

# STATES OF JERSEY

## OFFICIAL REPORT

WEDNESDAY, 21st NOVEMBER 2007

<b>PUBLIC BUSINESS – resumption .....</b>	<b>3</b>
<b>1. Criminal Justice Policy (P.118/2007) - continued .....</b>	<b>3</b>
1.1 Deputy I.J. Gorst of St. Clement: .....	3
1.2 Deputy A.D. Lewis of St. John: .....	3
1.3 Deputy F.J. Hill of St. Martin: .....	6
1.4 Deputy S. Power of St. Brelade: .....	8
1.5 Deputy G.W.J. de Faye of St. Helier: .....	8
1.6 Connétable P.F.M. Hanning of St. Saviour: .....	10
1.7 Deputy G.C.L. Baudains of St. Clement: .....	11
1.8 Deputy P.V.F. Le Claire of St. Helier: .....	12
1.9 Deputy C.J. Scott Warren of St. Saviour: .....	15
1.10 Deputy R.G. Le Hérissier of St. Saviour: .....	15
1.11 The Very Reverend R.F. Key, B.A., The Dean of Jersey: .....	16
1.12 Connétable A.S. Crowcroft of St. Helier: .....	17
1.13 Mr. W.J. Bailhache Q.C., H.M. Attorney General: .....	19
1.14 Connétable M.K. Jackson: .....	21
1.15 Deputy P.N. Troy of St. Brelade: .....	21
1.16 Deputy S. Pitman of St. Helier: .....	22
1.17 Senator W. Kinnard: .....	23
Senator W. Kinnard: .....	24
The Greffier of the States (in the Chair): .....	29
Senator W. Kinnard: .....	32
<b>STATEMENT ON A MATTER OF OFFICIAL RESPONSIBILITY .....</b>	<b>32</b>
2. Senator P.F.C. Ozouf (The Minister for Economic Development): .....	32
2.1 Senator B.E. Shenton: .....	32
2.2 Deputy P.V.F. Le Claire: .....	33
2.3 Deputy G.P. Southern of St. Helier: .....	33
2.4 Deputy R.G. Le Hérissier: .....	33
2.5 Deputy C.F. Labey of Grouville: .....	33
2.6 Deputy G.C.L. Baudains: .....	34
2.7 Deputy C.J. Scott Warren: .....	34
2.8 Connétable M.K. Jackson: .....	34
2.9 Deputy P.N. Troy: .....	35
2.10 Deputy G.W.J. de Faye: .....	35
2.11 Deputy D.W. Mezbourian of St. Lawrence: .....	35
<b>PUBLIC BUSINESS - resumed.....</b>	<b>35</b>
<b>3. Goods and Services Tax: Zero-Rating for Foodstuffs, Books, Newspapers and Magazines (P.169/2007).....</b>	<b>36</b>

3.1 Senator B.E. Shenton:.....	36
Deputy G.W.J. de Faye:.....	36
Senator P.F.C. Ozouf:.....	36
Senator B.E. Shenton:.....	37
The Greffier of the States (in the Chair):.....	38
3.2 Deputy K.C. Lewis of St. Saviour:.....	38
<b>LUNCHEON ADJOURNMENT PROPOSED.....</b>	<b>39</b>
The Greffier of the States (in the Chair):.....	39
<b>LUNCHEON ADJOURNMENT.....</b>	<b>39</b>
<b>PUBLIC BUSINESS - continued.....</b>	<b>39</b>
<b>Goods and Services Tax: Zero-Rating for Foodstuffs, Books, Newspapers and Magazines</b>	
<b>(P.169/2007) - continued.....</b>	<b>39</b>
3.2.1 Senator P.F. Routier:.....	39
3.2.2 Deputy J.A.N. Le Fondré of St. Lawrence:.....	40
3.2.3 Deputy J.A. Martin of St. Helier:.....	41
3.2.4 Deputy C.J. Scott Warren:.....	42
3.2.5 Connétable D.J. Murphy of Grouville:.....	42
3.2.6 The Deputy of St. John:.....	43
3.2.7 Connétable G.W. Fisher of St. Lawrence:.....	44
3.2.8 Deputy G.P. Southern:.....	44
3.2.9 Connétable S.A. Yates of St. Martin:.....	45
3.2.10 Deputy G.W.J. de Faye:.....	46
3.2.11 Deputy J. Gallichan of St. Mary:.....	47
3.2.12 Senator T.A. Le Sueur:.....	47
3.2.13 Senator S. Syvret:.....	48
3.2.14 Deputy S. Pitman:.....	49
3.2.15 Senator F.H. Walker:.....	49
3.2.16 The Connétable of St. Helier:.....	50
3.2.17 Deputy K.C. Lewis:.....	50
The Bailiff:.....	51
3.3 Senator T.A. Le Sueur:.....	52
3.3.1 Deputy P.J.D. Ryan of St. Helier:.....	56
3.3.2 Deputy C.J. Scott Warren:.....	63
3.3.3 The Deputy of St. John:.....	63
3.3.4 Deputy A.E. Pryke of Trinity:.....	66
3.3.5 Senator L Norman:.....	66
3.3.6 Deputy J.A. Martin:.....	68
3.3.7 Deputy K.C. Lewis:.....	69
3.3.8 Deputy S.C. Ferguson of St. Brelade:.....	70
<b>ADJOURNMENT PROPOSED.....</b>	<b>71</b>
The Bailiff:.....	71
<b>ADJOURNMENT.....</b>	<b>71</b>

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

### **PUBLIC BUSINESS – resumption**

#### **1. Criminal Justice Policy (P.118/2007) - continued**

##### **The Greffier of the States (in the Chair):**

There are no matters from the chair so the debate resumes on the criminal justice policy. There were 3 Members waiting to speak yesterday. Deputy Gorst, do you still wish to speak?

##### **1.1 Deputy I.J. Gorst of St. Clement:**

I think I should first say I was surprised to hear yesterday that we do not have a paid police force. However, I am delighted that it has been confirmed that it is possible the States' Police do not want paying so there is a change. I have 3 short points to make about this criminal justice policy. The first one is regarding pillar 9 - rehabilitation, where I read what I believe is one of the most alarming statistics I have ever read on page 88 where at 12.2 it says: "One in 3 British men has a standard list conviction by the age of 30." It goes on to say: "The standard list excludes the majority of public disorder and drunkenness offences as well as all but the most serious motoring offences." I believe that this single statistic alone is a warning bell and one that this policy listens to. I hope that this policy will ensure that such a statistic can never be applied to Jersey. Secondly, looking at pillar 4 - joint working: I welcome this but believe that the Minister will need to ensure that various parts of her own department work together and I am not sure, having heard some of the answers to questions yesterday, that that is a task which is yet accomplished and it is something that I believe the department will need to work on. Perhaps the Minister might outline her action plan to encourage joint working within her own department. Thirdly, I welcome very much pillar 5 - early intervention, on page 49 and 50. I am particularly pleased to note the consideration that various risks and protective factors have been given. These factors have been broken down into (1) child factors; (2) family factors; (3) school context; (4) life events; and (5) community and cultural factors. Paragraph 8.6 on page 50 states that the risk factors have been proven to increase the risk of offending. Conversely, it states: "Protective factors are factors which tend to protect against developing offending behaviour or are co-related with non-offending." It seems to me that these factors and the breakdown of the factors appear to be robust commonsense and I welcome them. I do, however, consider that the Minister's action plan under this particular pillar is a little bit light. While the section covers child factors, to an extent family factors and the school context, there appears to be little consideration of life events and community and cultural factors. I hope that the Minister will, in due course, strengthen these 2 factors. I believe that citizens should be encouraged to engage in community participation. With rights come also responsibilities. It is such community participation that can help and encourage to build responsible members of society. Finally, Sir, I welcome this policy and offer the Minister and her department my support.

##### **1.2 Deputy A.D. Lewis of St. John:**

This was one of the first documents that I read as a new Member to the States. When I was asked to become Assistant Minister for Home Affairs it was put in front of me and I thought: "Oh dear, here we go; here is the bureaucracy of the States of Jersey." Then I began to read it and have to say it is one of the most interesting documents that I have read in the last 2 years. It is well written. It is concise. It has been prepared using many, many officer hours and indeed, of course, the passion and dedication of Senator Kinnard. But I must commend the officers that have been involved, particularly the Chief Officer of Home Affairs who has spent many hours both in the office and out of the office preparing this document, researching it and presenting it to you today in a manner which I think is easy to understand, easy to digest and hopefully easy to vote on. However I do understand that there are some concerns for some Members about a few points. But I would not want to get distracted too much into the detail. But I think Members must remember that this is a policy document, it is not legislation. Any new legislation or amendments to legislation of course will come to this House for your approval and indeed as it should. But I would like to pick up on a

few points that speakers have mentioned because they are items that I have been closely involved with over the last couple of years, have some knowledge of, and I would like to dispel some of the myths and almost legends that seem to have come out from Members in the last few days. One in particular is a subject which is really a very minor part of this document, and I would not like us to get sidetracked by it, and that is the matter of speed cameras. Now as a new Deputy in a rural Parish, one of the first calls I got from a constituent was: "People are driving too fast down my road." Now I am sure many other Deputies in the Parishes have had the same phone call and indeed the Constables perhaps even more so. It is interesting when you speak to the Honorary Police about this, as I have done on many occasions, when we have introduced perhaps new speeding regulations or had a speed check at the request of the residents of that particular road, guess what? One of the first people we stop in that check is the very person who has put the phone call in to complain about the speeding. It is so often those who complain about the traffic and speeding that are the perpetrators. That is because we are all drivers; we have a low speed limit in Jersey anyway and it is very easy to break it. It is also very easy to shout about it and it is a very emotive issue. When we do surveys to the public through the police, one of the biggest things they bring up is not violence and disorder, it is speeding. It is something that is close to people's hearts. Fortunately we do not have too many road accidents here, but one is too many, particularly if a child perhaps is hurt or, even worse, killed. So it is important to our electorate and it is something that we ought to do something about and we are doing. The Honorary Police are very supportive of this, we have technology in place already but the problem is the only way you are going to solve it is to change behaviour. Now Deputy Fox mentioned France in his speech. They have changed behaviour in France by becoming extremely hot in recent years on both drink driving and speeding. The numbers of serious road accidents in France has almost halved because of a zero-tolerance regime. They have changed behaviour and one of the things they did was use technology. The Deputy mentioned fixed speed cameras and, yes, they are notified before you get to them and sure, you slow down. But the majority of people who have been stopped for speeding offences in France in recent times, and some of you here may even have done, perhaps you are not going to miss it, but from mobile cameras using technology. If you have a foreign plate they will pull you across and, on the spot, fine you. If you are a French resident they will send you a fixed penalty notice in the post. The reason for that is the equipment that the Deputy referred to can generate so many tickets in an hour that it is impossible for the Parish Halls to process it. Bear in mind any speeding fines generated from that system go to the Parish. The Parish can then choose to do what they wish with that money. But, as I am sure the Attorney General will tell you, this is not a revenue-generating exercise and neither should it be. In some places in the U.K. (United Kingdom) that accusation has been made and perhaps quite rightly, but it is not for our Parishes. But our Parishes, when they generate those funds, can then put that money into traffic enforcement, road improvements, safety improvements on the roads, if they choose to do so. But the equipment we are talking about here - the Lastech equipment - can generate up to 60-70 penalties in half an hour. Now if that is in one Parish and that one Parish Hall has got to deal with all of those fines in one evening, that is a big burden on the Parish and they cannot deal with it, they cannot cope with it. But, believe me, if you do stop that many people in an hour, just imagine how many you can do in a week. It is a huge number. What message that sends out to the public is that you, as the Honorary Police, the Connétables, the States Jersey Police have a zero-tolerance on speeding in certain parts of our Island. That changes behaviour and very quickly you will see those speeding fines and accusations drop, as indeed it happened in France. That is why technology is important, but it can only be done effectively if you have fixed penalty notices. That is a choice that the Connétables and the Honorary Police have. It is not going to happen without consultation and they have already had a meeting with the Attorney General and the Comité des Chefs, the Centeniers - and some of the Constables it has been discussed with as well. They understand the issue. If you want to change behaviour you can use this system to do it, but what you cannot do is process in the Parish Hall Enquiry system all of those offences. It would need to be a fixed penalty notice. One of the suggestions was, though, that for second offences - of which of course there will be many more - if

