not bring up the data protection. We should be open and honest about the issues as and when we know them. We should give the public perhaps some real choices and say: "Okay if you do not want that then these are the options" but not the silly stuff. Let us not go there and I believe the public will respond. I think they are grown up and responsible enough to do that. They recognise the situation. Perhaps we could do with some better P.R. (public relations) on the complexities and there are complexities about is it this, is it that; who has agreed that; what is happening in other jurisdictions; what is rolling-out? There is sometimes confusing information. But I would say, Sir... I would ask Members just to bear that in mind and what we are talking about is the bigger issues, but we are also talking about many, many people in the local community who are worried about their future; how they live; how they survive and about their very basic daily and weekly expenditure and that is where the real concern is. The Treasury Minister has a difficult job to do with a balancing act, there is no doubt about that, and there will be things from time to time that are unpalatable but we have to swallow that. But I do not believe at this stage, Sir, this is one of them. I think we can survive if we step back from this, if we do take another look. It is not a stalling tactic. It is not saying do not do it. What it is saying is, let us have another look. There probably are areas. There is a group emerging now. There are people willing to get involved. I think we should utilise the talent we have got inside and outside this House to do that to work together as a community to face the issues, but not penalise those, Sir, who perhaps at least can afford it. I have no hesitation, Sir, in supporting the proposition of the Constable of St. Helier and I hope other Members will do the same.

5.1.9 Deputy A.D. Lewis of St. John:

I would just like to bring Members back to the actual proposition that the Constable has lodged here and the wording that it mentions. It says that to take no further steps to introduce G.S.T. in Jersey until public finances have been examined independently and identify potential savings, but also alternative methods of raising funds have been investigated. Now, Sir, I was part of a team some 4 years ago as Chairman of the I.O.D. (Institute of Directors) that spent a considerable amount of time scrutinising the government on this - the government of the day - and also investing a lot of time and some money as well in independent consultation with some of the best tax accountants in the world, Sir, to find out whether really our government was doing the right thing and could we support it. We came to the conclusion that by diversifying the tax system in the way that it was being suggested was absolutely the right thing to do as long as the poorest in our society were well protected. I think our Social Security Minister has done his job very, very well in achieving that and that was my main concern with G.S.T. I can cite other countries - one that is in the news particularly at the moment, Pakistan - whereby they have extremely high levels of this type of tax in a very poor country. Now, that is absolutely and fundamentally wrong and we have not gone there at all and I am very glad that we did not. We kept it very simple and hopefully it will remain simple as long as not too many exemptions get in the way. But the proposition clearly says that we should be identifying alternative methods of raising funds. So we spent years, probably the best part of 8 or 9 years looking at this and intensively over the last 3 or 4 as the Treasury Minister has indicated. If it was a simple proposition yes or no to G.S.T. that might have more legs in some people's eyes and maybe even mine. I could understand that proposal. In fact that is what the placards are saying: "No to G.S.T." But the proposition says: "No, until alternative methods have been looked at." This has been looked at exhaustively. I was part of that consultation process. Most of the Members here were part of it, even if they were outside the House. The public have been. I went to, I think, 3 presentations that the Treasury Minister gave on this very subject and they were very well put together. If he has failed at all in recent months, it is in getting that message over in recent months; being consistent with the message and I think he admitted that to a certain degree today. Maybe he took his foot off the pedal a little bit. Maybe the trust of the public is a bit too much, that they are in safe hands in his hands and maybe that was an oversight on his part. But I have listened intently today to some of the arguments that I have heard rehearsed over and over again and I was not going to speak today, but the fact that so many of these arguments

have been aired again, I think I have a duty to perhaps speak because I have been involved with this process for many, many years. Somebody mentioned tax-free shopping. I am sorry, but if you want tax-free shopping go to Dubai; go to Gibraltar; go to other places. Jersey is not marketing itself as a tax-free shopping destination any more. Those days of cheap cigarettes and cheap booze have gone and I think in some ways for the better. Guernsey has been mentioned on a number of occasions already today and I was part of this process too, working jointly with the Institute of Directors and Chamber of Commerce in Guernsey. They were faced with the same problem as us and they have decided for the moment not to look at G.S.T. and they have their own fiscal problems as a result. But I can assure this House that the business community in Guernsey when they suggested the way that they have suggested to raise their revenue from social security, the business community vehemently objected to that in favour of G.S.T. Perhaps their voice was not loud enough though and Deputy Trott has got through what he has got through at the moment. But the business community did not and are not happy with increased social security payments and indeed they would not be here either. How many spending reviews does the Constable of St. Helier want? I am aware of 3 that I have been involved with already. I am involved with another one and I am fully supportive of the Assistant Ministers that are undertaking a review at the moment. In fact the first one they looked at was Home Affairs and I am very happy that they have done so, to focus my mind on some of the ways that we spend that budget and I am happy to work with them further and find other savings and I am sure they will. But they will be small; millions perhaps, but a few millions. Not the £45 million that the Treasury Minister has spoken about. The Chief Minister today indicated that maybe there is some evidence at the moment that some of our public sector workers are leaving the public sector and going to the private sector because we have a very small labour pool here and they can earn more in the private sector. So, citing those expensive civil servants that the public are proud of or seem to think that they can criticise, perhaps that argument does not hold much weight either. But the whole public spending issue, yes, of course it needs to be looked at and is being looked at both by my colleague on the right under the Public Accounts Committee and of course the Assistant Ministers who have been named today. This is about broadening the tax system as well and I am very supportive of that. The fact that we are so reliant on income tax is wrong in any economy and I think by doing this we are doing the right thing. It would take a very clever accountant to get around G.S.T. in the same way that it would take a very clever accountant to get around V.A.T. I have worked with V.A.T. in the U.K. The manuals for it are this thick. You have to employ a lot of people to process your V.A.T. I have been there; I have got the T-shirt. It is difficult. This is a simple system and the Treasury Minister should be admired for putting it together in the way he has. I believe we have a moral obligation here for long term financial planning, not short term political gain and I fear that is what some Members are trying to achieve from this debate. The petition: I would thank all those members of the public that signed that petition because it showed that they were generally interested in our economy and the way we were going to raise our taxes in the future. I was disappointed that the Chief Minister chose to criticise it. Perhaps what he should have done or perhaps he did this but it was not reported in quite the way that it should have been, he was right to be critical of the fact that they were being asked to sign a petition to support more investigation to be done into investigating other methods of raising taxes. He was right to say that has already been done, Mr. Public. That has already been done. But to criticise those who are signing it and claiming that some signed it once and twice and 3 times, unfortunately I think was may be a political error, but I do not think we should dwell too much on that. A number of people have mentioned financial meltdown in other markets and that is a real possibility. The credit crisis in the U.S. (United States) is going to get worse. The banks in Jersey, particularly the American banks, may well be affected by that. The Treasury may have less income as a result of it and the profits of those particular institutions. These are issues outside our control that we have to plan for and this is what the strategy does. Another Deputy mentioned Zero/Ten and questioned whether we should be doing it or not. The fundamental issue here is our competitors in the financial services market have done it already. If we do not do it, I am sorry, but we are doomed. Who pays tax at the moment? Well, it is us, the working population in the main.

There are a lot of people that do not work in Jersey though. They have massive amounts of unearned income. For the first time, it will be taxed. We also have a number of people visiting the Island - tourists and business people. I do not think I have been to any other country in the world, and I have been to a few, whereby the visiting person to that country - the tourist or the businessman - does not pay some kind of tax; a tourism tax or a green tax or hotel tax of some kind so they contribute to perhaps some of the damage they are doing to that environment while they are there. People that visit Jersey do not contribute in any way at all, apart from obviously to the general circulation in the economy. Do you think the public were really pleased 50 years ago when we introduced social security tax or social security insurance? Well, I can tell you that they were not very happy when Philip Le Feuvre very sensibly introduced that tax or that insurance scheme. In fact his coffin - a mock coffin - was carried through King Street by protesters. They were so angry that they were going to be taxed in this way. But, thank God, Philip Le Feuvre had that vision and we have that insurance scheme in today because so many thousands of people have benefited from that system and will benefit even more with the new income support system. I reckon if we looked at the headlines of the newspapers of that day, the same arguments were being rehearsed and that was intimated by that coffin carried down King Street by protesters, in the same way we have protesters outside this house today. One other bit of anecdotal information; my accountant is from Guernsey and he came to Jersey but a few weeks ago to sit down with me and my business partner and the Treasury to discuss as to how my business would implement G.S.T. He was impressed by the Treasury. I was impressed by the Treasury. My finance director was impressed by the Treasury as to how they put it across, how it was going to be implemented and the scaremongering that is going on about how difficult it is going to be for businesses to implement this, I am sorry, but it is simply not true. There are some businesses that have complex charging which will be more difficult for them, but software for accounting purposes is written the world over and in the main is written to accommodate T.V.A. (Taxe sur la Valeur Ajoutée), G.S.T. and the like of. Most software for that type of accountancy process, particularly in small businesses, is bought off the shelf. We can accommodate that type of tax in a small business and I run a relatively small business. Much talk has been about the cost of living in Jersey. The fact is wages are high here - it has been mentioned by a number of Members today - but our tax rates generally are considerably lower. In the U.K., for example, you earn over £34,000 a year, you are paying 40 per cent tax. You are paying 17½ V.A.T. In France you are paying 19 per cent T.V.A. Jersey is still and will still be a low tax jurisdiction and salaries, remember, are a lot higher even for the lowly paid. Deputy Breckon mentioned internet shopping. Now I do not know which young people he is talking to. He mentioned C.D.s, for example. All the young people I know buy C.D.s online now anyway and those that are more technologically savvy download them. I cannot do it; my 10 year-old can. That is how they buy their music. Internet shopping is here to stay. G.S.T. is not going to halt that flow of the way people currently shop. This petition, if it was a yes/no petition I could understand it, but the way it is presented, it is presented as a delay tactic so that we can further procrastinate which the public accuse us of doing on other things regularly. Let us not procrastinate. Let us get on and do the job which is safeguarding our economy for future generations and I believe the fiscal strategy that our Treasury Minister has come up with is the right way to go. This may not be a vote winner, but I did not go into politics necessarily to win every vote or be popular all the time. I went into politics to make the right decision for the future of the people of Jersey and I believe this is the right decision. The wrong decision will be to support this proposition to delay it further.