you generate that many tickets it will not go to the Magistrates Court but will be dealt with by the Parish Hall. That is an amendment we could make. So the Parish Hall Enquiry process and the Parish Hall involvement would be maintained and I think that is important. What we do not want to do is clog the Magistrates Court up with lots of second offences for what might be very minor infractions. But if you want to change behaviour that is exactly what you will have to do. But the Magistrates Court I do not think should deal with that, the Parish Hall should. So I do not want to hear shouts of: "This is going to compromise the Parish Hall Enquiry system", I do not believe it would. But that is the discussion that is going on at the moment which will carry on. But I would not want Members to discount technology as one way to solve a simple problem we have in Jersey; the speeding in certain parts of the Island, which we cannot possibly police in quite the way the public would like us to, either with honorary officers or States of Jersey police. But we can do it with technology and it has been proven in many other countries in the world that you can change behaviour by using that technology. We have that technology already; we do not need to start putting fixed cameras, hidden cameras, to catch people. It is not about catching people out; it is about changing behaviour. We already have the technology, we already have the equipment and States of Jersey Police to do this; all we need to do is agree a policy with the Parishes to move it forward which, as I say, discussions are going on at the moment. The other item I would like to cover is Deputy Hilton's mention of the Licensing Unit. She is quite right, it is in some people's minds under resourced. But what I would like to point out to Members is that that particular Unit is going around and checking specifically details of people's licences and ensuring the licence holders are fulfilling their obligation that is laid out in their licence. What they are not doing is going around policing serious disorder and so on, on those premises. I can tell you that all of the night shift in particular are doing that, especially the Licensing Unit. What the Licensing Unit is doing is checking the detail to make sure that if there has been a disturbance on those premises that has been dealt with by another patrol the licensing unit goes in and finds out why and finds a solution. That is what the specialist unit does; it is not there to police the night-to-night unfortunate problems we have with the night-time economy at the moment. What we are doing with that particular issue is looking at the licensing law, as Members will be aware, together with Economic Development, same with St. Helier and in particular the Constable of St. Helier, we are reviewing that law at the moment. That will go a long way to resolving some of these licensing issues which are basically fuelled by over-consumption of alcohol. That is stating the obvious perhaps, but the problem is that people are drinking at home because the price of alcohol is now higher. An unintended consequence of losing the happy hour is that people drink more before they go out at night. Consequently they then drink even more when they get out, they move from premises to premises at different hours that the different licences are open to and eventually become our problem and the Council's problem when they fall out on the street at 3.00 a.m. It is a complex issue; it is not going to be fixed overnight but with the co-operation of the Constable of St. Helier, the Honorary Police, the Licensing Unit and all of the patrol units that are out each night, we can go a long way to resolving this. Indeed we have looked at issues in other places, such as the Isle of Man; similar issues where by putting in particular policies in a very short period they have reduced that public disorder by over 30 per cent. That is something we are looking at, at the moment, and comparing and will be bringing forward proposals to amend the licensing law which will resolve the issue. The Licensing Unit, I would therefore suggest, is not under resourced, but of course it would be lovely to have more policemen on the street. But what Members must also understand is the 230 officers we have: it is a small police force. We have to staff a number of units which in the U.K. would be done by a Headquarters Unit. We have a Firearms Squad, we have a Drugs Squad, we have a Forensics Department, we have a Scenes of Crime Department. All of these things would be done by a bigger unit at headquarters somewhere else in the country. We cannot do that in Jersey, we need to react straight away and if it was a very serious incident we will sometimes wait 24 hours or more for specialist help from the U.K. So we have to have a lot of officers multi-skilled, many of whom are doing tasks such as a Firearms Unit's task, for example, at no extra pay, but it is good professional development for them to have those skills and they are prepared to be flexible. As a

consequence we can run a 24/7 operation covering many of the things that a U.K. force would only be done from a headquarters outfit, we can cover with our small force in Jersey. Unfortunately the consequence of that is that, yes, perhaps there are not as many “bobbies on the street”, as people would like to describe, on the streets of Jersey. But in order to achieve that, as the Chief Officer perhaps said publicly recently, that would take a number of more officers and there is a stark choice there; that costs money, that means more tax. So the public have a choice. What we try and do is maximise that resource and by changing the shift pattern, by getting officers that are currently doing specialised work doing extra shifts and going out on busy weekends, we are managing to police St. Helier as well as we possibly can. But of course, you can always do more. But with help from the honorary service, I think we achieve an awful lot. With change to the licensing law I think we can achieve even more with the resources that we currently have. So, Sir, I would simply like to obviously commend this policy. I think it is a fine document that is worthy of reading. If Members have not had a chance to read it fully, I would thoroughly recommend they do. I know a lot of you - and me included - in the past have read executive summaries. This is a particularly good executive summary, but I would urge you to read the rest of the document. It is one of the best policy documents I have seen laid before the States of Jersey. I am not saying this because it is my department, it was the first one that I read as a new Member and I have to say it is well worth the read even after the debate because it will bring up a number of issues that will be discussed in this House in the future. It is well worthwhile digesting it because I think it is a worthy document for further reading. But on that note, Sir, I would like to commend the policy document and I do hope that Members will vote for it, as indeed I will.

### **1.3 Deputy F.J. Hill of St. Martin:**

Before I begin I think I would like to clarify one situation or position with you, Sir. When we come to vote, will we be voting for (a) and (b) of the proposition, or will they be *en bloc*, so to speak?

### **The Greffier of the States (in the Chair):**

It will be ultimately a matter for the Minister to decide. I think all the paragraph and subparagraphs do hang separately, so if she wishes to take separate votes that would be her decision, if you wish to indicate that, Minister?

### **Senator W. Kinnard:**

I imagine the Deputy will probably want to vote against part (b) of the proposition at least, so I am happy to take them in parts if Members want that. I am relaxed about it, Sir.

### **The Deputy of St. Martin:**

It clarifies one situation but the problem I have with the particular document when one looks at the proposition on page 3 of criminal justice policy is that I do support most of it in principle. I do not think anyone can vote against the principle. However, the difficulty we are going to have is when we come to debate what the principles are, because the devil will definitely be in the detail. The dilemma I have this morning is that I want most of this in here, I do support the principle; however, there are a number of issues in it which, if I do vote for the policy in principle, it means that I am supporting what is in there in total and I do not. This is where we do often have problem in the States where we are asked to agree to something *en bloc* in principle, then afterwards they say: “Oh, yes, but in the States last year you voted for it” and I am in a position today where I say: “Yes, I do vote for the principle”, but there are a number of issues I do not want to vote for. I will point them out; I am more than pleased to see parole and I certainly believe that we should not have to wait this long for the parole system to be introduced because I believe it could have been brought in as a stand-alone proposition, and indeed would have eased a lot of the problems we have at the prison at the moment and made life a lot easier. I would hope this will be one of the main areas that will be sped-up to ensure that the parole system does come through earlier rather than at a later date. One of the issues I have there will be the make up of the panel. Deputy Hilton is not here but

she also was concerned about do we do things here a la U.K. system or a la Jersey system. Again, the devil will be in the detail as to when we see the legislation that we will have to vote for. Also, it is the role of the Jurat, whether someone who was part of the judicial process - that close to it - should be part of deciding whether someone should have parole or not. That again, will come in the detail when we get around to debating it. The other issue, of course, is the joint working. For all sorts of reasons obviously Members did not agree with what I was proposing yesterday, but I cannot really be supporting something which I feel very strongly against and I felt the House yesterday lost the opportunity of making sure that there was going to be greater involvement with the oversight of what we are agreeing. By making it so narrow I think we are denying a lot of people the opportunity of being more involved in seeing the oversight of this particular policy. Of course, how can I vote for that? Also, rehabilitation. The sooner we sort out the problem of... again this is one of the things we do have when we do pass a law, but we now have a spin-off, and that is the problem of when someone makes an application for a job and they are asked if they have a criminal record, and I can understand an employer wanting to know that. But if someone's time is spent through the Rehabilitation of Offenders Law, and the type of job they are going for has no connection with the type of offence they have been charged for and the time is spent, should they be obliged to show that on the application form? It is a great problem because if you do not show it and then suddenly the boss finds out and does not give you the job... he is not going to give you a job because you have, in a sense, tried to hide something yet, on the other hand, if the person does disclose the details he might not get the job simply because he has a criminal record. It is a dilemma which is a problem for both the employer and the employee. Again, I would ask for assurance from the Minister that she will address that problem sooner than later and certainly the earlier the better. The other issue is the issue of the Police Authority. I would have thought there would be a lot more support from those who have strong honorary connections and yesterday we had it at full blast. I would hope that the Connétables will certainly be pushing to ensure that the Police Authority does encompass both the Honorary and the States Police because at the moment what is being proposed is that it will be just the States Police. It may well be tailored for Jersey because it comes from some part of, I think, Gibraltar. But really, it is not really what the States voted for. The States voted for and agreed in 1999 that we would have a Police Authority which encompassed both the Honorary and the States Police. We may have to take a ruling somewhere along the line but can we go forward and debate something which has not been rescinded? If, in fact, we voted to have a Police Authority encompassing both, can we then come forward with a law that only encompasses one? Maybe we should have a look at that and see whether that particular 1999 proposition should be rescinded. The great thing about the Police Authority is that it would have an over-arching view of policing in the Island. It will involve all 13 police forces, because we have 13 at the moment, and each police force is doing their own thing. One thing that will come from the Police Authority will be the need for each police force - and I say each police force meaning each Parish - to come forward with a plan which they think will be the best way of dealing with the needs of the community they serve. It will not be: "We have a thing in this Parish where we want to ensure that speeding motorists are punished" or some other form. It will be a joint approach and, more importantly, we will get back to basic policing. Deputy Fox mentioned something about it yesterday and while I might not agree with him about his motor bikes I would certainly agree that prevention is one of the key aspects of a good community. It all starts with crime prevention; if we can prevent crime the majority of this becomes superfluous. A lot of this is dealing with those who have committed crime rather than dealing with those who are looking to prevent crime. I cannot really be supporting some of the parts in here but if I vote yes, it means I am supporting it; if I vote no it means I am not supporting the principle. I think the dilemma some of us may well find ourselves in is we are voting for something we do not necessarily agree with but by voting against it, it means we are throwing out everything on the policy. It may well be I have got to vote *contre* simply because there is too much in here which I cannot agree with, yet there are things in it ... but I would ask the Connétables through the Comité des Connétables, to

press and make sure that the Honorary Police are part of the Police Authority. If we do not do it now it may be years before you could be included.

#### **1.4 Deputy S. Power of St. Brelade:**

I would ask the Minister to respond to the following areas that I have that I would like clarification on. The first one, if I draw the Minister's attention, is the pillar 6 enforcement on page 69, paragraph 9.47, the second paragraph down. It is dealing with the interaction between the States of Jersey and the U.K. I will read just the first 3 lines on paragraph 9.47: "The situation with regard to the U.K. is somewhat different. Her Majesty's Revenue and Customs prioritise the detection of class A drugs but on a completely different scale. The relatively small amount of drugs that come to the Channel Islands is not a priority for them and Her Majesty's Revenue and Customs." Herein lies, in my view, a problem. My question is that if a drugs importer or a drugs trafficker imports drugs into the Island of Jersey that drugs trafficker has to depart from a port or airport, either Weymouth, Poole, Portsmouth or, in certain cases, St. Malo, and departing airports such as Manchester, Gatwick, Birmingham, Bristol and so on. My question to the Minister is on page 87 of the action plan relating to pillar 3 - I ask Members to look at that briefly. Has she the power to repatriate those drugs importers who are arrested at the port of St. Helier or the airport at Jersey and does she have within her authority the power to sentence that trafficker to one or 2 years of custodial sentencing in Jersey without remission, and the rest to be sentenced in the form of a ban on re-entering Jersey for the undischarged portion of that sentence and that that drugs trafficker be deported to the departing port or airport from which they arrived? Can I ask the Minister to clarify why that cannot happen? If resources can be saved at the prison, personally I would like to see more resources allocated to Customs and Immigration in this area. So that is my first query. My second query is related to pillar 9, rehabilitation and what appear to be 2 contradictory statements. I will ask the Minister to refer to page 100 in the boxed section - Policy Statement - where it refers to the Probation and After-Care Service and I may be allowed to read, if Members will bear with me. I am reading half-way down the first paragraph on pillar 9, Policy Statement: "The service is experienced at helping offenders to gain access to accommodation and employment opportunities as well as services more directly related to their offending. There are a range of services available to ex-offenders but without professional assistance they are not always able to access them." This is the sentence I want to bring to Members attention: "It is therefore disappointing that few prisoners take up the offer of assistance from the Probation and After-Care Service post-release." Bear this in mind when I draw Members attention then to page 95, paragraph 12.36 where the last sentence appears to contradict what I have just referred to on page 100 where it says: "The indications are that staffing levels are adequate at present given the high take-up of voluntary contact upon release." Could the Minister clarify what appears to me to be a contradiction?

#### **1.5 Deputy G.W.J. de Faye of St. Helier:**

First of all, I would like to congratulate the Minister for Home Affairs and her department on what I think is a very comprehensive, well presented and, in fact, interesting report. I am sure a lot of hard work has gone into it and I think that shows. I have a few brief observations and comments to make and I can assure Members that as I have written them on a piece of card the size of a postage stamp they are relatively brief. For those Members who have the document in front of them, I would be grateful if they would turn to page 65. I think as we talk about statistics it is important to understand them and to also not necessarily be led-by-the-nose by statistics. Nevertheless, on page 65 are 2 very interesting charts. The first chart says: "How much of a problem is the following in your neighbourhood?" and then it lists a number of types of incidents from noisy neighbours to speeding, rubbish and litter, vandalism and people dealing drugs. What is noticeable from that particular chart is that it is mainly occupied by graphics displaying: "Do not know", "It is not a problem" and "It is a minor problem" taking up virtually the entire space. What is interesting - if Members look at the chart immediately below which says: "How much of a problem do you think the following are in Jersey?" and it relates exactly the same issues - is all of a sudden the chart goes

completely the other way around and almost all of the chart is taken up by the items I mentioned - noisy neighbours, young people hanging around, drunks, rowdiness, speeding, vandalism. All of a sudden, in terms of perception of what is going on in Jersey, everything becomes a major problem or a minor problem and there are very few people saying: "It is not a problem" or "I do not know." I think that page 65 in many ways tells it all because an enormous amount of what we are talking about is about perception. People believe there are big issues out there but when you ask them about what is going on in their own neighbourhood and around their own home, they are living reasonably quiet and unbothered lives. I think we should, as an Assembly, take note of that particular statistical result because it really would be a great mistake to start founding our policies on the back of perception. One of the most popular policies, and it deals precisely with perception, is having more police on the beat. Why? It is because you can see your policeman at the end of your street - it is reassuring. I want Jersey to have a small and efficient police force. I do not want to see Jersey become an Island with a policeman on every street. That would have to be the reality because if you do not have a policeman on every street then what is going on, on the other street? Perception is extremely important to recognise in how we modify our approaches to policing policy and, for that matter, criminal legislation. Let us just consider the beat policeman. I read some years ago a very interesting analysis of crime by an economist. The economist came up with some rather surprising statistics and I have passed this information on to the Minister for Home Affairs. I know she found it interesting but we do have a divergence of view on perhaps its value. Nevertheless, this economist looked at 3 issues in terms of how they tackle crime: more police on the beat, tougher sentencing and putting people into prison for longer. The intriguing result his particular research showed was that putting people into prison for longer was 14 times more effective than having more police on the beat in terms of a cost benefit analysis. I think that is a very interesting statistic, particularly as I would say there is a theme within our criminal justice policy of what I would describe as a social sciences approach. I think that is entirely valid - rehabilitation is the right way to go as I welcome the opportunities for people who are serving sentences to be tagged and get a chance to get back into the swing of everyday life. That all seems to be entirely reasonable, but I do think that we need to keep a close eye on whether these policies will work over time and we also need to bear in mind that we remain with a difficulty in accommodating people at the prison. It is not big enough; the facilities are not there. One of the features of why putting people in prison for longer was deemed to be a success by the economist was quite simply that if you had a, let us say, fully equipped prison you had your clients on hand for a longer period of time to ensure they were going through the right rehabilitative processes, that education was being offered where needed and so on. We should not necessarily believe that everything we see in this document is the only approach. There are other ways of tackling crime and I am sure that the Minister will monitor things as we go forward. Like so many of my colleagues, I cannot resist taking up the subject of speeding. I was most intrigued to listen to the Assistant Minister for Home Affairs going over the various issues of speed cameras, mobile enforcement units, and the ability of high technology to issue numerous tickets at enormous speed. I do need to take the Assistant Minister up though on one comment he made. I think I understand why he made it but it did take me aback when he said of course it is not about catching people out. I do need to remind the Assistant Minister that criminal investigation work and policing in general is about catching people out so that is precisely what it does and that is what it is all about. I do accept that he probably did not precisely mean what he said. **[Laughter]** It is about catching people out; that is why it works.

**The Deputy of St. John:**

I am talking about changing behaviour and yes, if that means catching people out to change the behaviour, absolutely.

**Deputy G.W.J. de Faye:**

As I said, I am sure that what I heard was not precisely what the Deputy meant. It is about, of course - and I think this is one of the benefits of this document - a holistic approach; it is about crime and the causes of crime. Unfortunately, because of various circumstances, and some other Members I think have spotted this, a lot of this document tends to deal with people after they have been caught and what we do with them then. I hope this will be the outcome of the holistic approach, and there are certainly signs of it within the document itself and the policies being laid out, that we take the nip-it-in-the-bud approach, we take the prevention approach, we catch those people before the rebellious youth become the criminal folks. It is an absolutely critical area of how we approach things and Members will know that it is only recently that I have had some difficulties with young people on the school bus service. It is extremely important - and I am grateful to the Minister for Education - that we all work together to try and tackle these things upfront because it is regrettable that we have young people among us who have no regard for other people's property and no regard for how they behave in front of adults and the elderly. That is something that, frankly, if we cannot tackle it in the schools these people will develop those particular traits as they grow older; disregard for other people's property and a disregard for how they behave in front of other people as adults when they are, frankly, probably more dangerous. I think it is extremely important that, if I can put it another way, rather than relax on the basis that we have just voted for a criminal justice policy and everything is going to be fine, we must keep our eye on the ball. That does not just go for the Home Affairs Department, States Members and other departments as a whole; it goes for the community, and if there is one thing that I have noticed over successive generations it is an increasing tendency to not want to have anything to do with the problem. I have to say, perhaps taking my own risks not seriously enough, that I tend to get involved and it was only the other year when the football competitions were on that there was someone trying to remove all the flags from a particular pub and were walking out the door with a Union Jack and a couple of other trophies and I accosted them. It was me versus 3 but I think sometimes you need to stand up for principle and I said: "What do you think you are doing?" and these rather inebriated gentlemen informed me that these were their flags, which just goes to show how your views can be distorted after a little imbibement. I made it quite clear that these were not their flags, they were the property of the pub owner, and I removed them physically from the grasp of these particular gentlemen. Maybe I was at risk but I have to say it sorted the problem and I then ordered them out of the pub and told them they were barred. I had absolutely no authority to do that but it seems to have done the trick. **[Laughter]** That is a small tale but it does underline that you can have an effect as an individual and, indeed, if I had been in any difficulty there was, as it happens on that particular weekend night, a policeman standing at the end of the road who I went to speak to after the gentlemen left and pointed out: "Those 3 over there going up the road in the other direction are looking for trouble so keep an eye on them." But, regrettably, so many people now... and it may stem from the "no, do not have a go; leave it to us" syndrome. That is fine but I think it is a shame, particularly now that we have technology at our disposal. Most people have mobile phones; you can take photographs of situations. I think we should, as a small community, be encouraging community action to get a grip of some of these situations. I know that the Home Affairs Minister will say: "Well, that is a little controversial and perhaps fraught with some element of danger." Nevertheless, I think it is a great shame that over the years... I can remember as a young man cycling my bike home at night, rather out of order, no lights and local dads chased me down the road shouting: "Where are your lights?" I pedalled like mad; I did not want to get caught; I did not want to get hauled up in front of the Centenier to explain my actions. That is what used to happen. Nowadays, I do not think that would occur. I think people would simply ignore the situation, and I think this is one area where we have to engage with the community and say we rely on the community to spot things early and to be the eyes that the police force do not have. I am sure that the Minister will put me completely clear on how she is tackling that particular line. In all other respects I congratulate her on what I think is an excellent document.

## **1.6 Connétable P.F.M. Hanning of St. Saviour:**

What I was going to say has already been said and I do not think I will waste people's time by repeating it.

**1.7 Deputy G.C.L. Baudains of St. Clement:**

I would just start by saying that like my neighbour, the Deputy of St. Martin, I agree with practically all that is in this document. Having said that, I agree with the principles but I do have concerns about some of the details - not many - and assuming I do support this proposition, I would not like it to be read that I have, in fact, given my name to all that may follow as a result. Secondly, if I could just deal with one or 2 concerns that I have in the action plan. I think it was yesterday that Senator Mike Vibert made what I thought were quite interesting comments in relation to speed cameras - that has been mentioned and I will not go into a great deal of detail. I am slightly concerned. While I endorse all that the Senator did say yesterday on that matter - I thought it was most helpful - I am concerned about the wording that we have in this document where it talks about cost effectiveness. I believe this is completely the wrong perspective to be taking. Surely what we should be doing is looking at accident reduction or accident prevention. Whether a camera generates sufficient funds or whether it reduces accidents are 2 completely different things and it does occur to me that the wording in the document has the wrong focus. Also, while looking at action plan 7 I have some concern about the asset recovery aspect as it applies to working with other jurisdictions, a matter which I did elaborate on a few days ago in a separate debate. Moving back to action plan 5 - intervention at an early stage - there seems to me to be, having read through that, a lack of focus perhaps on crime prevention which is basically what we should be doing. The document - I recall it being raised by other Members - has a lot to do with what happens after a crime has been committed. Perhaps we are not focusing sufficiently on prevention, preventing crime in the first place, which is after all the primary duty of a policeman. In that regard it does occur to me that it is quite an issue, certainly in St. Clement and St. Helier. Are we, in fact, creating by default crime when we are developing? It does seem to me that more emphasis should be put on designing-out crime at an earlier stage. There should be more debate with the Housing Department and Housing Minister to make sure that what we are building is not going to cause social problems in the future. So often we see with modern houses the fact that you have a house which is not a home. It is a bathroom, it is a bedroom, it is a lounge. Where do the children go when they are older? They do not want to sit with mum and dad watching the same television so they go out. The reason they go is...

**Senator T.J. Le Main:**

On a point of order, could I just remind the Deputy that all developments in St. Clement will involve the 2 Parish Deputies and the Constable - all developments taking place - and he knows that very well.

**Deputy G.C.L. Baudains:**

I am aware of these things. I am saying what has happened in the past and that there is a lack of focus, in my view, in this document on that matter. There should be more focus. For example, the Minister for Housing has just alluded to St. Clement. I can recall a situation with regard to Hodge II, where comments were made by the States of Jersey Police with regard to designing-out crime but those comments were essentially ignored. I think more emphasis, more working together, should take place between the Home Affairs Department and the Housing Department to make sure that these things do not occur. That is basically all I have to say. A few concerns there that perhaps more focus on the matters I have highlighted would be helpful. In fact, I would be grateful if the Minister could, in her summing-up, perhaps satisfy my concerns about that design that I have just been talking about. I am not sure that when we do design housing estates we have sufficient amenity space. I was having a chat with a planning officer recently and said: "Well, if we keep putting houses in people's gardens then the house that is currently there no longer has anywhere for the children to play and neither is there space for the children to play from the new

house. The children have to play in the road.” The planning officer said to me: “What is wrong with that?” I think there is an awful lot wrong with that and we need to be looking at that.

### **1.8 Deputy P.V.F. Le Claire of St. Helier:**

I realise sometimes I ramble; I will try not to. I do hope though that the Minister for Home Affairs will perhaps take some notes and maybe get back to me as an individual rather than me speaking at length to not much attention and feeling inevitably throughout the process that I have agreed to a policy and not really had any addresses to some of the suggestions that I have made. This is a very interesting proposition today because of the fact that it is quite heady. I do agree that it is very well written and it is very well presented, and it is to be congratulated in coming forward in the way it has. It is interesting because I think it asks us to do some very specific things after it has presented us with a holistic approach to crime safety and general good management of the community. The proposition is worded, in particular, to agree the action plan within the different pillars that have been identified. Many Members have spoken about different issues that they are concerned about naturally in their Parishes but I think it is important to recognise that we are only agreeing the wording of the proposition, which is to agree the action plan as set out in the document. The action plan, in respect of some of the pillars, is quite specific and quite small. I think the only criticism I have of the criminal justice policy is perhaps that it has taken a long time for the parole elements and the rehabilitation of offender elements to come to the Assembly, but then that could possibly be levelled at any States high level strategy or set of States policies. I know when I was trying to develop the alcohol policy and also the tobacco policy for the Health Department it did not happen as quickly as I would have wished. When it was completed - and specifically the smoking strategy - the smoking strategy sat on the shelf ready to go for about a year and a half. That was an introduction to the way that the States works. Sometimes things are ready to go but they are not politically acceptable, or perhaps it is not the right timing for something, or perhaps we do not have something else in place; perhaps there are not any laws there that we require to introduce them. We have seen that with the European Convention of Human Rights where we would have liked to have introduced it earlier but there were some issues there. I can understand that and, therefore, I do not really make too much of a criticism there. I think there has been enough criticism of the terribly difficult job that the Home Affairs Minister and her Assistant Minister have had to endure. People can criticise them but I think that the work, specifically in the prison and the rehabilitation of offenders and all of those issues, has been extremely difficult. I know the passion and concern that the Senator brings to her work and I have seen it in my time in the States, the commitment and the attention and the dedication. I know it is not something that she has just dismissed. That is the criticism. I will try to be constructive now, and it may not be of interest to other Members. That is unfortunate but I hope that the Senator will take note and maybe get back to me. Pillar one and pillar 3, criminal justice and looking after and taking care of victims. I do not know if Members will recall but recently I brought up the issue of the compensation that was paid to a gentleman under the Criminal Compensation Scheme who had received a violent attack upon him in a pub and had ended up being severely affected by this decision was levelled at the scheme because of the fact that the States had set a ceiling of something like £100,000 and this man's potential for life had been dramatically impacted, and has now been put in a position whereby that is his lot and that is just too bad because the States had agreed that at the time and that is just too bad for him. I think if we are going to embrace the notions of pillars of criminal justice and looking after the victims then we need to redress compensations that are handed out to people such as that, in particular, when at that period of time we had set a level, whereby today if it came as a stand-alone Member's proposition to issue a level of compensation, I do not think there would be one single Member in the States today that would not agree with giving this gentleman more money for the type of injuries that were inflicted upon him because his criminal justice does not stop and his being looked after, looking after victims, does not end on the day that we adjudicate his amount of money. His life is going to go on. His life is probably going to become more challenging and I am concerned that we are not going to address that. I would hope the Minister could get back to me privately or