5.1.10 The Connétable of St. Brelade:

I find myself in a difficult position. I am uncertain which way to vote. The Connétable is the representative of his parishioners in this Assembly and must make decisions based on their influence as well as the long-term benefit for the Island in general. I have a tendency to respect the views of my parishioners. My colleague in St. Helier influenced by 19,000 people, many of whom probably are my parishioners, has brought a proposition to defer G.S.T. He has not ruled it out. He

has listened to parishioners. He has listened to business operators who are justifiably concerned over the effect on their businesses. These people are entrepreneurial by nature otherwise they would not be in business, but they have a fear of the unknown. Is the public going to trust the States that ignores 19,000 people not to raise G.S.T. at a whim or when the time comes? I think not, Sir. On the other hand, Senator Le Sueur has spent many years fine-tuning his proposals for this tax and has given us convincing arguments why it should be implemented. He is a well-respected accountant for whom I have the greatest trust and respect, but I know that accountants by nature prefer certainty or as close as they can get. Unfortunately the nature of Jersey's balance sheet is always going to be uncertain because we are dependent on fluctuating world events, let alone fluctuating U.K. strategy. This is evidenced by the latest bulge in receipts and possibly a credit crisis looming from other directions. I can understand the Senator's stance. The difficulty is that the P.R. exercise with the general public has not worked, as is evidenced by the size of the petition. Many business owners have not got a clue how G.S.T. will operate and I feel perhaps that the Treasury have been remiss in their efforts to engage with the public. I appreciate that you "cannot force a horse to water", but surely the Council of Ministers - perhaps minus Senator Shenton - must realise that perhaps they have got it wrong. Perhaps they should have used their Communications Department to better affect. The public feel, in my view, that they are being done down in favour of the finance industry which we in here fully understand provides the bulk of the Island's economy. I would suggest, Sir, that should the Constable of St. Helier's proposition be adopted there will be no loss of face, there will be no loss of confidence, but there will be a clear signal to the Treasury Minister that he needs to apply himself to engagement with the public and businesses of Jersey so that should G.S.T. be necessary it will be adopted with confidence.

5.1.11 Deputy J.A.N. Le Fondre of St. Lawrence:

It will probably come as no surprise that I will not be supporting this proposition. I would also say, Sir, that it is a consistent stance because I stood on a platform of supporting the fiscal strategy including G.S.T. The proposition seeks the following: to defer G.S.T. until some unknown point in the future; to ensure that public finances have been independently examined to identify potential savings; and to investigate alternative methods of raising funds. I am afraid I rather consider it to be flawed; it contains certain statements which I do not consider accurate; it ignores the consequences of the proposed actions and I think it should be thrown out in its entirety. So, let us consider each part separately and why I have come to those conclusions. Deferring G.S.T.; now the main reasons given for deferring G.S.T. - let us be frank here, in reality this does mean rejecting it. I think the Connétable has effectively confirmed that in his speech. The reasons given are because it will supposedly be inflationary because income support may not be operational or because it will have very significant cost to business to set up and administer. That is what is in his report. I have more than a few problems with all of the above statements. So, let us start with inflation. As I understand it - and as repeated by the OXERA economist who is definitely a lot more clued-up on this than I am - he stated this at the presentation to States Members on Friday, in the medium term G.S.T. helps to control inflation. Now, it is likely on the day that G.S.T. is introduced there will be a blip in the R.P.I. (Retail Price Index). How much, at this stage we do not know. It will depend on circumstances at the time and some of which, as we did here on Friday, may offset that particular impact. So, you can say for certain that in the medium term G.S.T. is categorically not inflationary and in the short term there may be an impact, but it will depend on circumstances at the time and it will be a one off hit. Now, as regards income support - and bear in mind we have already approved this - the report of the Connétable of St. Helier makes the following, and I would consider them rather sweeping, suppositions in order to cast doubt on to the whole process. He says the new system could well cost the Island more than expected. It is probable that not everyone who is entitled to receive income support will do so for many weeks or months. In context, and as has been referred to previously, this all started about 9 years ago in 1998. I have to say after 9 years of consideration I would expect a lot more of a substantive argument than "could" or "probable" before rejecting the scheme in front of us on those grounds. In addition, the Connétable

uses the argument of bedding down one system before implementing the other. Well, although one does rightly counterbalance the other, they are 2 separate systems under the responsibility of 2 separate Ministers and 2 separate departments. So, do not use the already approved introduction of income support as an excuse delaying G.S.T. Finally, the Connétable states that reliable indications show that G.S.T. would have very significant related cost to business and he also asserts in his report, as have a couple of other speakers, that non-Jersey companies are expressing some concern about doing business in the Island as a result of G.S.T. being introduced. But what I can say and what the Connétable would have heard if he had been at the G.S.T. briefing on Friday, is the Vice-President of the Chamber of Commerce categorically stating that under the present system envisaged by the Minister for Treasury and Resources, the Chamber do not believe that the cost of administering the system would be significant and for information he stated that G.S.T. will be payable on the invoice, not on the goods. Therefore the Chamber felt it was a simple, practical system. In fact it is probably the right time to address a matter raised by Deputy Breckon, if that is okay, where he quoted from a letter for an importer I think it was of fresh produce. Now, I left just to check because it was completely against my understanding. Now, my understanding has been confirmed by the Director of G.S.T. If an importer is registered for G.S.T. and approved by Customs, and that basically covers about 85 per cent in value and volume of all imports, then there is no change to the present. You do not need to pay G.S.T. on entry and you do not even have to give the documents at that point. If you are not G.S.T. registered but you are approved by Customs for import, payments are only going to be required 30 days after the goods enter the Island. Now that was confirmed to me about 20 minutes ago, I would say. He also said anyone could pay in advance. So, every effort has been taken to try and make the system simple. The comment that was made, perhaps the particular individual concerned or particular company could contact the G.S.T. Department directly and I would be happy to put them in touch because we have certainly got a variation in stories and I have not heard it "straight from the horse's mouth" as it were. But what I would say is that I found the comments from Chamber very refreshing and very interesting to hear. Now, the proposition also requires that alternative methods of raising funds be investigated. What methods, I would ask? Does the Connétable or anyone else for that matter have any suggestions that have not already been considered and which will fit in with the Jersey economy? Bear in mind that a pretty exhaustive process has been followed and it has been laid out in the response of the Minister to his proposition and in fact he identified most of that documentation in the rather heavy box that was sitting next to him. On Sunday I spent a few minutes going through the publicly available documentation relating to the whole fiscal strategy package and that is on the States' website. Now, those documents go back to 2001. I was not even elected to the States at that time but I, like the Deputy of St. John, can remember attending a number of presentations at Parish Halls or general briefings and I would say that that whole consultation process on this huge fiscal change has been pretty good. If you go back and re-read those documents they lay out all sorts of options and they also give reasons for rejecting them. So that part, the proposition, has already been done and G.S.T. is one of the results. This has been going on for 9 years and here we are at the 11th hour and the 59th minute trying to derail the final element - the key element - to that whole strategy. Now that 9-year process is evidently not sufficient for supporters of this proposition. They want it to be longer. I am sorry that is just not practical and even if it does make great headlines you cannot play around with something of this importance in respect of the fiscal well-being and the fiscal strength of this Island. Now, the other part of the proposition requires public finances to be independently examined. Well, funnily enough in this regard I am far closer to the views of the Connétable and others. But I am not prepared to gamble on finding savings of £45 million a year as an excuse for deferring G.S.T. now. I agree we should be looking at the savings issue again and we should continue to look at what further savings can be made. I am not going anywhere near the £20 million savings argument again. I think we have to look forward. We have to be operating the best level of efficiency we can achieve; agreed. That is not going to be a quick process and given all of the other various challenges ahead of us, it is not directly relevant as to whether we should have G.S.T. or not. We

should be seeking to save money to have that corporate culture of being open to change or doing things better. But that is, as has been said before, a medium term project. It is not a reason for rejecting G.S.T. But I can say that while I have received some negative comments, I have also received quite a number of positive ones. In fact, having said all that, the majority have probably been along the lines of: "For goodness sake, stop all the prevarication and get on with it. This debate has been going on far too long." I have to say that is probably a politer version. No one is overly happy about paying more taxes. Who in their right mind is, but they accept the point of where else are we going to find £45 million a year? The decision has been made time and time again by this Assembly. Let us get on and implement that decision and get some certainty into the process, please. Now, one of the other excuses being used is: "Oh, we can defer for a couple of years as we have loads of money. The problem has been solved" and I wish it was that simple. As has been referred to by a couple of other speakers as an easy example, the impact of the credit crunch is still unknown. Has anyone looked at the headlines recently in the financial press and in fact as they say, I had one prepared earlier, in today's *Financial Times*: "Fears of prolonged turmoil intensify." Friday's: "New fears over sub crime callout." Those have been going on for weeks. So, yes, the forecasts are much better than where we were a few months ago. At present 2010 is likely to show a far smaller deficit, but we do not know what is around the corner. Although the future years are not too bad, even with the good news they are still in deficit; £4 million, £8 million, £10 million. Guess what; those trends are fractionally getting worse. So, all we have achieved at the moment is the target that was laid out quite a few years ago of successfully dealing with a forecast black hole of £80 million to £100 million, i.e. we now have a roughly balanced budget. Well done, that does appear to be working. That is a no mean feat, so do not knock it. But it is only working based on G.S.T. being in place, i.e. generating £45 million a year. If you do not have it in 2008, we lose £30 million. If we do not have G.S.T. in place for 2009, that will accumulate to £75 million. Funnily enough, those numbers do not seem to be included in the financial manpower implications of this proposition. Now, where I do agree with the Connétable is where he says that the finance industry requires of Jersey a fiscal strategy that adds-up. I agree, absolutely. Taking £45 million a year out of that package does not, in my view, add-up. I think it is irresponsible. So, do not get me wrong, we still need to look at savings and to continue to do so, but not at the cost of G.S.T. That is parallel with, not instead of. So, remember, and as has been said again, G.S.T. is part of a package and that package overall is progressive i.e. the rich will pay more than the middle earners and the middle income band will pay more than the less well-off. That is as a result of a combination of all of the ingredients of the entire fiscal strategy. As with any decent recipe, if you take out one of the key ingredients then the recipe will fail. The cake will not rise and the trifle will not set. It is after lunch, after all, Sir. G.S.T. can remain at 3 per cent for quite a number of years. It is being fixed by us for 3 years and the Minister has indicated he cannot see any reason for any increase looking as far away as 2015 and even 2020. Now, that is pretty good; that is more than 10 years away. We have a black hole of £80 million to £100 million to deal with. It is not viable to take out the millions of pounds that would be lost by deferring G.S.T. today. It is simply not prudent and while prudence may not be exciting, she is by far the best option when dealing with these types of matters. If we approve the appointed day act - I was going to say hopefully today, but later this week - we will have had succeeded in completing a project that was launched 9 years ago and that is quite a momentous moment. Do not throw it away. Keep up the pressure on expenditure, yes, but reject this proposition.