publicly and see whether or not these 2 pillars - 2 of the major pillars of these 9, criminal justice and looking after victims - whether or not the justice of looking after this victim is going to be sorted out in the long term or whether or not she could do it in the summing-up, because I have mentioned this before. I think the area that I could possibly offer some contribution... and we have all got ideas, have we not; then again, some are workable and some are just non-starters. But I do not think it should stop us from putting them forward. I had a lot more enthusiasm when I first came to the States. I have learnt to temper it somewhat. I have learnt to lower my expectations in most areas and eliminate them in some, but I still believe in putting forward ideas because I think that that is something I can contribute. In pillar 4, in the joint working pillar of this policy, I would like to just cover a couple of issues. Parish wardens in St. Helier. The Constable of St. Helier has introduced 2 Parish Wardens. They work from the hours of 2.00 p.m. to 10.00 p.m. at night. They work policing the parks and policing the streets, ticketing cars and reporting behaviour in conjunction with the Honorary Police and the States of Jersey Police. It is a new initiative to St. Helier and it is one that I think has made, and will make, the greatest difference to how people have a perception of their quality of life. I admire the identification of the statistics that Deputy de Faye had pointed out and it is all about perceptions and he pointed out that a lot of this has got to do with how the public feel, and if they feel safe and if they do not feel threatened, then maybe they will report and maybe they will become a little bit more involved and maybe they will put themselves forward for honorary service. But if there is a perception out there that they are going to get mugged and kicked to death by 17 youngsters as they cross the park from the hospital back to their house, then they are not going to get involved. They are going to lock themselves in at 5.00 p.m. This is where I get to a specific suggestion, which I have mentioned many times before. I do not know how long or if, in the past, the States of Jersey Police always used to patrol the entire Island in their police cars. I do not ever recall seeing them as much as I have seen recently. I have seen them responding to issues, but just patrolling is something I feel that is a new factor and I am not certain on that. The States of Jersey Police Force - the uniformed service - has one dedicated community officer for St. Helier and recently, in communication with the Home Affairs Department, who have been extremely helpful with the Constable and myself going to the problem areas, we have been able to get them to come along after hours to support residents in addressing the issues - involving the Honorary Police as well - to identify hot spots and try to address their concerns. Our involvement with Deputy Martin and the Constable and the residents, in some areas, is proving to be effective and in other areas, it has raised levels of awareness. In this particular issue that I have mentioned before, and I mention again, I am making a specific request. If you have only got a few uniformed police officers on shift this week, next week, and in the next month coming to Christmas, could you place a couple of them please outside Woolworths because - not that there is anything going on outside Woolworths - but a high level of presence in the public eye has a calming effect, and a constant presence, and it may or may not be accepted, I appreciate this. It is just an idea, I have mentioned it before. When I was a kid there was always a policeman outside Woolworths and whenever anything went wrong or a member of the public got lost or had a question, we used to take them to Woolworths and there would be a police officer standing there and they would sort it out: "Oh, we have lost our Mum", "We have lost our Dad", "We have lost our money", "We have lost a phone", "We cannot find our hotel." "Come with me. I will take you to the police officer" and you would walk them through town and boom, there would be a police officer outside Woolworths or Burtons - giving them equal advertising. So, I think that that level of presence is far more effective in being at the heart of the town where - if there is going to be a problem, you have got many more people for there to be a problem for - there is going to be an instant solution and there will also be a high level of awareness to the fact that there is an uniformed police officer standing there. Deputy Fox mentioned it yesterday, and this is an ex-police officer, that it is rare that he sees a uniformed police officer. Quite a criticism from somebody that had worked in the States of Jersey Police for that length of time. I do not believe it was a criticism of the force. It was a positive critique, perhaps. So, that is a specific request. Here is a daft idea: it may not fly at all but the Constables will have a good laugh with me probably now

and probably more so in the coffee room about it. In the Battle of Britain you used to have the big wing of fighter pilots that were stationed and ready to address the threat in large numbers, and at the time that they were formed there was a lot of criticism as to the wisdom of doing this because they were not introduced for quite some time in relation to the Battle of Britain, but when they were introduced they had a dramatic effect when they came into play. I think Douglas Bader and the rest of them were involved in all of that, but it was a huge number of fighter pilots responding to a threat. The Honorary Police, I believe, throughout the Island are not normally encouraged, because I did ask this question about St. Helier No. 1 district who need more Honorary Police. I think we have got few, if any, so we really do need some, considering the numbers of people. I believe they are encouraged not to police their districts. I spoke to Mitch Couriard about this and he said that we do not really want people coming forward to police their own districts. It is not a good thing. So, why can we not look in the future, under this joint working pillar, at perhaps Honorary Police Officers... and I know they do already in relation to events such as car clubs and rallies, and I know they are overstretched with Parish Hall Inquiries and things, but at night there are very, very few Honorary Police available for St. Helier. I am just wondering if the Constables themselves could speak because they are the heads of their departments there, if they could speak with their police forces and see what is the chance of us being available for the Parish of St. Helier at night where most of our people in Jersey are? A non-flyer probably, but I would put it that if there are people willing to serve Jersey, they should not just be willing to serve Jersey in their own particular Parish. They should be willing to serve Jersey in an honorary perspective where the heat is and, at the moment, having spoken to the Chief of Police yesterday or the day before, there is a real issue with alcohol-related violence in St. Helier and, although numbers of recruits are coming through and good recruits are coming through, they are going on to the streets with the bare minimum level of experience to face up to those issues. They certainly could do with as much assistance as possible. The introduction of Parish Wardens to take over the ticketing and policing of parks perhaps could be picked up by other Parishes that have large policing duties, freeing-up Honorary Police Officers that may be more capable of managing issues that could free-up some of the front line States of Jersey Police in town to address these critical areas. It may be a daft idea, but at least it is an idea. The other thing I would just like to say is that I am a bit frustrated by the implementation of solutions to problems in Jersey. The other evening - Monday evening - there was a meeting in Rouge Boullion to suggest ways of tackling crime, and one of them was to extend the opening hours of pubs and clubs. This is really infuriating when 7 years ago I was leading the Alcohol Strategy for the Health Department and we had identified that within the Crime and Drug Safety Strategy - another strategy - as one of the key areas that we needed to look at; extending the opening hours, cutting-off the supply of alcohol and extending the opening hours to serve soft drinks only so people could leave in a staggered way - staggered in some cases - access the taxis as they are able to rather than queuing-up or not finding any, and also extending, which has been picked up by the Economic Development Minister, the hours of licensing for access to food for people when they have had a few drinks as well. Those things have been there, they have been gathering dust. As I said, the Tobacco Strategy was gathering dust for one and a half years. The Alcohol Strategy has been gathering dust for 7 years and that is why we are in the mess we are in. There is enough strategy around. It is the action plan that is low on the ground and it is thin on the ground and that is what we are debating today. We have got a very weighty criminal justice policy in front of us. All we are being asked to do is to address and approve the action plans in relation to these pillars. So, we will all be talking about it, as I have done for a long time, and we are talking about a very small amount of actions that need to, in effect, take place. The last thing I would like to say - because I have taken a long enough time - is I believe that the most important part of this entire document is on page 47, and I think that there is something that needs to go into it that is not in it at the moment. On page 47 on bullet point 2, it is to establish a forum for criminal justice policy and planning involving the Executive, the judiciary and the prosecution. So, in the long term, we are going to be looking at what we are doing in these areas. I think there is an omission or 2 and I think that the element that is missing is the public partnership such as the Honorary Police

involvement in that forum and other non-government organisations in the public and maybe the Minister could tell me why those groups were not considered in this forum and what her ideas are in relation to this forum because I think that that forum's work in the future is going to be critical.

### **1.9 Deputy C.J. Scott Warren of St. Saviour:**

I congratulate the Minister and her Chief Officer and her department on this very thorough criminal justice policy. I very much support the ongoing work of the Safer St. Helier Group and their Building a Safer Society strategy. I would, Sir, just like to focus on 2 things: the prison and resources. I welcome the new skills facilities, the education that is going to take place in the prison and the fact that rehabilitation for prisoners is going to be at last given due emphasis. Now, the additional resources for this area should pay off in the medium to long term, I believe, with a significant cut in the re-offending rate. I very much hope that sufficient resources will be made available, Sir, in the future to enable all the excellent initiatives in this policy report to be fully realised in the years ahead. Thank you, Sir.

### **1.10 Deputy R.G. Le Hérissier of St. Saviour:**

Just to say and to contradict my Constable, I will just repeat a few things if I could be given that latitude. I think it is an excellent report. We did have in part a bad-tempered couple of debates yesterday and I think it may have taken away from the fact that it is an excellent report in many respects. It is holistic, it does move towards giving an emphasis to the victims which criminal justice systems have been very poor at doing and it also, I think, with some reservations, is tailored to work in a small community. I think it has tried to emphasise those aspects, although I do think the Minister has copped-out on a couple of issues, particularly the prison visiting group for example. I do not think she has faced up to what will inevitably be a conflict not too far down the road. I also would enjoin the Honorary Police. I have asked one or 2 of them, you know: "What is it you do not like about the Police Authority?" and there is this real fear they are going to be sucked into yet another bureaucracy and so forth, and all I would say is, of course, the danger of not being there at the beginning is it will become this fearsome bureaucracy perhaps and you should be in there, I would have thought, would be my word, Sir, in order to try and deal with it. Otherwise, it may well run away with itself and you may find yourself the recipient, albeit by default, of other people's policy initiatives if you cannot influence them at the beginning, and that is why I would say we should move on that, Sir. Just a few words on the prison issue. Quite rightly... and people like Senator Perchard have raised this issue - and Deputy Scott Warren - but I would not be over-optimistic about bringing down those reconviction rates. They are high in most western countries. Britain happens to have some of the highest and there are various approaches. You can take the American approach which is working, and I thought that was what Deputy de Faye was referring to. The American approach is simply to go where you have got repeat offenders and Britain has adopted a version of this now. You go for the 3-strikes-and-out approach and your prisons are totally clogged with people on very, very long sentences and the cost benefit of that, Sir, is not that they are able, as Deputy de Faye said, to enjoy all these programmes that are offered to them. That is not really the point. The point is they are taken off the streets for long periods and, therefore, they cannot re-offend. That is the stated purpose of the American penal policy at the moment and we could go for that obviously, but it is a mighty expensive policy and it raises all sorts of questions. So, do not, Sir, expect reconviction rates to tumble. They are not going to tumble. They certainly will come down. I would much prefer, Sir, that community sanctions work as much as possible and you also have to remember, Sir, if community sanctions do start working you are likely to get an even tougher population in terms of the kind of population you get in your prison and that will make it a harder population to work with. So, as I said, Sir, although rehabilitation programmes are long overdue, and they will play an excellent role, do not expect them to be a panacea and to see those numbers tumbling. In any case, Sir, there was a very famous prison reformer in the 1930s, Sir Lionel Fox. He said: "How can you train people for conditions of freedom in conditions of captivity?" You will always have that tension between the deterrent effect

of prison and the rehabilitation. I have been involved in thousands, hundreds of arguments when I worked in these systems. Staff are always torn apart by this particular argument. The other issue, Sir, is, of course, as you get a tougher population in the prison, or a different population if the other sanctions come into play, you will also have a profile in the prison which will often require moving off the Island in order to take part in much more intensive programmes elsewhere and of course that has a counter-effect. The counter-effect is, of course, for some of them - not for all our prisoners because some of them obviously, a significant proportion, are not on Island, but for some of them, Sir, of course - you are removing them from their community so you are creating other issues when you are trying to deal with what appear to be the presenting issues. The other issue, Sir, where I think some Members have raised some very good points about it is all dealing with convicted people or the appearance of crime. It is this whole issue we all know, Sir, in our hearts - and those who have struggled with the whole issue of families, dysfunctional families and parenting and so forth - that if you could intervene almost at the moment of birth, you might have a chance. There are some experiments in Britain. I was reading about one in Dundee in Scotland, for example, where they literally swamped certain families with social workers and it was social workers, Deputy de Faye, I would say, Sir, not social science. It was the social worker approach, I think, he was questioning where you swamp families with social workers from an very early age and all sorts of support literally down to people living within the home for periods and that is a... but, of course, you have got to think of it in terms of the costs that will be saved down the road because imprisonment, I am afraid, much as I would like to say rehabilitation is going to work, other than the containment side of prison, which assuming you can contain people, is the only certain effect of imprisonment it is a fairly dodgy proposition sometimes in turning people around. Two separate points. Deputy de Faye made a point. He was quite right about perception. I think what he failed to draw out, Sir, was that a lot of the perception centres around street disorder and I think people have got a legitimate point. A lot of people now will not go into St. Helier on Friday and Saturday nights, as we know. A Constable has highlighted this point recently and that is their fear, and they will not go into the town and, quite bluntly, they are probably quite accurate in their perception. They do not want to be involved in the street disorder, and the other issue, Sir, about have-a-go - which is what Deputy de Faye apparently did when he met these over patriotic football fans. I am afraid, Sir, most people see street disorder or see street confrontations as having a violent edge to them and I am afraid, rightly or wrongly, they perceive you do not engage with these situations; that the better approach is to call the police and to withdraw yourself from the situation. It is very sad. We would like it to be the approach which is followed more easily, I would have thought, in our rural Parishes where you have relationships with people and you can somehow deal with the issue perhaps through relating to them rather than getting involved in a potential physical disorder. I think, quite frankly, I am afraid it is great rollicking advice but it is misguided advice and I do not think these days people want to get involved in that, but very hearty congratulations to the Minister for an excellent policy.