5.1.12 The Deputy of Trinity:

I shall be brief. As it is said before many times, none of us want to pay tax; any form of it. Who wants to pay any more than they wish to? But we also need to listen to the public. We as an elected body need to make some decisions, some of which are difficult and contentious. Any decision I would like to think that we make here will be for the good for the whole Island, not only for now but for future generations. As the Deputy of St. John said, you need only look back at the social security and more recently the flooding of Queen's Valley. But we as the States must not be

short-sighted. We need to stay focused and look long term. What do we know as fact that by 2010 we will have approximately £45 million plus deficit, this, that year and every year after and we are going to need to fill it. We must face that fact and not leave it to the last moment. That is not good government. Any tax to fill this up must be brought in gradually so that by 2010 we will be prepared for the deficit. As it has been said, the fiscal strategy has been looked at and worked out over many years and we know it is working, but we must not or should not take our eye off the ball. There have been other proposals put forward like a payroll tax, but this will mean fewer people paying more tax and we know by 2030 that we are an ageing population and there will be more of us receiving pension than working. This proposal for 3 per cent G.S.T. is a fair way across the board; everybody pays and very importantly enables the tax to be cut at a low level.

5.1.13 Senator P.F. Routier:

I would like to just pick up on a couple of points that some of the speakers have made. Deputy Breckon gave some examples of how pensioners who are living on the basic pension could be affected by a 3 per cent G.S.T. as if he was giving the impression that somebody on a basic pension would not be supported by income support. But I can assure him that if anybody is just living on a basic pension they will be in a position to receive support from income support. We have approved those regulations and Deputy Southern is shaking his head quite precipitously. He is trying to contradict what I am saying, but the fact of the matter is if somebody is just living solely on a basic pension the components that they will be able to receive from income support will top their income up and so they would be in the position whereby the proportion of their income would be supported to cover a proportion of the costs of G.S.T. The same goes for the other example of lone parents which Deputy Breckon commented on. He quoted a figure which was quite low, I think of about £250 of a lone parent, and the circumstances obviously would be different for varying families depending on the number of children, but there would be also an opportunity for those people to be protected from G.S.T. at that level. One of the other points which Deputy Breckon picked up on was the staffing in the department. I am assured that the staff will only be 10, which is what has been forecast for quite some time. The changeover in the budget book is just in relation to staff moving from one department to another. There is no addition. The staffing limit is 10, so there will not be any increase in that and no extra funding is required. Deputy Southern mentioned about we do not seem to be giving anything back to middle Jersey by introducing this tax, this G.S.T. He seems to be forgetting that this tax package is to be considered in a whole package of --

Deputy G.P. Southern:

If the Member would not mind, I bow to his memory but I have no recollection at all of mentioning middle Jersey, at all, in my speech.

Senator P.F. Routier:

Second quintile is, I believe, the phrase which the Deputy used and perhaps I have put the wrong inference on whether second quintile is middle Jersey but certainly those in the second quintile will also see the benefit of the increased tax allowances being given by the Treasury in this year's budget. So the Deputy agrees with that, that is fine, that is very good, because I think he was trying to give the impression that those people were not going to see anything given back to them when in fact it is the case in this year's budget the Treasury Minister will be giving, for instance, pensioners up to £343 less income tax they will be paying in that group. The same applies to married couples with children. A very similar amount. So overall the whole package which is being promoted by the Treasury Minister is equitable. Deputy Power in his opening remarks also spoke about perhaps he was still not convinced that the Zero/Ten option we have taken for the Island is the right thing to be doing. The States have agreed that Zero/Ten is the right option and we have seen the reaction of the business community. It has been very, very positive and we are now in a position where we are seeing the business community moving forward with certainty, and that is what they have needed and that is what they need again now is for us to continue along with this package of fiscal change,

of which G.S.T. is part of it. Some of the suggestions which we have looked at over the years of raising the shortfall has obviously focused on 3 main opportunities, one is G.S.T., one is raising income tax and the other one is raising the social security contributions. Raising social security contributions away from paying the amount of contribution, the insurance premium which is required to provide the amount of benefits that people are going to get, it turns it into a payroll tax. Some people have suggested that by raising the earnings limits on contributions would be enough, sufficient to cover the costs of this shortfall. Well, that is way off the mark. As Members know the average earnings for the Island is well below the earnings limits so the bulk of the workforce do not even earn up to the existing limit. So increasing the overall ceiling would not bring in any sufficient amount of money. Of course it has been quoted that Guernsey have gone along that route as being a method of them filling their black hole. But as we have seen, and as I have been told by companies who work across both Islands, they are now positioning their higher earner people in Jersey because of the social security contribution rates. It is just the way they are forming their companies now. They are ensuring that their main people are working in Jersey. Of course we benefit from income tax because of that. It has also been suggested that increasing the contribution rate for both employees and employers could raise sufficient to cover the £45 million. At a high enough rate that is obviously very true. But there is a downside to that and these have been explored fully over the years. We have looked at it very, very carefully. I was part of the F. and E. Committee many years ago which trailed around the parish halls and all the public consultation evenings we had and meetings and we discussed these very openly. It became very, very clear to us that the business community would become uncompetitive. We would even, if we were to do that... people are worried about G.S.T. increasing prices: a businessman who is faced with the additional cost of having to pay extra social security costs will increase his prices. It happens, it increases prices for his goods and increases prices for the services. So to think that by shifting from one to the other would avoid prices going up, I am afraid that is a fallacy. Of course one of the major equity issues with regard to having a payroll tax, is that it lets the wealthy non-workers off paying any tax. The payroll tax, along with all other options have been looked at very, very carefully by many people over the years. It would be wrong to think that the options other than G.S.T. have not been considered. I will not go into those in any great depth, I just focused on the social security one because that is the responsibility that I have. It is difficult to ignore obviously the additional extra tax receipts which have landed in our laps in the recent weeks. People have quite rightly wanted to know where does that come from and will we get it again. Well, the real question we need answering is, is this upturn in taxes a structural change or a windfall? Of course other Members have mentioned it. We have seen the media cover about the credit crunch, the effects on Northern Rock, and only yesterday Citigroup. So I do not think anyone can forecast what the outcome of these latest difficulties in the finance industry around the world will produce in our own tax returns. I do not think it would be responsible for the States to expect that another windfall will be on the way next year. It would be a very, very brave person who planned for the future on the basis of thinking that another windfall was on the way. So, should we, could we, can we, just note a petition of 19,209 people and then continue on with the introduction of G.S.T.? That is 21 per cent of the Island's population. I am obviously not going to focus on the 79 per cent who did not sign. But what I would like Members to reflect on is our duties as elected Members. There are times when we are called upon to make very difficult decisions on behalf of the community as a whole. We are elected to our positions and we are expected to gather all the information, assimilate the evidence in an even-handed manner, and make decisions. Over the last few days I have received some quite rude emails from one individual calling me a liar.

[Interruption] I think there are a number of us who got one of those emails. Because at the hustings 5 years ago at St. Clement I said I would not support V.A.T. Of course at that time, with the knowledge that I had, I then had in mind a complicated U.K. type 17.5 per cent V.A.T. system. So if I was asked exactly the same question today I would say: "No." No to a 17.5 per cent complicated G.S.T. system. I would say no yet again. But what I have learnt through a lot of research, a lot of investigation, a lot of hard work, is that a simple, few exemptions, low level

G.S.T. is appropriate. I would even go further and say it is by far the best option for Jersey to deal with our fiscal position. What infuriates me, I am afraid to say, is that it is the current objections to G.S.T. that have come about because some members have not attended briefing sessions, they have not looked up the research and taken the opportunity to look at the whole position in an even-handed way. At the meetings over the years we have heard and seen for ourselves the detail and the evidence of all the other options which we are now being called to look at yet again. So I am afraid it is a bit of a shame really, I have to say, that the electorate have been let down to a certain extent by saying those options have not been looked at. It is our duty as States Members to study all the information which has been given to us and which we have before us and we should have researched ourselves, and to make decisions on behalf of the public. That is what we must do. A couple of other Members have referred to this already, about the history of 1951. At that time 18,000 people signed a petition against social security and at that stage we had 57,000 population. So 31 per cent of the Island signed the petition against social security. There were demonstrations in People's Park, the Royal Square was full to the brim, with a coffin - which was to bury the law - and there was even an effigy of the President of the Committee. They even had the national media who sent reporters over to cover the riots. There was even a meeting in the town hall when a Senator was booed. **[Laughter]** He was shouted at. **[Interruption]** Wait for it. **[Laughter]** He even had potatoes and tomatoes thrown at him in the street, but he remained calm. **[Interruption]** He kept his composure, he did not crumple in front of the crowd. He did not change his mind, what he did was to explain the law carefully and clearly and he did maintain his support for the law. Of course, Members recognise what that law did. It was asking people to pay more money out of their pocket. That is why people did not like it but they were going to get something for it. They were going to get their pension. What people need to know is the money they are going to raise from G.S.T. is going to be spent on them. That is what will happen because that is what we do, we spend our taxes wisely and to the best of our ability. I am sure Members are aware that the States at the time had the courage and the determination, while noting the petition and the views expressed at the demonstrations, that to introduce the social security insurance - insurance - even though a large proportion of the Island had signed the petition, was the right thing to do. I referred to that because I believe that there are times when we have a duty. We have a duty to do what is best for the Island even when it may seem that there is a ground-swell of opinion against the decision. I have to say I congratulate the Minister for Treasury and Resources in his outstanding speech this morning, it was a mark of leadership and we should be thankful that he is there to lead us in this way. We need to follow that leadership and I have studied the options carefully and it is quite clear that a tax is needed and that tax should be G.S.T. I urge Members to reject the proposition.

5.1.14 Deputy P.V.F Le Claire:

There have been a lot of good speeches today about the inevitability of the Island's Government's needs to provide for its people and the inevitability of it needing to raise more money because it needs to spend more money. There are a number of reasons for that. The population has grown while the infrastructure has not. Government sophistication has progressed enormously from when I first came to this Assembly, along with all of the systems and departments and laws that have been enacted in this Assembly since I came here, and the provisions for those services have expanded dramatically. We are stepping forwards into a future where we would like to exercise more autonomy and to do such is not going to be done for nothing. The reason why we are going to move forwards and change not only the demographics of the Island's population, its Government, its infrastructure and its international position has come about because of pressures from outside of the Island in relation to its number one income earner, the finance industry. The pressures that have been hounding the States of Jersey since I came here, and before, have predominantly been brought about because of people who, in the international world of finance, look jealously towards Jersey with envy. They envy our position and they try to, in some cases, emulate it. We have far exceeded the days of Jersey that I was brought up in and schooled in with our modern education system far excelling any other parallel in the United Kingdom with the

qualifications. Unfortunately we have drawn attention upon ourselves because of our success. Deputy Le Fondré started his speech by saying that at the last election he bravely stood up and said that he would support the entire tax package and was elected on that background. One cannot criticise somebody for that. That is saying what you are going to do and doing it. I stood in the last Senatorial election and opposed G.S.T. next to Senator Le Sueur who was advocating it. I was not elected by the Island and Senator Le Sueur was re-elected. There was no secret at that time, there is no secret now, that the majority of people believed that the care attention that he brings to the position that he has been given trust of is high. He does a very good job. He works very hard. However, I believe that we are inheriting a position and we are preparing for the future by implementing G.S.T. because of these external pressures that we have bowed to. Unfortunately I believe that a long time ago we should have taken a sterner stance when faced with these pressures and stated clearly that we were not going to bow to them. Interestingly there is now a debate about whether we have bowed to them at all but they cause us concern; they certainly caused Senator Walker, Senator Le Sueur and previously Senator Horsfall and the Law Officers a large amount of work. I do not think Zero/Ten is going to be acceptable. I have said it before. The interesting thing about legislation is nobody will challenge your legislation until you have had it enacted and then it becomes a law, a practice, something somebody can hold up in court and contest; until such time that that occurs it is merely policy and consultation. When in the future we are faced with the inevitability that the Zero/Ten arrangements, in my view, are unacceptable we will have moved from our historic position of 20 per cent since the war to this new tax package and we will not have that old fence to lean on because we will have knocked it down. It will be something we can return to. So the only thing that we can do to continue to provide services for the people who will remain in Jersey is to adapt the new system to make it comply. To go back into negotiation, to attain the best position possible and for the best interests of the Island, although we probably will not like it, will succumb to the pressure again. At that time I question where the revenue is anticipated to be coming from for this tax package. I think deep down so do the people that have thought up this tax package and the policy makers that have introduced it to Jersey. I think that in the future they plan to cover the needs of this community by providing and broadening its tax base with a goods and services tax that can be increased in the future to stabilise any needs for the economy. They are introducing something new that will not be based upon income because 30 years ago we did not have the finance industry we have got, and who is to say we will have it in 30 years' time. Deputy Le Fondré said it will be a one-off hit to R.P.I. At 3 per cent it will have effect in the short term, probably not in the medium term and who knows in the long term. The thing about a 3 per cent G.S.T. is, in my view, with all of the different systems we are employing, that it may be a one-off hit at 3 per cent but how long will it remain at 3 per cent before it is racked up again and then you face another blip. I have lived through 2 events of change... well, 3 or 4, but 2 events that are within Jersey's appreciation: introduction of Sterling and the effect that that had on prices. Not Sterling, sorry, the decimalisation. Yes, sorry, been a long day. Also the euro in many of the European countries where you have seen many of the European nations who have historically low cost base seeing their ordinary costs - ordinary day-to-day costs - being ratcheted up well above what they first considered. There has been mention today, and I was interested to hear about the credit crunch a few times and about the newspapers because it is in the newspapers and has been in the news: oil is over 96 dollars a barrel and there are going to be pressures and fallouts. We have been warned so we cannot just say glibly, as we have done in the past, that we have got £28 million more from somewhere. Hip, hip, hooray. Interestingly that is not being a one-off, we have had that a couple of times in my living memory where we have suddenly found a pot of gold underneath the covers. I wondered where, at the time, it came from last time. I am wondering where again it is coming from this time. That gives me cause to support the proposition in relation to an independent review. Senator Le Sueur himself has said on occasions that we never debate the States accounts and he has wondered why we have not ever done that and we could. I do not know exactly how that would work but an independent review of them, in my view, would be at the very least revealing. Nobody really wants to tax anybody at all but we do recognise we have got to look

after people and we have to look after our system. But investigating the costs as the Constable has mentioned and the ideas where we could save money, we really need to put new ideas on to the table and not just dismiss them out of hand because in the future these new ideas that are currently being dismissed out of hand may be the only ideas that we will have left. What about a tax on deposits. A very, very small tax on the £400 billion on deposit in Jersey. How much would that raise? Dismissed out of hand, a Bank of Jersey; yet the late Sir Julian Hodge created the Bank of Wales in Jersey when he lived here. Government trading funds: I was recently visiting the Constable of Grouville's excellent recycling facility down in Grouville with his procureurs and the Environment Scrutiny Panel, and I had the pleasure of entering the attached premises for a cup of tea and picked up a *Financial Times* while the Constable paid, and I saw an article that was very interesting about government investment funds and all of the different options there are for countries to invest in this. Norway was identified as the leader, which had something like 250 million dollars invested predominantly through its pension funds. We have never done anything like that to my knowledge. These are ideas that you can throw on to a piece of paper and they can be glibly dismissed out of hand but they are not investigated. They are not investigated because you would rather just say: "No, let us just take the simple route. It is a simple system; it is going to be paid by everybody; it is easy to implement; it is not too difficult. We can raise it if we want to." Really what we should have said was: "No, let us not jump just because the Isle of Man is racing to the bottom. Let us hold firm, let us see if we cannot complain about the unlevel playing advantage they receive in terms of their V.A.T. arrangements to level off that playing field that we are being invited to attend upon. Let us hold ourselves in greater esteem as an Assembly rather than bickering factions of States Members." I cannot speak badly of the Council of Ministers needs and desires to pay for the needs of the population. I just think that this goods and services tax is not the right tax, and I do not think the tax package is going to hold. So I will be supporting the Constable. I want the Ministry for Treasury and Resources to investigate the other options and produce the documentation. I want to know why it is, on more than one occasion since I have been a States Member, large amounts of money have surfaced when deficits have been predicted.

5.1.15 Deputy J.A. Martin:

Everybody says that this proposition to defer is a proposition to say no to G.S.T. That may be the case in the end if the proposition is looked at. Now, why did it take probably only about 2 or 3 months to get 19,000 people on the High Street and around the businesses to sign a proposition against G.S.T. I can only speak from my own experience on facilitating people to sign - not one arm up their back, not asking them to sign 3 times - people approaching me in King Street: "What is G.S.T." I say: "Well, you have heard of V.A.T.?" "Oh yes." I said: "Well, that is what it is." "Oh no, they are not bringing that in here." I said: "It has been cleverly disguised, has it not?" That is exactly what it is. "Explain a bit more." So you explain and this is not everyone, I would say one in 3 who signed that petition when I was there did not understand it. So your consultation - sorry, Sir, through you - the Minister or the Council of Ministers' consultation missed Joe Public, they do not know what G.S.T. is. Businesses do and it is not as simple as we are being told it is. I say even when we, on the Price Marking Scrutiny Panel, had Senator Ozouf in he could not understand why the people were having a debate on why would it be G.S.T. not inclusive but at the till. "It has always been V.A.T.," he said. "It has always been the V.A.T. law." I said: "Well, why do we not call it V.A.T.?" I call it the Government Sales Tax, it is quite easy for me. That is what I think it is and that is really what it is. We have heard some differing arguments here. We have heard from Senator Le Sueur that we had to do this because of finance and there is going to be the big hole. I will come back to that one in a minute. We have also heard from Senator Routier that we are taking the money away but we are giving it back. I cannot quite understand that. We might be giving it back to some but, again, it is... I think we had the debate who we are taking benefits away from, we are hitting them again. We are double-whamming them with this one. Now, I listen very carefully to Senator Le Sueur speak today, and I have been in here since the first OXERA (Oxford Economic Research Associates) presentation that mooted G.S.T. and how we would fill