### **1.11 The Very Reverend R.F. Key, B.A., The Dean of Jersey:**

Just very briefly, may I join my congratulations with those of other Members to the Minister? It is a treat to get a policy that is integrated and joined-up and that one can believe is deliverable because you begin to see it already. It was a great joy to be in the prison recently when the old chapel was brought back from being an overflow dining hall into being a chapel and to see a properly staffed and financed chaplaincy team, not only doing the spiritual work in the prison but engaging with the whole rehabilitation programme in work that is tremendously valued, so I congratulate her on that. Can I join the debate about perception because, of course, if you have a wrong perception, if there are older folks in flats who are too scared to walk to the British Legion in the evening to engage in bingo or whatever, you can show them statistics and graphs for the next 5 years, their perception that it is not safe to walk the streets, no matter how statistically erroneous is their reality, because if it keeps them in their flat, it is not just an academic perception. It is what is real life to them and, therefore, it seems to me that if the reality is different then we have a huge

education job to do, not just with our young but with our older folks to demonstrate that we are not giving St. Helier over to the thugs. We are wanting the town to belong to ordinary, decent and right living people. The second thing I want to say is a story from the missionary doctors of Africa in the 1950s where they told this story to encourage people to deal with things quickly. The village adopted a leopard cub because it was cute and cuddly. The leopard cub grew and eventually mauled a child to death and the doctor's prescription was this: "Little leopards become big leopards and big leopards kill." It is why Deputy de Faye and it is why Senator Vibert are absolutely right when they say that we are not going to allow vandalism on buses. It is simply because it teaches people that if they can get away with that, then a year or 2 down the track, they will get away with something worse and a year or 2 down the track from that, they will be guests of Her Majesty at La Moye. You stop it young because then you have a chance at stopping the little leopard becoming a big leopard. If I may put it very simply, I applaud this policy because it seems to me to be going back to standards of right and wrong where we want the States of Jersey and the community to be lining up unequivocally on the side of the right and not on the side of the wrong. There are, of course, lots of causes of crime. Of course there are, but I grew up in a poor area of south London. I grew up in a single parent family because my mother had been widowed. I do not remember ever thinking that poverty or deprivation was an excuse for crime and we need to provide the society support for those who find themselves in circumstances of deprivation. Of course we need the amenity spaces that Deputy Baudains referred to and the youth work that Deputy Pitman so often and eloquently champions. Of course we need all of those things but we do need to build a society where we have clear standards where right is right and wrong is wrong and we applaud the one and we condemn the other.

#### **1.12 Connétable A.S. Crowcroft of St. Helier:**

It is a pleasure follow in my almost immediate neighbour, the Dean. I would like to say to start with that I think it is unfair to criticise this policy for not providing what some Members have thought it should. This is not a strategic plan debate after all and in the early part of the policy, it refers to the fact that this is a key component of part of the strategic plan but it is not really, I think, fair to say: "Well, where is the issues about housing?" One Deputy raised, I think, where are the issues about planning and so on. This is about dealing with a minority of people who make life very difficult sometimes for the majority of people in Jersey. It is about the kind of interventions that need to be made, albeit early, but that have to be made to deliver that commonsense; that there are right standards that the Dean has just referred to, and I think we need to emphasise that. It is very easy when we are focusing on this minority who can make life so difficult and, of course, it is not just in St. Helier. Other Parishes also suffer from it, albeit that most of the problems are felt in the Parish that I represent. The majority of people in Jersey, let us face it, are law-abiding citizens. They have busy lives making a living. Many of them do masses of sport. Their social lives are interesting. They attend church, they have cultural activities. Most of us get on with our lives and we are very happy to live in Jersey but, from time to time - and I will give an incident in a minute that has happened in my personal life - something happens that impinges on that and we realise that there is this minority of people in Jersey who really can make an enormous difference, and really it is very easy for us to start focusing on that minority problem. The example I will give is that for many years, and I have lived in town for more than a dozen years now, I have poo poed people who say to me that it is not safe to walk around town at night. I walk everywhere. I long ago abandoned my bicycle, just for those who think I am still upon it, and I walk everywhere because I find it much the best form of exercise and a good way to keep in touch with what is going on in the town, and I have never had any problems myself. But, in the last year, a close member of my family has been assaulted just outside in the Royal Square, and a homophobic attack as well so that makes it, for me, even more serious. That certainly brought it home to me that there is a real problem and it is not good enough to say that people are wrong when they say the town is dangerous and they are frightened to go out. People have, I think, a very reasonable fear that... it may only be very rare and the statistics prove this is a rare incident, but the fact is it happens and

we have to tackle that. I want to move on, if I may, to take issue with some of the things that Deputy de Faye said because he was nearly right when he talked about saying have-a-go, and I am going to say in a minute how I think he could have developed that thought. But he did begin by saying that he did not want to see... he appeared to be saying that we did not really need more police on the beat and the statistics show that there are better ways of dealing with crime. I fundamentally disagree with that and if there is one common theme in all the meetings I have attended and all the discussions I have had with people in St. Helier, in particular, but it also applies in the other urban Parishes, is that people are hugely reassured by seeing police officers on the beat. It is, after all, a deterrent and I rather like Deputy Le Claire's idea that there should always be one stationed outside a major supermarket in Halkett Place because I think he has got a very good point there and it often strikes me that it is a shame that Piquet House, just across the square there... it has the old police light outside it which, of course, does not shine anymore and what a pity people cannot repair to Piquet House if they have a problem in town in the evenings and find a genial bobby in there who can give them advice and directions and so on. Now, I know this is an old-fashioned policy and that I will be told that the statistics prove it is better to have officers often doubled-up in squad cars, but I am sorry, I believe that we must tackle this problem, that there is simply not enough police on the beat and I have told the Minister before of a recent experience in which my wife and I walked to an event and we walked through town at 5.00 p.m. and there was all kinds of mayhem going on in one particular place which we steered clear of. With respect to Deputy de Faye, we did not have-a-go and we went to the event. We walked back through town and there was more anti-social behaviour. Low level but it was annoying for people who were probably trying to get to sleep. It would certainly have been a disincentive if I had been a tourist wanting to walk through town. It was that kind of behaviour that does not make the town a good place to visit or live in and, in the whole of the evening out, we did not see a single police officer. I think that is something that has to be addressed, and I accept that our police force is unusually busy dealing with issues like financial crime and drugs and so on, and so the human resources issue is a problem. That brings me back to Deputy de Faye and indeed why I think he is almost right about having a go. He appeared to be encouraging citizens to follow his example and he has, of course, without being rude, he does have quite a lot of physical presence which maybe some people bent on anti-social behaviour would be put off by, but clearly that is wrong and Deputy Le Hérissier is right to counsel against it. What, of course, such people ought to do is they ought to join the Honorary Police and then they get the training and that is vital. They then are able to intervene in an appropriate way. They have the communications as well provided so they can call their professional colleagues for assistance. It is a fact, and it is the solution to the problem in the urban Parishes, that if we all had a full complement of Honorary Police officers - in St. Helier's case, it is 52 - I could guarantee to have a Honorary Police Officer or a couple in town every afternoon and every evening and I think that would make such a difference to the lives of people, not only who live in town but to work here and who visit here and the elderly person that the Dean referred to who is frightened to go down and play bingo because they are worried about the state of the streets. So, I never resist an opportunity to canvass for more honorary officers. Indeed, I have had to resort to T.V. advertising to avoid a swingeing fine from the Royal Court in respect to the Centeniers. The Honorary Police do a fabulous job and I am delighted that one aspect of this debate, and the one that preceded it, has been to send out a ringing endorsement of what they do. But really we must also send out a call that people who care about the community, who want to have-a-go, need to go no further than their Constable and say: "How do I join the Honorary Police?" because that is the way. It is a very old system. It is much older than the paid police, of course. It is older than any other system like neighbourhood watch and the specials that they have in the U.K. It really is the way to make a difference and I am sure that if that aspect of this policy is to be pushed forward we really do need help from the Minister in doing that. There have, at times, been slightly uneasy relationships between the paid police and the Honorary Police and that has to really now be consigned to history and we have to move forward, I am sure, to really tackle this issue of having more police on the beat, but they can be Honorary Police just as well as paid ones. I think, apart

from that point, I, like many speakers, welcome the policy. A lot of work has gone into it and I am sure it is going to receive widespread support from Members and I hope Members will remember that it is part of an overarching strategic plan designed to make Jersey a safer and more peaceful place in which to live.

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

I would like to start also by complimenting the Home Affairs Minister on this criminal justice policy. I think it contains an enormous amount of very useful material for future development and I really want to tackle just 3 of the pillars and make a couple of comments on what other Members have said. If I may, Sir, I will start with the expression: "Have-a-go." I respectfully would say to Members that I endorse entirely what Deputy Le Hérissier said. The expression: "Have-a-go" is not one with which I would want to associate myself, either for members of the public or for the Honorary Police or, indeed, for the States Police. It is not a question of police officers having a go, it is a question of enforcing the law, and certainly the last thing that one wants to encourage is members of the public provoking violence on the streets because they take it into their heads that they are the people who are best able to prevent trouble taking place in the future. Sir, the second pillar, the criminal justice statistics is the first of the ones I wish to talk about. The action plan is, if I may say so with respect to the Home Affairs Minister, quite a conservative one and I understand the reasons for that. It is implementing the recommendations of the integrated criminal justice scoping study and in the meantime promoting co-ordinated criminal justice statistics annually through current systems. Most of the criminal law enforcement agencies do maintain their own statistics and certainly the Law Officers maintain statistics as do the Police and Customs and so on. The difficulty is that some of these statistics have a different shape to them. They use different nomenclature and there is a very obvious example of that. If you think that there are really 5 pillars, sorry to borrow the Minister's expressions, but there are only 5 pillars of the criminal justice system. There are the police, the prosecution, the court, the probation service and the prison and for any one person, the police will treat a person as a suspect, the prosecution will call him an accused, the court may call him a convicted person, the probation service will call him a probationer, the prison service will call him a prisoner, but it is the same person who has gone through all the 5 pillars. So, when you are looking at statistics and putting things together, it is both very important and very difficult to ensure that you treat information consistently, and without proper information consistently treated it is very much more difficult to develop criminal justice strategies for the future. There is a working group, the Criminal Justice Information Strategy Group which the Minister mentions in her draft policy which is working on this at the moment and what is absolutely clear is that if that work is to be taken forward it will require money. Unfortunately, so many things do end up requiring money and it is an important feature of this part of the policy which I ought to draw to Members' attention. I note, for example, from paragraph 1.10 the policies that, in the long term, the department aims to develop an integrated criminal justice information and document management system. We are crying out to do that in a much shorter term than the long term. It would save an enormous amount of time and resources, against the different agencies in the criminal justice system if we had an integrated criminal justice information system working today and when Members come to look at the business plans in the future, it is something which I would commend to their attention and, therefore, give full support to the Home Affairs Minister in promoting in the Council of Ministers her share of the Island's budget, and then also promoting that to Members as well, but it really does need to have an allocation of resource to criminal justice strategy. It is very easy to think of the electorate wanting education services or pensions or health. All these things, of course, are very important but there are core services for our community as well and that includes the criminal justice strategy which must be adequately funded. I sense I will have lost the Health Minister and her Assistant Ministers and the Education Minister and Assistant Ministers in those comments but they are important, in my view, points to make. The next pillar I would just like to touch on is that of joint working. The criminal justice policy is a cohesive whole within which there are internal boundaries which each

agency has. Each agency has its own territory and so I feel able to talk today in the criminal justice strategy because my territory is the prosecution territory. There is the judicial territory and, of course, there are the judicial policies we have heard in relation to sentencing. There is a prosecution policy. For example, a few months ago I took a decision in relation to some young people committing offences that, where it was appropriate, the Crown would draw to the attention of the courts the powers contained in the legislation to make parents accountable for the good conduct of their children in the future. I am pleased with that show of support because it does seem to me that it is a matter which is of genuine concern to all of us. There is executive policy which, of course, this document is mostly concerned with and there is legislative policy as well, which Members will be concerned with when legislation comes forward for consideration in the Assembly. I would like to just say in passing that Deputy Power raised the possibility of the Minister dealing with drug traffickers on the basis that she should sentence them for a year or 2 and then deport them back to the United Kingdom. Tempting as the thought may be, that is not possible as a matter of law. The Minister is the executive and not the judiciary. She cannot exercise any such powers and certainly it is not possible to deport a British person out of one part of British territory into another part of British territory. It would be like deporting somebody from Devon to Cornwall and so, as a matter of law, that is not possible. But what I did wish to say about joint working was that within these areas of different policy I know both the Bailiff and I are entirely supportive of the Minister's proposals in pillar 4 and I would like Members to be aware of that support. Sir, the third and last pillar on which I wish to make some comments is pillar 7 which is prosecution policy - the prosecution pillar - and perhaps inevitable, therefore, that I would want to speak on that. Really I want to say a word or 2 about the Parish Hall Enquiry. It has been canvassed by the Deputy for St. John that maybe further powers could be given to the Parish Hall Enquiries to deal with speeding offences and, indeed, that is something that will be discussed and no doubt will be looked at. It will require legislative change and so Members will have an opportunity to consider that at a future date should it be taken forward. But I just would add this word of warning that the Parish Hall Enquiry is really fulfilling 2 functions. The first of them is the administrative function of imposing some fines as set out by the Minister in her policy. There are some road traffic offences where the Parish Hall Enquiry can administer a monetary sanction. The important thing about that monetary sanction is that the person who might receive it has got an absolute right to go to the Magistrates Court if he or she wants to do that. He is not obliged to receive the administrative sanction. In a sense, it is not so very different from the sanctions which are available in some other countries where the police have the right to fine you for speeding on the road, but you always have the right to go to court if you wish to do so, and the reason that is so important is that there is sometimes a misguided view that the Parish Hall Enquiry is not human rights compliant, and to the extent that an administrative sanction is being applied it is absolutely essential that both the public and the Centeniers are fully aware of the fact that the person who is before them, as I say, has the absolute right to go to court and Centeniers are aware of that. It is within the guidelines which I have issued to Centeniers for the conduct of Parish Hall Enquiries, and those guidelines are going to be reconsidered in other respects in the not too distant future and, indeed, that particular statement may well be strengthened. The other and important function - the most important function - of the Parish Hall Enquiry is that it is a prosecution function. It is a place where Centeniers decide whether or not that some conduct ought to be referred to the court with a criminal charge and because of that prosecution function it gives the opportunity, particularly with young people, of providing a different way of handling the problems which society and the young people face. I think we all know, both in the prosecution part of the criminal justice network and in other parts of the criminal justice network, that if one can keep young people out of court that is a good thing. It is to be preferred not to land them with convictions, if that is possible. Sometimes the conduct is such you cannot avoid it. Sometimes the young person continues to offend and there is no alternative. Again, you cannot avoid it, but in the early stages of offending, if I can put it that way, it is very often possible for a young person to realise the error of their ways and the Parish Hall Enquiry provides a first-class opportunity for Centeniers to make this contribution and they do.

So it enables them to take, as part of the prosecution process, a decision not to prosecute for a limited period of time, perhaps I think I have given guidelines it should be a maximum of 3 months. During that time the person who is before them can be encouraged either to do a voluntary probation or will just have the potential of a prosecution hanging over them, and it is a bit like a sword of Damocles: “Watch out young man, something may happen to you if you misbehave in the next 3 months.” Sometimes there is an element of restorative justice which the Centeniers are able imaginatively to conduct. I recall one case where a Centenier in a country Parish was facing a young man who had frightened animals and he required that young man to go on to a farm for Saturday afternoons for about 3 months and said: “I would decide whether to prosecute you at the end of that time” and that very imaginative solution, which will not be appropriate always, but absolutely was appropriate in that case, persuaded that young man of the foolishness as well as the criminality of his treatment of animals previously. So, I am absolutely a supporter of the Honorary Police, absolutely a supporter of the Parish Hall Enquiry. As a matter of law, one has to be absolutely careful that it does act as a court, that it does not act in a way which is not human rights compatible, but as things stand at the moment, in my view, it is human rights compatible and it provides a very useful function in our society. Sir, that discussion about the Honorary Police just takes me to one last point and it is in connection with the Police Authority which, of course, is very much a matter for the political judgment of Members, but I might add that I am aware from my many dealings with the Honorary Police that most of those who are serving at the moment do so because they want to serve their Parish and not because they want to serve the Island. The concept of a Police Authority which will, perhaps, take them into territory where they are required to serve other Parishes is not consistent with the reason why they have volunteered to serve the Honorary Police in the first place. So, while I very much understand the calls for drawing the Honorary Police within the Police Authority, I just add the warning, which I give only from my own experience of dealing with Honorary Police Officers, that it may not be consistent with the reasons why they serve their Parish in the first place. Thank you.

#### **1.14 Connétable M.K. Jackson:**

I would, first of all, express my appreciation of the report from the Senator on the criminal justice policy with which I, certainly for one, am very impressed. I would like briefly to comment on a few remarks initially made by the Assistant Minister, the Deputy of St. John, who I would suggest is probably completely disconnected with the general public with regard to the imposition of speed cameras. The general public, Sir, will get the impression that we are seeking to profit from their minor misdemeanours. We will lose their confidence and my experience, Sir, is that, generally speaking, as a perception issue and very often on receiving complaints from the general public, I have put Honorary Police in positions to verify the situation and rarely has there been any evidence to corroborate the complaints. It is, in my view, far better to focus on education and calming methods than aggravate the public. I, for one, would not sanction the positioning of speed cameras in my Parish, however I will be utilising more advisory equipment which, in my view, is just as effective. I have to say that there are a couple of other points that perhaps the Senator would answer in her summing-up. I note the prison population of Guernsey is significantly lower than ours as noted in appendix 4. Perhaps she could elucidate on that. Clearly there are issues at the prison regarding staffing which is certainly, I am sure, under discussion as we speak and I would ask the Minister to indicate, within the report, how this being addressed. Perhaps she would confirm the progress of P.I.P. (Programme Improvement Plan) in action plan 15. Finally, Sir, with regard to the criminal justice scoping study, is this simply a Home Affairs issue or is it influenced by the focus groups in appendix 2 or does it come under the remit of the oversight council?

#### **1.15 Deputy P.N. Troy of St. Brelade:**

I do feel that our current policy of policing predominantly by driving police cars around the Island is not the most productive. Policemen or policewomen are hardly ever seen on foot in the community, as some have said, and we all know that police motorcycles are no longer a part of our

strategy. Two men in a car or one on a motorbike: which, Minister, is the most cost effective? In addition, our community police have been reduced right across the Island. In St. Brelade we no longer have dedicated community police officers for the Parish which has 10,000 plus inhabitants. Our community officers are now shared, I understand, between St. Brelade, St. Ouen and St. Peter. It is termed west of Island policing and I am afraid that it really means reduction in policing. The fact that community policing has been cut to the bone is a major failing introduced by Senator Kinnard and her Chief of Police and it is an area that needs to be addressed. Senator Kinnard is responsible for taking policing out of the community and into the driving seat and I do not agree with it. Looking at the policy I was also interested to note that drug seizures are declining in recent years, which is in the chart on page 120, and I would ask the Minister what priority will be given to this area, specifically addressing that if Police and Customs officers are not adequately working together and not sharing information, how she proposes to move forward in this area? I would further say that we never seem to catch the people at the top of the drug chain. I would prefer to see a couple of little fish leniently treated in exchange for information regarding the sources of drugs and identities of those organising drug routes. We should be attempting to catch the people at the top of the tree. Let me turn to speed cameras, as some others have, and put it simply so that the Minister, Assistant Minister and Police Chief get the message clearly. No, no, no. That is one for each of you. Not in St. Brelade. We do not want them. Police already damage their image and lose public trust by hiding behind hedges with radar guns, by hiding in lay-bys with radar guns. Yes, that catches one or 2 speeding motorists but it also harms public trust if confronted with devious practices. Thieves hide behind hedges and hide in alleyways and the police are starting to, in carrying out their policing duties, act a little bit like criminals themselves. That is an analogy. I am not criticising the police in a great way, but I think it does harm their image. They do have an image problem. Much more would be achieved with speeding motorists in placing an officer in a bright yellow jacket at the end of a straight stretch of road with his radar gun. He might still catch one person speeding but he would tell hundreds of people that they need to mind their speed because when he is hiding behind a hedge, he cannot be seen, but at the end of the straight road with a bright luminous jacket, he can be seen. You achieve much more by carrying out practices such as that in my opinion. Our prison is also overcrowded and, in recent years, we have gone through the capacity barrier stretching its occupancy to the limit. I welcome that the Minister and Council of Ministers are making some progress on investment in the prison, but is it that we have more hardened criminals in the prison who will never change their ways or do we have a large number who could be dealt with in other methods of sentencing? Are we putting too many people into prison for minor crimes? I do not know. I do not know exactly who is in the prison and for what crimes they are there but I wonder, as has been said by some, whether the sentencing policy is correct. With those comments I will still support the policy because obviously I support policing in Jersey in general, and I think that there is much to do with our police force, but I am concerned that community policing has disappeared almost - almost disappeared - and I think that the Senator really does need to take steps in this direction. That is vitally important.

#### **1.16 Deputy S. Pitman of St. Helier:**

There are many proposals within this policy that I support and several that I do not but I will not go into them as they have already been discussed in depth, Sir. However, I would like to pick up on an issue of crime prevention, which is crucial, to seriously address if we are to live in a safer society - and the House will not be surprised to hear that I would like to speak about young people and crime. So, one of the most causal factors of crime is that of people who have had an unstable upbringing. It is a well-documented fact. That being people who have low self-esteem and low self-confidence, who do not know what it is like to be respected or given affectionate attention and do not think that this is a small minority of people in Jersey. It is a significant number. Home Affairs have a budget for the Safer St. Helier project, for a youth detach project, with a handful of youth workers going out 3 to 4 nights a week, but does this meet the needs of the many hundreds of young people in town on a Friday and Saturday night? It does not, Sir, and how many youth

facilities are open on Friday and Saturday nights? However, Sir, I do not believe this is a lack of will of the Minister but more an issue of a restricted budget. Yes, we do have good youth facilities and detached projects and we now have a parenting course which has been set up at the Bridge but are they adequately staffed? Too often the youth projects are not and thus cannot provide for the young people who need them. Not only that, Sir, the Youth Action Team, which has been set up to help vulnerable young people, does not even have a youth worker on it. Reaching out to support, young people in need, however, is not just an issue for the Home Affairs Department, nor is it an issue just for Education or Health and Social Services or the Parishes. It is an issue for all of these public bodies, Sir. I am aware that not all people who have had a bad upbringing will end up as criminals. But, as I said earlier, it is a fact that the more unstable people we have in our community, the more unstable that community is. There is very little evidence in this criminal justice policy that Home Affairs and Education and Health and Social Services and Parishes are working on this particular issue of crime prevention. If we are to cut crime in Jersey, we have much work to do with young people in need. Thank you, Sir.

**The Greffier of the States (in the Chair):**

I call upon the Minister to reply.

**1.17 Senator W. Kinnard:**

It seems like an awfully long time since yesterday afternoon when we started receiving the speeches. Well, I am grateful to all Members who have spoken and I was particularly encouraged, Sir, by the general level of support for the policy, where Members have felt that the shift in focus to dealing with the risk factors through early intervention and rehabilitation is long overdue and I cannot but agree. Senator Vibert began by asking me to reaffirm my assurance about fixed enforcement cameras, that I would come back to the States before introducing fixed site automated enforcement cameras, even if an experiment. Sir, I am happy to reaffirm that, to give him that reassurance and to give that reassurance as well to other Members of the House who have raised concerns. Deputy Fergusson wanted me, too, to give a reassurance that I would be reviewing, and, if necessary, amending the Rehabilitation of Offenders Law. The Deputy of St. Martin also mentioned this. I can confirm, Sir, that such a review is already under way, not least in respect of its necessity in the light of the U.K. Government's Safeguarding of Vulnerable Groups Act 2006, which will be brought into effect at the end of 2008. It may well be that amendments flow from that review in respect of how previous convictions are treated. This is, Sir, headed up by an interdepartmental group led by Home Affairs and we are looking into these issues currently. Deputy Fox, Sir, raised a series of issues. He is very concerned, I know, and some other Members are too, with early intervention and prevention of crime, areas very much focussed upon in the criminal justice policy. As I said, Sir, in my opening speech, we could always do with more resources in this area. But we do the very best that we can with the resources set aside for this important work. Our intervention programmes are very focussed on the major risk areas that give rise for offending. Sir, we do have years of experience in the intervention field through such things as the Building a Safer Society strategy, on which this criminal justice policy builds. In fact, Sir, on page 6 of the policy there is a web link to the Building a Safer Society Strategy because we do see them as working hand and glove and, as I say, of building upon each other. There are a number of intervention projects which start with pre-school children and go on to provide projects for youngsters through the football scheme, which incidentally, there was a very nice piece in the *Jersey Evening Post* reporting on that last night, through to things like the Youth Action Team. The list can go on. There is the Town Alcohol Project that has recently been mentioned, the Youth Counselling Project, the 'Prison: Me? No Way' Project, which I think is extremely valuable. Day care support. There are an awful lot of projects. Sir, what I have done, because this has been raised and perhaps Members have not had an opportunity to go to the website, I have brought along the Building a Safer Society strategy and the annual report. I will leave that in the coffee room for Members to look at. But essentially, what you could do, Sir, is take the criminal justice policy and

pop it along on top of that, and that really is the overall strategy for the department. But I thought the *Criminal Justice Policy*, at over 100 pages, was probably thick enough to lay before Members without including this information as well. That is why we provided it separately. Deputy Gorst also made reference to this point, and, as I say, the vast documents will be available. Deputy Fox was another who spoke at length about speed cameras and much of his criticisms at the time were about U.K. approaches. I think that my Assistant Minister dealt with some of the points raised. Again, I am happy to reiterate that in our policy we have made it absolutely clear that the only justification for enforcement cameras can be for road safety purposes. I have already given assurances to Senator Vibert. Deputy Fox went on to say that with the new shift system, most police officers were on duty at night, with few officers available during the day. He is, of course, Sir, correct. Although the new shift system is currently under review, it cannot be ignored that police staff per 1,000 population in Jersey is lower than most other jurisdictions. In Jersey it is 3.73 per 1,000 and the average for England and Wales is 4.33. As such, Sir, it is obvious that from time to time other...