our black hole. My estimate then from OXERA was, I thought, £80 million to £100million and over the last few years they have even been revised down; I do not know, it could be £60 million to £100 million but every time the Treasury Minister spoke today we are going to have £100 million black hole. Now, if it is £40 million the other way we do not need G.S.T. This is what this is asking to do. We have also somehow got to be comparing G.S.T. to the introduction of a social security insurance fund. Go to England and ask anyone which one they would rather get rid of, V.A.T. or the National Health Service? Because it is exactly what you are comparing. I know which one they would go for. They are not alike. Yes, it might have been unpopular at the time but in the end it did give something back. G.S.T. is take, take, take. Now, we have heard from the Deputy of St. John. He does not like this popular decision, nor Deputy Le Fondré, he does not like it because they have been on many reviews looking at spending, looking at savings. They did not like the alternative spending ones but they could not find any savings either. So I am not very impressed with them and their reasons why they cannot support the Constable. This asks for a short delay and it may be a complete delay if there are other ways to identify the potential savings. But what really worries me if you do not defer today, all the calculations are based on 3 per cent. Now we have already got in a proposition from Senator Shenton to exempt food. Listening, not just in here but in the coffee room, I think a lot of people who will not vote for this proposition today may think: "Well, in a couple of weeks time, yes." We have exempted 9 other things. I really get confused, Sir, where the Deputy of St. John thinks this is still simple because at my last count in the law and the regs. we have 9 exemptions. So we may then vote for exempting food. We have been told categorically if we exempt food G.S.T. must go up to at least 5 per cent. Well, can the Social Security Minister then meet the low income? He has told this House his budget is completely spent on the low income support. Can he go up to 5 per cent to protect the lowest income? I do not think he can. Social Security, let us say, are finding it from the health insurance fund to pay everybody's 3 per cent doctor's visits. On average on this Island, if you work on 88,000 population and 4 average visits a year, you are talking 350,000 doctors visits at 3 per cent for every Islander and their prescriptions that the Social Security are going to fund out of the health fund at 3 per cent. Not if it goes up. Has anybody in the Council of Ministers discussed this because I can see... Sir, the Minister for Education is saying that they have discussed it. I have been told from the Minister for Health, with his other hat on bringing in food exemption, that they would not discuss it at the Council of Ministers. What if food is exempted? If this does not go through today, I have always voted for the food exemptions, I think it is one of the things you must have. Put your tax on your cigarettes and your drink. It might be a bit hard but you can give them up. You can give them up. But you have to eat and so do your children. Whatever age you are, you have to spend money on your food. So I would love to admire the Ministers as a collective to just, as the Constables asked this morning, be the bigger person. For the Treasury Minister to be the bigger person and say: "Yes, okay, there are 19,000 people out there" and that has been dismissed as only a percentage of the population. Do not forget we only have at least 30 per cent turnout in voting. So I would not dismiss that amount of people with "only" that amount of the population. These people are now realising what they have is V.A.T., what we have is V.A.T., call it anything else it is V.A.T. The law resembles very much the V.A.T. law, maybe a bit smaller. We are a smaller Island. Just one last point on the business plan, I can sense, again listening to people, not always in the House, maybe in coffee room, the same people who asked the Ministers to focus their mind, they were going to cut £12 million off their budget, just like that. I was going to vote for that. I wanted their minds focused. It never went to a vote. There were a few wobbles around. I thought it might go through because it has never been focused. So we have now set up another focus group to look, we do not know if there is any saving yet. We are told there definitely will be because there must be but we cannot cut the budget and we cannot not introduce V.A.T. for a few months. But I get the same sense of feeling that these people who wanted to cut that money are going to vote against the Constables proposition. Hold off a bit, go back: we have had all the speeches of what we have already looked at. Senator Le Sueur nearly hurt himself, I think, picking the box up and passing it across to the other Minister. [Laughter] I could see quite a strain on his

face. Obviously he had read it all so many times it was the memory of it that was causing him the strain. But, yes, we have had alternatives but the main alternative always to me has been brought by Back-Benchers. Now, what research do they have, what sort of support do they get. They get the nice reception, they get the speech and then they are halfway through it and but. Oh, but. Then the Ministry can do this and of course you have got the research. It has even been reported to me, Sir ... I was not there on Friday, I was in the C.P.A. (Commonwealth Parliamentary Association) in Edinburgh, and a very good time it was. It opened my eyes to the way they deal with fiscal policy and I have one new task and it will be to look at the Jersey Finance (Jersey) Law, but that is another story, Sir. I was not there but it has been reported to me that the Treasurer himself said of the G.S.T. questions, that it could be put off for a couple of years. The world would not fall apart, no schools would close. I am saying this as reported to me, apparently it was confirmed to somebody else in an email. I was not there so I cannot say if that is absolutely 100 per cent. But we do know we will not need this money until at least 2010. I am not sure, Sir, if any of these Ministers, especially Social Security, have got the budget; if food is exempted and the G.S.T. goes up to minimum of 5 per cent, that they can afford it. I think it is a fair proposition, it is asking for a small deferral and it is supported by 19,000 and I respect those people. They are just about fed up enough that a lot of them did say: "Is it really worth it, they never listen." Sorry, I know you are one of them as well talking to me on the table, Sir, when they were signing the petition. I said: "All you can do is try your best and when I am in the House to represent you it is all that I can do is try my best." That is all they are saying: "Please defer, find some savings and have a proper, proper look at the alternatives. At least please let income support bed in." I know we have got a few months but income support ... I have not heard of anyone who has been told what they are receiving yet. I want people to be knowing what they are getting. That it is all running smoothly, you have got between January and May, so 3 or 4 months, before this comes in if we do not defer. It is not long enough and it is not good enough for the people of this Island, Sir, and I certainly will be supporting my Constable. Thank you.

5.1.16 Deputy C.J. Scott Warren:

We do need to plug the £45 million gap. Departmental gaps and efficiency savings will not achieve this. I reluctantly came to this conclusion during the extensive consultation period that has been mentioned by Senator Le Sueur when it did appear that G.S.T. is the least awful option. Having said that, Sir, I believe it is unacceptable to add G.S.T. to food and children's clothing and also...

The Greffier of the States (in the Chair):

We come to that in 2 weeks' time, Deputy.

Deputy C.J. Scott Warren:

But this relevant because adding G.S.T. also to utility bills is, in my opinion, wrong. I have always supported exemptions and the Treasury and Resources Minister has allowed exemptions in certain areas despite originally stating that no exemptions could be considered. A large number of people, Sir, signed this petition asking us to have an independent examination of public finances and to re-examine the options. In my opinion this should not be a difficult task and it should not take long to re-examine our findings. Sir, I believe that the G.S.T. system we are putting forward may need further refinement. Would it be more palatable to members of the public to have G.S.T. on all non essential items and luxury goods but to exempt essential goods and services? Certainly while I appreciate this is a debate for a few weeks' time it is relevant to this proposition here today. Sir, I am not anti the right form of G.S.T. and I do believe that Senator Le Sueur has achieved much with his work on the fiscal strategy. This proposition, Sir, gives us the opportunity to examine our public finances and, as I said, to re-examine our options. I do not see this, having a short delay, as a sign of weakness of government. It may certainly well confirm that G.S.T. is the best option, albeit that I do myself believe there must be further refinement. Sir, I do emphasis the word "short delay" not that this should come back to a government in 2009 but that this Government could and

should take account of the petition and undertake to review the current situation regarding G.S.T. Thank you, Sir.

5.1.17 Senator F.H. Walker:

I am sure Members are aware that this is one of the most important choices that we have been asked to make, certainly in my time and I would suggest every other Member's time in the States. We are being asked to choose on the one hand between showing consistency, leadership and doing what we know is right for the people of Jersey. We are asked to choose between that on the one hand and wavering in the face of opposition which is absolutely inevitable on the other. Sir, there will be opposition to any new tax. It does not matter whether it is a tax or an insurance scheme or a pension, there will be strong opposition - and I remember the opposition to mortgage interest relief proposals a number of years ago - quite naturally to anything which hits people in the pocket. I have no doubt at all that many of the people who supported, who signed the petition and who have attended meetings and so on since, are not just against the deferment of G.S.T., they are against G.S.T. full stop. I think even the organisers of the petition, when they say on the petition form itself the imposition of a goods and services tax in Jersey will lead to higher inflation, increased red tape and considerable extra cost to consumers and local businesses alike, are not really saying: "Let us have a review. Let us have another look at it." I think that is a pretty clear statement that they are against G.S.T. Of course, at least in some of those respects, they are quite, quite wrong. There is no mention there anywhere of what the alternatives are. There is no mention of how severe the cuts in public services would be if we indeed tried to fill the gap through saving money. There is no mention of the income tax option which would hit, as Senator Le Sueur said, the lowest and middle earners hardest. No mention of the payroll tax which the States very firmly rejected some time ago. Would it be any different if there was a delay as is being now said by the proposer? Would this tax be any more popular in a year's time or 2 years' time? I doubt it very, very much. We would be in exactly the same position. Let us assume we did a review and came back to G.S.T., if another proposition was launched I have no doubt at all it would get a similar level of support. There is no easy way out of this. There is no popular way forward in this respect. As we have heard so eloquently explained to us by Senator Routier, doing the right thing here is not necessarily doing the popular thing. This is not the first time that Members of the States have been in this position. Anything but. The opposition faced by the then supporters of Social Security was even more overwhelming than the opposition that we have seen to G.S.T. in recent weeks and months. Yet he and States Members of the day had the courage of their convictions, the courage to do what they knew was right even though it made them incredibly unpopular at the time. I too commend Senator Le Sueur for the way he has stood up to some of the quite improper and personal attacks on him of late and resolutely done what he know is right [**Approbation**]. Sir, it is seductive. A delay while we do a review is seductive but what it puts at risk is that it will unravel the entire fiscal strategy which is very much a package, as we have heard from Senator Le Sueur and others; a package of which G.S.T. is an absolutely essential element. This is a fiscal package; a fiscal strategy upon which our economic success, which is almost unparalleled in the last year or 2 upon which our economic success has been built. I hear people say: "Well, that is okay, that is just the finance industry which is lining the pockets of the rich." Absolutely not true. Every single person in this Island relies on us having a successful economy. They rely on a successful economy to generate the taxes that pay for our health service, pay for our education service, pay for our pensions, pay for income support or whatever it may be. It is every single person in this Island who relies on our economic success and it is our current policies including, as people would have believed until the last couple of weeks, the certainty of G.S.T. that has led to that tremendous vote of confidence and tremendous levels of investment in Jersey, providing jobs for thousands and thousands of local people. Now, we cannot possibly afford to put that at risk. I am astonished to hear in relation to the petition Deputy Martin say that people did not understand what they were signing. I find that absolutely astonishing. I got threatened with a vote of censure for saying

something not terribly dissimilar to that. But, Sir, we have got to do here what is right for the people who signed the petition and indeed all the people who did not sign the petition.