**Deputy I.J. Gorst:**

Sorry, Sir. Could I ask the Minister just to clarify that position? Is she including in that number the Honorary Police as well as the States Police or not?

**Senator W. Kinnard:**

That is as close as we can get the figure, the reason being that we, of course, have Honorary Police, in Jersey, and in the United Kingdom, of course, they have Special Constables. So it is never an absolute fit but that is a sort of an average. But I would not get hung up on it. I think the point that I am making is that there are times that we are very stretched in terms of the resources that we have available for us at certain points, particularly in the day, because we have been putting most of the resources that we have available to deal with the problems that we have had with the night time economy. That is when there is likely to be most crime on the streets. Of course this has also had an effect on community policing, which has been raised by Deputy Hilton and Deputy Fox and a number of others. It will not have escaped Members' attention that there has also been an increase of sorts connected, as I say, with the night time economy. So as a result of that, Sir, at present the normal weekend shifts are now supplemented by officers from specialist units, such as the Financial Crimes Unit and also unfortunately, too, from community policing, who are having to work in night time uniform shift to maintain public safety and provide back-up to officers, should a particular situation worsen. But, Sir, we do have this under review because I am not happy with the reduction in community policing myself. So I regret the removal of community officers from their primary role but the situation at present does require it. The temporary realignment of priorities, as I say, Sir, will continue into the New Year, when the situation will be further reviewed. Deputy Fox also queried in his speech the number of (j) category officers. The force, Sir, currently has 11 (j) category police officers out of the establishment of 240. That is less than 5 per cent, which I believe is significantly below the average for a number of other States departments. The (j) category individuals we have, Sir, when we apply for them they are very, very carefully considered in terms of their essential nature. For example, Sir, one recent application involved a very highly-skilled detective inspector for the Family Protection Team, a particularly essential post, I would say, Sir, given the current Williamson Inquiry. Deputy Fox was also concerned about the capacity of the inquiry desk to deal efficiently and effectively with all calls coming to police headquarters. He related this too, to the workings of the Memorandum of Understanding between the States and Honorary Police. I would agree, Sir, that there have been very few occasions when the response from the inquiry desk might have been improved. This is an area over which I believe a watching brief is currently maintained with a view to improving service. The Constable of St. Ouen, quite apart from making an absolutely sterling speech yesterday, then went on in the debate to refer to the very many references in the criminal justice policy to the tremendous work done by the honorary service. I can only concur. He referred particularly, Sir, to the important role of the Parish Hall

Enquiry system. Indeed, the Attorney General most recently has given a very clear exposition on its role. I would go further, Sir, and I would describe the Parish Hall Enquiry system as the jewel in the crown of our criminal justice system. I turn now, Sir, to Deputy Hilton's comments. She made a number of them yesterday. If Members will look at page 95, paragraph 12.35. Sir, it will be apparent that the Deputy neglected to read on, for the benefit of Members yesterday, thus rendering her comments selective although, I believe, honourably meant. She quoted that the court's preference would be for release to be maintained at the two-thirds point, with compulsory supervision until the end of sentence. However, to address this preference, Sir, I agreed with the court; other measures to strengthen the proposals so that they were satisfied, specifically, Sir, providing the court with the power to specify a period in custody of up to two-thirds of particular cases involving serious violence or sexual attack. Also, Sir, to bolster public confidence in the release panel, one Member would be a Jurat. Also, to ensure that the level of supervision after release was adequate, the Probation Service will provide the full range of services and standards of supervision and programmes which are tailored to individual needs. With regard to resourcing, Sir, £250,000 has already been provided through the 2005 financial spending review for the establishment of 3 prison officers for sentence planning and 2 and a half probation staff. Probation have recruited these staff so that they could implement the Through-Care Policy, which is designed to give prisoners a seamless transition from prison life into the community. So, Sir, it is on this basis that the policy has received the support of the court. My Assistant Minister has dealt with some of the issues on the Licensing Unit. But Deputy Hilton also went on to raise some concern she had about the Discretionary Supervised Release Programme that we are proposing. She asked whether it was merely about reducing the number of prisoners. I can assure her, Sir, that the real driver for introducing parole is rehabilitation. With the re-offending rates, Sir, of over 70 per cent for adults and 85 per cent for young offenders, it is clear that the current custodial regime cannot be said to be working effectively in reducing recidivism. The number of prisoners, Sir, who are likely to be released at the half sentence point is quite small because, firstly, Sir, not all will be eligible. Some will fail the rigorous risk-assessment and then there are those who will fail while on licence and will be recalled to prison. Sir, I took the opportunity to look at the current population of the prison, and, even if we were to assume that all of those coming up to the 50 per cent release date were eligible, which is highly unlikely, as I have said, as not all will be eligible for consideration at this point, some will be required to remain for two-thirds of sentence by the court. But then even if we took it that they were all eligible, we are talking about a total of 26 prisoners. Of those, Sir, some will fail the risk assessment. But most importantly, Sir, the Attorney General has indicated that the measure is unlikely to be retrospective, so any effects will not be felt for several years, in any case. Again, the overall effect on prison numbers is much less than some might expect because of those who breach their licence, they will be recalled to the prison. So I can reassure Deputy Hilton that the focus is on rehabilitation of individual prisoners back into the community to lead productive lives. I can also reassure Deputy Hilton that any prisoners who are transferred to prisons in England and Wales will continue to do so on a restricted basis. Any decision in respect of early release will be that of the Jersey Parole Board and it will be discretionary. There is no intention to remove the discretionary element of the parole decision, unlike in the United Kingdom, either now or in the future. Deputy Hilton was also concerned about how those committing sexual offences or crimes of violence will be dealt with. The proposals, Sir, give a power to the court, as I have already mentioned, to stipulate a minimum sentence served, which could be two-thirds before being considered for release. Even those where the court has not made such a recommendation, Sir, a prisoner such as that is unlikely to pass the rigorous assessment criteria release at the 50 per cent point, because of the potential risk to society he or she may pose, is one of the most important criteria to be met in the risk assessment. Deputy Hilton also asked who the parole system was aimed at. Well, clearly, Sir, it is not aimed at those who pose a serious risk to the community. The current population, Sir - again, I took the opportunity to look at this, this evening - in terms of the types of sentences that they are serving, to which this new discretionary release programme might in future apply, there are individuals who are serving sentences, for example, for breaking and

entering, breaking and entering and larceny, breach of probation, drug possession, fraud, illegal entry, larceny, public order, robbery, road traffic law, these are the sorts... there are people with a wide range of sentences there to whom, once the discretionary release programme is put in place, could be of benefit. Also, Sir, to perhaps reassure Deputy Hilton, in Guernsey - our sister isle - a parole system has been in place for a great many years and indeed their parole system allows parole after only one-third of sentence. They are looking towards trying to bring theirs up to 50 per cent of sentence to come in line with ourselves. Deputy Gorst: I thank him very much for his support on rehabilitation and early intervention. He saw the issue of joint working. I believe my Assistant Minister really dealt with this yesterday in questions. But I agree that there will need to be a building on relations in some areas of Home Affairs. Indeed, Sir, the Chief Officer of Home Affairs and the Chief Executive have already met with the senior officers concerned to set a way forward in dealing with matters once an internal inquiry has been completed. The Deputy of St. John then spoke - my excellent Assistant Minister, may I say - and he spoke eloquently, I believe, on a number of the speeding issues, and also the matters of the Licensing Unit were addressed by him. The Deputy of St. Martin supports the policy in principle, and, of course, the detail, Sir, will come back to the House in the legislation, so that the Deputy and others will have every opportunity to debate fully the detail and amend it if necessary in the law when the various pieces of legislation come back to the House. So we should not have concerns about being caught out, of being seen to agree to something now that he later regrets. He also raised the issue of the Police Authority and I believe the Attorney General made some very useful comments in his speech on this matter. But what I would say, Sir, that I would welcome with open arms my honorary colleague. I feel that it is very interesting that the Deputy seems so concerned about this matter with the Honorary Police today, given what went on yesterday. But certainly the Attorney General has made an important comment, which I imagine that my colleagues in the Honorary Police will want to discuss with him further before deciding their state of readiness as to when they would like to join us. But, certainly, my arms are open and you will be most welcome whenever you are. Working together: Deputy Power raised a number of concerns. I think, again, the Attorney General very kindly addressed some of those, most significantly the fact that when he was touching on the ability to decide on the sentence that, of course, quite clearly is not within my remit. That is within the remit of the court. What we do do, Sir, though, in terms of the Executive, in order to discourage people coming to the Island drug trafficking, whenever someone is prosecuted for an offence here in the Island we have a policy of taking out newspaper articles or adverts to make it absolutely clear that a person from whichever community it is in the United Kingdom has been dealt with, often severely, in the Jersey Courts for drug trafficking offences. We certainly, again, have notices at airports to warn individuals that they will not be given any an easy life if they attempt to bring drugs into the Island. But, Sir, there are a number of legal issues which are also attendant on whether or not we are able to screen out individuals who may want to come and reside in the Island. That is currently really within the preserve of the migration working party, who have recently produced their consultation document on the ageing population. But obviously it does include issues of migration. I would say, Sir, that that is the area where we will be seeking to look at that particular issue. Also Deputy Power addressed the action plan in particular, which I have just dealt with. Yes, he said: "Was there a contradiction in terms of rehabilitation where the report says, on the one hand, that the Probation Service... it is disappointing that so few were taking up voluntary supervision and is there, therefore, a disjunction with the policy?" I would say: "No, there is not, Sir." The reason for that is purely and simply because at the moment supervision for adults is entirely voluntary. Under the supervised discretionary release system that supervision will be part of the sentence. It will not be voluntary. So that is obviously one of the ways in which we can better control the behaviour of prisoners once they enter into the community. But, Sir, it is the case that with young offenders the Probation Service does supervise young offenders and that is not voluntary. So we have an idea of the kinds of resources that are going to be necessary from the work that is done there. Deputy de Faye - or "Have-a-go de Faye" as he is going to become known, I thank him for his overall support. I concur with comments that were made both by Deputy Le

Hérissier and by the Attorney General. I think the best place and the safest way in which to channel community interest in this area, would be to join the Honorary Police because it is there that they will receive appropriate training, so that they do not find themselves and put themselves unwittingly into a situation of danger from which it is very difficult to perhaps extricate them thereafter. So I completely concur with the comments of the Deputy and the Attorney General on that. Deputy de Faye also made some interesting comments about chart 11, including the apparent disjunction between the perception of what is going on in the Island compared to what is going on in an individual's neighbourhood. There is a whole sort of area of interest within Home Affairs because it does have practical consequences, as the Dean pointed out, that if people are fearful or if they believe that the streets are not safe, it has a very negative effect upon their quality of life. We take this very seriously in Home Affairs. But I think we need to think about how individuals get their knowledge about crime in our community. They get it from official documents, they perhaps get it from media releases from the States of Jersey Police, from questions in the House perhaps. But also what happens is they do get it from media coverage, not just within the Island but also they translate media coverage of what is going on in the United Kingdom into their own living room, if you like, through the television sets, in particular. One of the problems with that is that in translating it, that can then become a fear about the community - those fears from elsewhere about high levels of crime, lots of street violence that might be going on in the U.K., crime is twice the level it is here - can then be, if you like, internalised in people's perceptions. But it is not just about perceptions. It is clear that there are situations, particularly with the growing night time economy, where people can be at risk. Again, we take this very seriously. We are trying to take the community along with us through projects like the Safer St. Helier group, to really try to get to the bottom of this issue with the fear of crime, but not just the fear of crime, also addressing and really addressing where it is appropriate, what has really begun to eat away at people's confidence about going to town of an evening. But as I say, Sir, there is some disjunction and that if you ask people about how safe they feel in their homes or in their locality, they say they feel very safe, even the majority of people living in St. Helier. But if you ask them about Jersey or the Island as a whole, that is when their perception of crime and fear of crime seems to kick-in. But, as I say, Sir, we monitor all of the policies in this area and we know that there are differences in both gender and age profile as to both fear of crime and also risk profiles. This is an area of work we take, as I say, seriously. Deputy de Faye also acknowledged... no, I have dealt with him I hope. I am grateful for his support. Deputy Baudains made similar comments to those of the Deputy of St. Martin and I think I have addressed those. The laws will come back to the House. He talked about cost-effectiveness and thought this was an unusual thing to consider in a criminal justice policy. But this is obviously a factor. In terms of cost-effectiveness he particularly again referred to speeding and speed cameras and I have already confirmed: road safety is the priority. Again, he was one of those who mentioned the importance of crime prevention. We do a lot. We would like to do more. I absolutely concur. On designing-out crime, certainly on the Waterfront especially, this is happening. There is a lot of exciting work going on about trying to design-out crime. I know the police have been involved in that. But I certainly can think that more liaison between Home Affairs and other States departments, where we are - like Housing - we do do some but we could perhaps do even more, to look at opportunities to design-out crime are always going to be a good thing to do. I am happy to raise the issue with my officers to see how we can build on that and take it forward. Deputy Le Claire, he said that, yes, that it had been a long time for the parole elements to come forward, and, yes, it has, Sir. But there has been a lot of consultation. The consultation period was also extended so that the court could express its view so we could get the provisions right. So I make no apology for that. It was essential. But, most importantly, Sir, the discretionary release element should be seen as part of the whole. It is a holistic approach to which the Deputy referred positively. He referred also to pillar 3 on victims and particularly the Criminal Injuries Compensation Scheme. Yes, he did raise this issue of a ceiling being put on that. Sir, I, like he, would very much like to see a higher level of awards for victims, but as I have no control over the budget - the awards are made by the board of the Criminal Injuries Compensation Scheme - it

would not be appropriate for me at this stage to bring such a proposition to the House, I feel. We had set aside a budget for £250,000 and it is already overspent. Already the awards are over £400,000. So I am having to find ways to deal with that. So the suggestion that I should come and remove the ceiling or up the ceiling on awards, I think, at this stage, with the difficulties of financial constraint, it a bit of a non-starter, which, as I say, regret.