Deputy P.V.F. Le Claire:

May I ask the Chief Minister to give way. I believe Deputy Martin was referring to the consultation on G.S.T.

Senator F.H. Walker:

Through you, Sir, I do not believe the Deputy is right in that respect but my point is still the same. We have got to do what we believe is right for everyone in Jersey, whether or not they signed the petition, and I do accept personally that those who signed the petition certainly did so with the best of intentions and were quite genuine. Sir, we have got to continue to do what is right and now is not the time in the face of the economic success which benefits everyone, now is not the time to wobble, not the time to send out messages that we lack conviction and lack confidence in our own decisions because it is our own decision that has brought us here. This house has rejected the only 2 viable alternatives to G.S.T. We have rejected increasing the rate of income tax. We have rejected a payroll tax. Not as has been suggested that just because they were bought by Back-Benchers, they have been rejected on the back of very sound research, research and yet more research. Of course the Treasury and Resources Minister did not propose those options. He did not propose them because he knew they were wrong. The States backed him and agreed with him. Now the Constable of St. Helier based his speech this morning on 2 basic principles. One was that we should save £45 million each year. The other was that Guernsey are doing it better. Can we do better, picking up a few points that Deputy Breckon made? Are there areas where we can do better? Yes, of course there are. But can we possibly save an additional £45 million each and every year without cutting back so deeply on public services that the opposition we have seen for G.S.T. would fade into insignificance compared to the opposition we would then get when we cut deep into the core of our social services and creative standards in Jersey which none of us would ever want to see and certainly none of us would ever want to be responsible for. It is absolutely fallacious to suggest that we can easily - indeed possibly - save another £45 million each year. It is just not possible. As for Guernsey doing it better, I will make no criticism of Guernsey whatsoever. I will just make one observation. It is Guernsey's fiscal policy as stated in their States to spend half their strategic reserve to fill their black hole. Do we really, really, really want to emulate that? Do we want to mortgage the future by spending our strategic reserve? Well, so far, this House and previous Houses quite rightly has gone totally against spending our strategic reserve and I believe there is no justification whatsoever to follow Guernsey at this stage and spend that reserve today or in the immediate future. So what is left? We cannot save £45 million more money each year. We have rejected the only 2 viable tax alternatives to G.S.T., so what is left? What will be achieved by a review? Well, basically, in this context, nothing whatsoever. We will inevitably come back to the same result. As I have already said, will it be any more popular in 6 months' time or a year's time or 2 years' time? Answer: no, of course it will not. The opposition - it does not matter how long we wait - will still be there, still be as strong as ever, so nothing will be achieved, except we will have less money and we will be less robust when it comes to possible challenges, which are very much on the horizon right now as of the last few weeks from the credit crunch, et cetera. We will be less well placed to deal with those challenges than we would be if we go ahead and be consistent and follow our policies to introduce G.S.T. in May next year as planned. Yes, it is seductive. Yes, it seems to be what the people want but it will achieve nothing than at the end of the day the people who will be hurt are the very people who are calling for us not to introduce it today. That is not a place I want to go. More consultation has been suggested by some speakers. Well, I honestly do not know, and as Deputy Martin said, the Treasury and Resources Minister nearly did himself an injury by picking up all the consultative papers that had been issued on G.S.T., how much more consultation can you realistically have? So what are we going to do with this review? What are we going to do with it? Are we really going to say: "Oh, we are going to

find £45 million”? Or are we really going to say: “We are never going to change our minds and up income tax” or: “No, we are going to change our minds and introduce a payroll tax”? What are we going to do with it? What is the purpose? If we are doing the right thing, and I am sure everyone wants to do the right thing, we will inevitably come back to the same place that we are in today because we have been there and we have done it. We have consulted and consulted and consulted. We have researched and researched and researched, and there is no better alternative. Nobody likes it. Nobody wants extra taxation. Of course they do not. But there is no viable alternative for Jersey, and those who pretend there might be frankly are deluding themselves and, in my view, are deluding the public as well. Let us not also forget that the proposal to introduce G.S.T. has been subjected to the most amazing level of scrutiny. It has been subjected to scrutiny by PricewaterhouseCoopers, although I hear some people say: “Oh well, they have a vested interest.” Well, actually, no. The people from PricewaterhouseCoopers who looked at our policy have no direct vested interest. They gave good, strong, independent advice. Similarly, the Chamber of Commerce, David Kern. I think the Chamber commissioned him because they thought he would probably come out against G.S.T. Somewhat to their surprise, I suspect, he came out very firmly behind first of all Zero/Ten, which is introduced more for competitive reasons than it is for E.U. reasons; and I note Deputy Le Claire’s views in that respect, came out very firmly behind Zero/Ten and very firmly behind G.S.T. The Scrutiny Panel: now Scrutiny have looked at this in great depth, as has the Treasury and Resources Minister and his team, and the Scrutiny sub-panel also have come out in favour of G.S.T. So, incidentally, although we have heard suggestions to the contrary, have the Chamber of Commerce. We have heard that G.S.T. is going to damage small businesses and so on; the Chamber of Commerce have ultimately come out in support of G.S.T. with reservations, but they have come out and said: “This is the way forward.” That, by their own independent expert and own research. As have the I.O.D. We heard from the Constable about the Hospitality Association and he passed a little bit of paper around saying that they are against G.S.T., and yes, that is what they have said but it intrigues me because since the fiscal strategy was introduced we have seen the highest level of investment in the tourism industry in Jersey that I can ever recall in my lifetime. People who expect G.S.T. have spent hundreds of millions of pounds in total investing in the future of tourism. Now that shows confidence. It shows a real confidence in the future knowing full well what to expect in this respect. One speaker talked about diversity in the economy. We have also seen growth, not just very considerable growth in the finance industry but we have also seen growth in the last 2 years in tourism, agriculture, construction and retail. So, the benefits of our economic success are not just in the finance industry, they are across the board, and they are benefiting people in terms of jobs, in terms of salaries and, of course, in terms of spending power on the High Street and elsewhere. All of that is against a background of knowing or expecting that G.S.T. is coming in. All of it is based on the States having a clear vision of the future and sticking to that vision, having the confidence and the consistency to stick to that vision and give the certainty the business requires if it is going to continue to invest in Jersey to the benefit of us all. G.S.T. is the right option for Jersey. If we want to avoid playing Russian Roulette with our economic success, if we want to avoid playing Russian Roulette with our financial stability, with job opportunities - almost job guarantees - for most people in Jersey, the high quality of our services, our level of pensions and our general quality of life; if we want to avoid playing Russian Roulette with all of those things then we must continue to follow our policies and introduce G.S.T. as planned. If we want to avoid all that we cannot afford to send out messages that where we had clarity, which built confidence, we now have doubt and uncertainty. Where we had confidence and consistency we have now got weakness and wooliness. Where we had a fiscal package which was robust and hung together, and still does hang together very well indeed, we now have more uncertainty and potential chaos. I use the words “potential chaos” because those are similar words to those used by the Treasury and Resources Minister, but I use them quite deliberately for we have no other acceptable way of filling our black hole. Defer G.S.T. for what? We will not come up with any easy solutions. It will not be any easier to sell at the end of the day. Defer G.S.T. for what? There is no viable alternative to fill the black hole. So I would implore Members basically

not to wobble now. Not to show uncertainty. Not to undermine the confidence that we have so painstakingly and carefully built-up over the last 2 years, based on our fiscal structure, not to undermine that and be consistent. Stand up to the understandable opposition as our predecessors have done, have the confidence and the courage to stand up to it and do what is inevitably right for the people of Jersey in the long term. Do not undermine it now, show real leadership, show what we are made of and please reject this proposition.

5.1.18 Deputy J.A. Martin:

Could I just have a point of clarification? Sorry, Sir, I let the Minister go on to the end and I will put it down obviously - as he admits this morning - probably to his aging hearing. **[Laughter]** He said that I said that people had signed the petition not knowing what they were signing. People did not fully understand what G.S.T. was. When it was explained it was Jersey's version of V.A.T. the pen was grabbed out of my hand. He did say that, Sir, I heard it from the comfort break where I was on.

5.1.19 Deputy S.C. Ferguson:

I do not know, the only certainties in life are death and taxes, and I suppose we would all of us avoid both of these if we could. We are not here to discuss whether we should have a G.S.T. We are here to discuss whether implementation should be deferred, but nobody has said when so perhaps the Connétable will enlighten us in his closing speech. Deputy Breckon made comparisons between us and the U.K. but I do wonder whether that is the most valid comparison of prices and so on. We should perhaps be looking at more similar communities like, dare I say it, Guernsey, Isle of Man, Cayman Islands, Bermuda or any of the small Island communities. We have heard a lot of siren calls for the review of other taxes. Well, I went back through the papers over the weekend and we have done this. We have also heard calls that the Island is so well placed financially that we do not need such a tax. As somebody else has said, the problem with windfalls and States' income are just that. They are windfalls. I am particularly concerned that a great deal is being based on our financial situation at this point in time when, as a number of speakers have said, there are considerable uncertainties with regard to the worldwide financial system following the sub-prime prices. One of the largest banks represented in Jersey has already announced third quarter losses for the main company and there are particular concerns about the losses at another large bank which has representation in Jersey. While it is possible that the branches and subsidiaries of the global banking industry represented in the Island will not be directly affected, if there are staff reductions and cutbacks in the main company then it is likely that some of these will feed through into Jersey. Senator Le Sueur mentioned the pressure due to competition. What he did not mention was the pressure able to be exerted by the U.K. and other countries. They can change their taxation rules very easily and Q.E.D. (*quod erat demonstrandum*) no finance industry. Then we are back to growing cabbages. The other taxes postulated as alternatives, from my reading of the papers, is that they would not bring in sufficient to bridge the gap which is very real. If the Treasury Minister could produce up-to-date figures on this it would be helpful I think for Members. The capital taxes which have been suggested are political taxes and do not provide a significantly large tax take. The Assembly may not be aware, for example, that as I understand it from my years as an audit clerk, capital taxes in the U.K. cost more to administer than the tax that is collected. I agree with the concept of a development land tax but I suspect that this is a political rather than a large earning tax. It will not fill the black hole. As far as the care for the elderly, the Health Department has been looking at the insurance scheme as proposed by Guernsey for years. Perhaps the new Minister and Assistant Minister could put their boot in and speed it up. There are 2 snags to bringing in such taxes as payroll taxes. Apart from the cost of doing business in the Island, as the demographics of the population change there will be fewer and fewer people of working age supporting more and more people who are retired. So, what is the answer? The taxes go up to cover the cost of the people who are retired. Increase in social security is not an increase in taxes, as this is an insurance fund. It would however be an increase in the cost of doing business, and again it is not enough. I

do not see that we have much room to manoeuvre over this as we have to deal with supplementation. Solving supplementation there is the possibility that we may have to increase employers' and employees' contributions anyway. I am also very apprehensive about the implementation of income support and the cost thereof. Deferring G.S.T. sounds great, however this means we would be severely handicapped if there is any sort of downturn in business next year. It will not give us the buffer we need for the choppy waters ahead. It would be a dereliction of duty to sacrifice our judgment as Edmund Burke said: "Your representative owes you your judgment and betrays instead of serving you if he sacrifices to your opinion." I am not ignoring 19,000 people but I must give this my best judgment and I will not be supporting the proposition.

5.1.20 Deputy S. Pitman:

Is there any wonder ordinary people are so angry about this tax when they look around and see a taxation that is so stacked against them generally and in favour of those with huge wealth. How can we ask ordinary people to pay more when the truth is, and the Minister can try and spin his way out of this truth anyway he likes, individuals with incomes of £1 million to £10 million, or even more, can pay less tax in real terms under the 20 means 20 tax policy. Is this equitable? Does this convince people we have explored every alternative open to us? No, I think not. We are not asking those wealthy people to pay more than ordinary people, just to pay the same. What, I ask, is wrong with that? Nothing. But the Treasury Minister advocates imposing a higher rate of tax on high incomes would not raise sufficient funds and would simply encourage the wealthy, who are also the most mobile, to move elsewhere. Well, I ask, where is the proof? We need G.S.T. to fill a black hole, we are reminded constantly. Well, to be quite honest if we have a Chief Minister who sits quietly on his hands and does nothing while the Housing Minister can waste £1.5 million of taxpayers' money as we have seen at Le Squez, what hope is there of us ever filling any black hole but to unfairly tax? May I just change the subject there, Sir, slightly and talk about, for a minute, G.S.T. on housing costs? In his speech the Treasurer forgot to say that G.S.T. will also be applied to estate agent fees, surveyors, legal costs and, further, many of the components needed to build or improve a house will also attract G.S.T. Is it not already hard enough for locals to purchase a house in Jersey? Sir, I will be supporting the Constable's proposition. If we had had proper consultation on G.S.T. does this House really think we would be here debating a petition that was signed by 19,000 Jersey residents? Residents who are consumers, small and large business owners. People who have vast experience in working in finance, tourism and retail. It also includes pensioners and students. These people know how G.S.T. will affect them and the economy, unlike Ministers, Sir. We really should be listening to the people of Jersey. To close then, how about a nice starter, a real annual saving for the Treasury? No matter how limited, I said it months ago, Sir, let us get rid of the Council of Ministers' Communications Unit and save us something in the region of £240,000 a year. After all, what is more important? Glossy, sugar-coated spin, for the Executive or some O.A.Ps (old age pensioners) being able to afford proper heating and food, et cetera, where G.S.T. will be charged. No, Sir, if we really want to avoid increasing black holes then the best course of action today is to ask the Treasury Minister and the Housing Minister to resign. That would save us millions, Sir.

5.1.21 Deputy R.G. Le Hérissier:

I have had my thunder stolen in many ways. I think as Deputy Martin and, to an extent, Deputy Pitman have mentioned, the issue here is not so much the technical one - were we consulted to death, so to speak - but it is the issue of whether there is trust in the Jersey Government. Quite clearly there is not at the moment and, secondly, it is quite clear that this has become a lightning conductor kind of issue in terms of attracting all the distrust that is out there. Now, people may say, Sir, well, that is fairly normal. Nobody likes government. Governments are distrusted throughout a good part of the western world, and we are just getting some of that thrown at us. But, I think, Sir, it is more fundamental than that. I think we pride ourselves on being a government of consensus but, in fact, we are a government of disconnective nests. We are not connected to a lot of the

people and, for example, when Senator Routier said: "Look, only just under 20,000 have signed it and they are only a fifth of the Island's population" he forgot to mention, of course, that included children and we understand from another news report, Ministerial dogs, and so forth. In terms of the registered electorate, of course, it is coming nearer to 50 per cent of the registered electorate. I am not saying that everybody who signed was a registered elector, but you may well ask if they are so passionate about it, why are they not registered electors, and for a lot of them it is, of course, because they have essentially given up on us. What I am saying, Sir, is this is an issue which is much broader than Senator Le Sueur and his highly systematic approach to consultation because a lot of people feel that consultation in Jersey is not persuasion in the best sense of the term. It is selling and telling. That is the model we have adopted and that is the model which was alluded to by the previous speaker. That is the model which the Communications Unit has followed. I think, Sir, in a way we are seeing the nemesis of this government, we are seeing it having its Tony Blair moment, because there comes a time in any government, unless you have an absolute master of political spin or political Teflon - like the former President Clinton, for example - unless you have a person like that, there comes a time when it all catches up with you. There comes a time when the cohesion of your policy falls apart or when it is never seen to be quite as good as you thought it was. I would have thought, Sir, we have asked for scrutiny and while the Scrutiny Panel has supported it, as Senator Le Sueur said, they have supported the policy side, they have not necessarily supported all the other aspects of the broader policy, for example, the cost-cutting measure. That is the one, Sir, that I am most particularly interested in as I know the Constable of St. Helier has been interested in, some people say almost with an over-enthusiasm. We will not go down that road at the moment. He cuts here and he cuts there and he cuts everywhere, so to speak, Sir. But I think it has been a very reluctant Executive who has been brought down the path of government cutbacks. They have resisted and resisted. They have said it cannot be done. They have said: "Show us where cuts can be made." We have tried with our limited knowledge to tell them, for example, in the property portfolio, the Economic Development offices, Jubilee Wharf, which was built at vast cost as a customer-facing office on one of the prime sites of the Island, for example, and no longer deals with any customers, and so forth. I have to say, despite the excellent initiatives shown by our good friend, the Minister for Transport and Technical Services, except at Rue des Pres where he is struggling, despite the excellent initiative...

Deputy G.W.J. de Faye:

That is because there is not enough money.

Deputy R.G. Le Hérissier:

We have nearly £500,000, Sir, spent on the bus positioning system and you really have to ask yourself, you are on an Island where a bus can be no later generally speaking than 10 minutes, whether that is indeed a worthwhile objective. This is the psychology and the mentality which we are having to deal with. I am not sure that that point has sunk in, quite frankly. I am not sure it has sunk in. That, Sir, is why I feel, certainly on the cost-cutting side, and I take Senator Walker's point, that when the cuts really hurt we are all going to be probably political hypocrites and start complaining. I do not doubt there will be an element of that. But I do not think, Sir, the kind of critical look at the system has yet been undertaken and that, Sir, is why quite frankly I was very disappointed with the 3 Assistant Ministers because I thought here were some young, enthusiastic, dynamic, intelligent people - the very opposite of myself - here were these people and I thought we were going to get some real action. But I quite frankly think some of it was ideologically-driven at the start. It was not based on a grasp of the issues and now they have had a better grasp of the issues I do not know whether they are pulling back or whether they have taken fright. But I would have wished, Sir, for example, a little paper could have been produced. I do not see why we have to have months and months of inactivity. They could at least have produced a paper saying these are the options, this is what other jurisdictions have done with cuts. These are cuts that work, these are cuts that do not work. These are some of the false paths down which you can go or which you

may be led and so forth and so on. But none of that happened. That, generally speaking, has been the approach. I think, Sir, Senator Le Sueur, for whom I do have great respect, but who I think is having to do more u-turns than a friend of ours - the Minister for Health, who cannot be with us at the moment - I think Senator Le Sueur has, in a sense, Sir, messed it up with the number of exemptions he has given. Some of them, quite frankly, on rather specious reasons and some of them, until for example, Deputy Ryan mentioned the tourism exemption, some of them that seem to have been done rather privately. I think that is what has lessened the credibility of this whole endeavour and I do not think people would argue with Senator Walker's basic premise that ultimately if you do not do something major about taxes the finance industry may leave us. But, I think, what the public are saying, Sir, is that please, please, do your homework before you take that step. I do not think people have done their homework. They keep pretending they have and they keep making these great fall of western civilisation speeches if you do not do anything, but I do not think it is that bad. That brings me, Sir, to this other point. Certain people have chosen to align themselves with probably real political heroes, the people who pushed through the Social Security legislation of 1951, and that has been rather naughty. I think the situation, as one or 2 people have said, was quite different. Here we were in a situation where the Island was truly a minimal government island, there was very limited government and it was largely a protest movement from the agriculturist who saw this as an absolute slur on their self-reliance, on their strong, sort of, peasantry stock. We stand up on our own 2 feet and we do not need namby-pamby welfare states to deal with it, and it was brave people who stood against this and who said: "The Island is changing. We are moving in another direction, our economy, and you just cannot rely on money in the bed socks" so to speak or whatever. They went very much against the political grain whereas here, to equate that and to try and pretend that the Council of Ministers are engaged in a similar act of political heroism is quite frankly stretching the point.

5.1.22 Senator S. Syvret:

Freedom from responsibilities does have its advantages sometimes. I can speak perhaps a little more frankly in this debate than I might otherwise have done. I am going to support the proposition today for a number of important reasons. I do not though agree with everything that the proposer of the proposition said. He and others press the argument that somehow there would be no need for sales taxes and measures of this nature if only the States were more efficient and less wasteful. It is a very easy and glib and populace notion to cling on to and one that is very popular among the community, that somehow the States of Jersey waste hundreds of millions of pounds each year and it could all be made better if only we were more efficient. But as I have said on previous occasions, the truth is when you look at the total tax take as a percentage of G.D.P. (Gross Domestic Product) in Jersey, it is very, very low. Extraordinarily so. Lower than even Guernsey and the Isle of Man. The plain facts are the mathematics - the figures - show Jersey to be an under-taxed society. The money has to come from somewhere so do not let people run away with the notion that the States can magically do without a few hundred million pounds a year. We have an extremely good health service, a good education service, good policing, good social security, a whole range of things that cost money. The vast majority of taxpayers' money each year is spent on things like social security, housing, education and health. So I do not agree with those who would say never, never, never to any form of sales tax. I think it is an inevitability that some kind of sales tax will have to be introduced at some point. It is very difficult to argue against them in principle. When you look at the mature and developed taxation regimes of virtually every established jurisdiction, they have some form of sales tax. The idea that we could manage to do without it for ever more in a time of great economic turbulence, I just do not, in all honesty, think is at all realistic. So we are going to have to introduce a sales tax at some point. But why delay? Why put it off? There are some minor reasons like the unexpected tax income might have given us a brief little bit of breathing space certainly. But I regard that as a minor reason. I also think that if we pass the G.S.T. into effect now, if we reject the proposition today, then that virtually destroys, I think, at a stroke the likelihood of getting the necessary exemptions in place because with sales taxes I have always

thought that there needed to be exemptions for essentials, such as basic foodstuffs, children's clothing, books, medical care, things of that nature. The fact that we have not had those kind of exemptions worked into the system is a serious deficiency. We have been over many of these arguments already in other debates but there is no escaping the fact the sales taxes are regressive. They impinge more significantly on the income of lower people than they do proportionately on the income of those who are better off. That takes me on to my main reason for voting with the proposition today for a delay for the introduction of G.S.T. We have heard it claimed time and time again today, as we have on many other occasions, that there is no alternative. How often have we heard that phrase used throughout the whole great series of debates we have had on fiscal policy. Well, the fact is, there are alternatives that could and should be introduced, perhaps not instead of a sales tax, but certainly in parallel with a sales tax, and possibly in advance of introducing a sales tax. There are such alternatives and as Deputy Le Hérissier indicated, in truth the reason why a lot of these alternatives have been rejected is pure ideological grounds. Market fundamentalists, free market libertarians who basically believe in the concept of small government, minimal taxation, et cetera. Some rather nostalgic are clinging to the latter curve and trickle-down, I think, back from the days of the 1980s. There are alternatives and I brought an important proposition to this Assembly in 2004 which, of course, got overwhelmingly rejected, as is the way of the Assembly, but it was a proposition that asked the States to undertake a thorough and comprehensive transparent inquiry into a variety of alternative taxation approaches. Transparent being the operative word there. It is claimed by the Treasury they have looked at all of those alternatives but a lot of it, again, has been, as indicated by the Members, somewhat secretive and behind closed doors. But the kind of things I was asking that we look at was, for example, to commission and make available to all States Members an independent risk assessment of the committee's tax proposals because we do not know, and indeed there may well be good grounds for thinking that the Zero/Ten proposals are not going to work in terms of the tax recovery from the lost corporate tax because it is going to be a kind of ring-fencing. I asked that we examine, this is just examining things to produce and publish a strategic analysis of the risks, effects, opportunities and economic alternatives faced by the Island in a potential host financial services industry future. Now, nightmare scenario; absolutely. But prudent, I think, nevertheless to look at it. A plain English description of tax planning and avoidance mechanisms under the old system and the new system, until there is that kind of information in the public domain, the normally arcane and secret information of accountants and lawyers, unless there is that information in the public domain about tax avoidance and evasion mechanisms how can the public have an informed debate about what our taxation policies ought to be? I asked to produce and publish a detailed examination of the opportunities for applying wealth taxes, including but not limited to capital gains taxes. To produce and publish a detailed analysis of the fiscal impact and opportunities presented by the Island's accommodation industry. Capital gains tax to speculative property. Commercial property speculations. Land value tax is one of the things which again has been mentioned by other speakers and is quite obviously, when you look at these issues, the tax - probably the primary tax - that Jersey ought to be looking to introduce as a new measure. If we simply go ahead with the demands of the Treasury we are not going to get that kind of transparent inquiry and we are not going to get that kind of detail. We are not going to have an open fully informed discussion about all of these other tax opportunities. It was mentioned by some speakers against the proposition that: "Well, this was the best package of taxes. Just take our word for it, and this must be so because organisations like PricewaterhouseCoopers said so." Well, I met with the man from PricewaterhouseCoopers who came over from London, had a very interesting discussion with him, the transcript of which is available to Members should they wish. The notion that an organisation like PricewaterhouseCoopers succeeds in firewalling one division from another in an area that is basically an ideological political field, driving forward policies that suits that kind of business, is utter fantasy. The idea that PricewaterhouseCoopers could give independent advice, impartial advice, on a range of taxation policies we were adopting, when members from PricewaterhouseCoopers Jersey had been members of the F.I.S.B.A.G. Group (Fiscal Strategy

Business Advisory Group), who had advised on the policies under question is just absolutely laughable. We see the results of that kind of excessive professional input. The plain fact is lots of people in the industry, and in all kinds of other influential positions, have had more detailed input over the last few years into these questions than have probably a clear majority of the elected representatives of this community. Deputy Ferguson began her speech by saying that there are only 2 things that were inescapable: death and taxes. Well, death, I grant, you is still a problem and I cannot see a good avoidance mechanism for it **[Laughter]** but we all know perfectly well, those of us who know anything about taxation systems, particularly in Jersey, that it is entirely feasible to structure your wealth stream in such a way as to completely avoid paying any tax whatsoever. Even if you are a multi-multi-millionaire. It is entirely feasible to do that. The only requirement you have to do is make sure that you employ a good tax practitioner. Make sure your arrangements are scattered around various centres, are compliant with the anti-avoidance provision in the tax law, and hey presto. You could have hundreds of millions of pounds and not pay a bean in tax on it. It is entirely feasible and it is what basically the Island's taxation industry does. I think it is very difficult to support so blithely an introduction of a regressive tax like a sales tax when these options remain unexplored as they do, and quite clearly the systems we have in Jersey favour the wealthy to such a vast extent. Even if, as others have claimed, wealth taxes - raising a bit more tax and those who could afford to pay a bit more - would not substitute for G.S.T. It would not raise enough. Even if that were so, I still think it is necessary and important for societal cohesion that it is seen that we are all suffering some of the pain. I do think the political opposition that exists to G.S.T. might be a little less were there any convincing evidence that the wealthy were being required to pay a little more tax instead. Senator Routier said some of us clearly did not understand the issues because we had not been to all the presentations. To be honest, I found that quite an insulting remark. I read the reports and propositions, think about them, and discuss them with people. The idea that you cannot get a grasp of these issues unless you sit for an hour for some kind of one syllable style PowerPoint presentation is absolutely ridiculous. But I think we have to go back to the drawing board and look again at other taxation options, even more urgently now than was the case a couple of years ago. We see the reason for that in the global economic instability that has been boiling in the world's economy for months now and, frankly, does not look like getting any better. We are banking on a sales tax bringing us in a whole load of money. What if the economy tanks and people do not have the money to spend on much stuff anymore? What then? We might have welcomed, in fact, having capital gains tax or something of that nature in place in the interim, land value taxes which are unavoidable, but one looks at the copy of today's *Financial Times* and sees Fears of Prolonged Turmoil Intensify.

Deputy G.W.J. de Faye:

Do forgive me for interrupting the Senator, but I think I have lost the thread of his argument. If I understand it, the Senator is describing a situation where the economy tanks - I think was the words he used - and he is now explaining to us how capital gains tax and the land development tax would work. I do not really understand, if the Senator would care to explain how they would work if the economy has, as he says, collapsed?

Senator S. Syvret:

Because it is entirely feasible for people, as indeed we have already seen, with things like the Guiton Group and Normans and a whole raft of other big local businesses, people are going to sell them out of the Island, realise in some cases many, possibly hundreds of millions of pounds in a flat straight capital sum and we are currently taking not £1 in tax from that. It may well be advisable to do so to make provision for what might well be a rocky future. It was not, I must emphasise, land development tax I was particularly concerned with, it is land value tax, which is a different thing entirely. I do think that you need to bear that in mind. The *F.T. (Financial Times)* says today: "Consumers and speculators are scrambling for option contracts to ensure against oil prices." People are hedging for an oil price of £250 a barrel. The situation out there in the world's economy

is grim. It does not look like it is going to get any better. Are the fiscal policies we are carrying forward today, that have been developed over the last 4 or 5 years, whatever it may be, are they fit for purpose in the changed environment we now find ourselves in? Should we not, in fact, look again at the raft of different measures we might use to ensure some kind of financial security for the future of this community? The circumstances have changed big time from 4 years ago and I think only a fool ignores the situation when the facts have changed.

Senator M.E. Vibert:

I propose the adjournment.

The Greffier of the States (in the Chair):

If Members agree, the Assembly will adjourn until 9.30 a.m.

ADJOURNMENT