**Deputy P.V.F. Le Claire:**

Sorry, may I ask the Senator to give way just for a second. What I was suggesting, that that case in particular but also other cases is, as has been highlighted, really needs to be taken on by the States as a whole and it should not be something that the Minister has to account for and something that I hope in the future she would perhaps suggest an alternative method of funding for and an alternative way of addressing people who are the victims of crime.

**Senator W. Kinnard:**

The issue of the difficulty of this budget is one which is exercising our minds at this very point and I have made a number of suggestions in the past as to how it might be dealt with. I am hoping that at last some of those suggestions may begin to fall not on deaf ears but hearing ones. Watch this space. He also made a request, as indeed did a number of Members, so I will perhaps deal with it in one go, about wanting to have more police foot patrols. Again, this goes to the shift system, which I addressed earlier. We are very aware of the importance of reassurance policing and I will certainly pass on the comments of Deputy Le Claire and others, Deputy Troy and others, to the operational team. I think it is important that the message is passed on and I will do so and we will see whether anything will be done. But, as I say, we have a particular problem we know from now, going forward into the New Year, because of the strains of the night time economy. The Honorary Police, of course, and the States of Jersey Police do work together in joint initiatives and they go out on patrol together in St. Helier especially and particularly on focussed operations. I certainly say that those owe their success to that sort of joint working, so I can reassure the Deputy that that does happen. He mentioned the oversight council. I think we debated this to death yesterday so I do not think I will go over that again. But he also referred... no, I think I will leave that there. I think we have addressed that yesterday. Deputy Scott Warren: I am very grateful for her support. Deputy Le Hérissier: I am very grateful for his support. I would say to him, yes, it is a living document and it is very much to be built upon and I would hope that he would see that as one of the strengths of the policy. The plans for the Police Authority are not for a bureaucratic structure and I certainly intend to keep my Constables close in my discussions and on the consultation. The prison: reconviction rates. Yes, in fact, I would not be nearly as pessimistic, I think, as the Deputy because it used to be the case that it was said nothing can be done about recidivism, nothing can be done about reconviction rates. But, in fact, in the prisons of England and Wales, since there has been improvement in the service and improvement in the facilities and improvement in programmes that we know work, since then they have made significant inroads to their reconviction rates. I believe, and I have not got the figures in front of me, but it was only a day or 2 ago that I was looking at them, in England and Wales now, the reconviction rates are down to something like 55 per cent, compared to ours which are 70 per cent for adults and 85 per cent for young offenders. So - I would not be nearly as negative - the improved conditions are going to show the dividends, that I say they are going to, in respect of lowered reconviction rates. I am very hopeful about that and I think it will be a great thing for the community if we can achieve it. The Dean: I was very grateful for his kind support and his words of encouragement, and he, I know has been very close to, particularly, the issues at the prison. He also raised the issue around perception and that we must take this seriously as an issue and I say: "Yes, we do." We take it seriously as an issue. But fixing it is a challenge. Rules and responsibilities are very important, the Dean indicated, and said that the criminal justice policy sets that out: sets out boundaries and makes it quite clear the difference between right and wrong. I can only concur with him. He says that our policy achieves that. The Constable of St. Helier, I certainly thank him for his support and he did well, I think, to

remind us that it is only a small minority of people who commit crime or engage in antisocial behaviour in our community. He again referred to officers on the beat and I will pass that on to the operational team. The Attorney General made a number of very supportive comments for which I am extremely grateful and again made some very important points in respect of pillar 2 criminal justice statistics. Yes, it is a conservative action plan for the reasons he so eloquently outlined, not least of all the lack of resources. So we do have a longer-term planning group. However, any such proposal, Sir, of course, for an integrated I.T. (information technology) system will, of course, come to the House for debate. The Constable of St. Brelade again was concerned about speed cameras. I have given my assurance on that. He said: "Why is the prison population lower in Guernsey than it is in Jersey?" Well, there are 2 reasons for that. One is that the Guernsey general population is less than the Jersey population. The other reason is that they have parole after one-third sentence and they have had it for a great many years. So they have not suffered, perhaps, the cell-blocking scenario that we have suffered of late at La Moye Prison. So that is some of the explanation. Staffing, he said, and the progress of the performance improvement plan: yes, we have had an extra £500,000 in perpetuity for the prison performance improvement plan for the prison but clearly there are still the issues around the base budget which have to be addressed. There is a meeting of the Council of Ministers, which is the 28th or 29th November to discuss those issues. I would be looking for the generosity of my fellow Ministers who have any underspends, to perhaps see their way to letting us have some of that to fill the hole in the base budget. They said they had tried but they have not tried hard enough. Oh, yes, you have done very well. Then I will go on, Sir, to say that the... sorry I will not be long now. I am nearly there. I cannot help it. I have a lot to feed back on. I would say to Deputy Troy, then, what a horribly negative attitude. So I will perhaps leave that one out. I will pass over that one. Deputy Pitman: on Deputy Pitman's point she said crime prevention is crucial, and I absolutely agree with her. She spoke of the risk factors in young people's lives, and again we try to address those in the policy in terms of what we would like to see done. She referred to the excellent work of the detached youth worker project and I agree again. It is not the only project. I have mentioned a number of them in terms of the Building a Safer Society. I will not go into them all now. Again, we could do more with more resources. But certainly also, on Deputy Pitman's point, I can say because I have just received this from the Constable of St. Ouen, he says that the St. Ouen Centenier attends both Les Landes School, as well as Les Quennevais, to talk to youngsters about policing and crime prevention. So the Honorary Police are out there in their communities doing this kind of work, which I think we can all agree is a very good thing to do indeed. She was right again, Sir, when she said that preventing crime and early intervention is not just a problem for Home Affairs. It is a problem for us all. Sir, I can again only but concur. Sir, I maintain the proposition and ask for the appel.

**Deputy J.A. Hilton of St. Helier:**

Could we take the proposition in 2 parts, please?

**The Greffier of the States (in the Chair):**

Yes. How do you wish to vote? Are you content, Minister, that paragraph (a) should be voted on separately then paragraph (b)?

**Senator W. Kinnard:**

I am content, Sir.

**The Greffier of the States (in the Chair):**

Do you wish paragraph (a) in one? Very well. If Members are in their designated seats. The first vote is therefore for the introductory words and paragraph (a) of the proposition to agree the various action plans as set out and the Greffier will open the voting.

<b>POUR: 46</b>		<b>CONTRE: 4</b>		<b>ABSTAIN: 0</b>
-----------------	--	------------------	--	-------------------

Senator L. Norman		Deputy P.N. Troy (B)		
Senator W. Kinnard		Deputy J.A. Hilton (H)		
Senator T.A. Le Sueur		Deputy S.S.P.A. Power (B)		
Senator P.F. Routier		Deputy S. Pitman (H)		
Senator M.E. Vibert				
Senator P.F.C. Ozouf				
Senator T.J. Le Main				
Senator B.E. Shenton				
Senator F.E. Cohen				
Senator J.L. Perchard				
Connétable of St. Ouen				
Connétable of St. Mary				
Connétable of St. Peter				
Connétable of St. Clement				
Connétable of St. Helier				
Connétable of Trinity				
Connétable of St. Lawrence				
Connétable of Grouville				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. John				
Connétable of St. Saviour				
Deputy R.C. Duhamel (S)				
Deputy A. Breckon (S)				
Deputy of St. Martin				
Deputy G.C.L. Baudains (C)				
Deputy C.J. Scott Warren (S)				
Deputy R.G. Le Hérisier (S)				
Deputy J.B. Fox (H)				
Deputy J.A. Martin (H)				
Deputy G.P. Southern (H)				
Deputy S.C. Ferguson (B)				
Deputy of St. Ouen				
Deputy P.J.D. Ryan (H)				
Deputy of Grouville				
Deputy of St. Peter				
Deputy G.W.J. de Faye (H)				
Deputy P.V.F. Le Claire (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy D.W. Mezbourian (L)				
Deputy of Trinity				
Deputy A.J.D. Maclean (H)				
Deputy K.C. Lewis (S)				
Deputy of St. John				
Deputy I.J. Gorst (C)				
Deputy of St. Mary				

**The Greffier of the States (in the Chair):**

Very well. I will ask the Greffier to reset the voting system. The vote is now for or against paragraph (b) of the proposition. The Greffier will open the voting.

<b>POUR: 47</b>		<b>CONTRE: 3</b>		<b>ABSTAIN: 0</b>
Senator L. Norman		Deputy of St. Martin		

Senator W. Kinnard		Deputy J.A. Martin (H)		
Senator T.A. Le Sueur		Deputy S. Pitman (H)		
Senator P.F. Routier				
Senator M.E. Vibert				
Senator P.F.C. Ozouf				
Senator T.J. Le Main				
Senator B.E. Shenton				
Senator F.E. Cohen				
Senator J.L. Perchard				
Connétable of St. Ouen				
Connétable of St. Mary				
Connétable of St. Peter				
Connétable of St. Clement				
Connétable of St. Helier				
Connétable of Trinity				
Connétable of St. Lawrence				
Connétable of Grouville				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. John				
Connétable of St. Saviour				
Deputy R.C. Duhamel (S)				
Deputy A. Breckon (S)				
Deputy G.C.L. Baudains (C)				
Deputy P.N. Troy (B)				
Deputy C.J. Scott Warren (S)				
Deputy R.G. Le Hérisier (S)				
Deputy J.B. Fox (H)				
Deputy G.P. Southern (H)				
Deputy S.C. Ferguson (B)				
Deputy of St. Ouen				
Deputy P.J.D. Ryan (H)				
Deputy of Grouville				
Deputy of St. Peter				
Deputy J.A. Hilton (H)				
Deputy G.W.J. de Faye (H)				
Deputy P.V.F. Le Claire (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy D.W. Mezbourian (L)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy A.J.D. Maclean (H)				
Deputy K.C. Lewis (S)				
Deputy of St. John				
Deputy I.J. Gorst (C)				
Deputy of St. Mary				

**The Greffier of the States (in the Chair):**

Very well. That concludes the criminal justice policy. I have been given notice that the Minister for Economic Development wishes to make...

**Senator W. Kinnard:**

Sorry, could I just quickly say a word?

**The Greffier of the States (in the Chair):**

Very well.

**Senator W. Kinnard:**

Sorry I perhaps should have said it before. I would just quickly like to express my thanks to the Education and Home Affairs Scrutiny Panel for their well-considered report because it did contribute to the final policy direction. My thanks also to the Attorney General for his excellent advice throughout. Particular recognition, Sir, must go to my Chief Officer for the exceptional work that he did in bringing this policy from initial conception to final fruition. Finally, Sir, I am grateful to Members today for their support in sharing the vision of the future that rests on a safe, just and equitable community and one, Sir, that upholds tradition in its rightful place. Thank you.

**The Greffier of the States (in the Chair):**

Thank you, Minister. Now, I have been given notice and I think Members have on their desks a statement that is to be made by the Minister for Economic Development.

**STATEMENT ON A MATTER OF OFFICIAL RESPONSIBILITY**

**2. Senator P.F.C. Ozouf (The Minister for Economic Development):**

I am delighted to inform Members that EasyJet plc have this morning announced plans from 31st March 2008 to commence year-round scheduled daily services from Jersey to Liverpool and from Monday 21st April 2008 daily scheduled services from London Luton. The airline will operate 737/700 aircraft from Liverpool and an Airbus 319 aircraft from Luton. Both services have the capability of delivering in excess of 95,000 passengers within the first 12 months of operation. I believe this announcement is one of the most significant for the visitor economy for a decade. The fact that easyJet has chosen to add Jersey to their extensive international route network is a mark of confidence in Jersey. With EasyJet's strong brand awareness, I expect to be able to report an increase in inbound visitors in the Island, especially from these 2 origins which are not currently served. Economic Development plans to work closely with EasyJet to develop a strong presence in the Island and develop a lasting partnership which will benefit our visitor economy. This is in addition to the ever-increasing close relationship we have with all of our valued airline partners. Sir, this is a tremendous boost for tourism, quite apart from being fantastic news for Islanders. These destinations complement the Island's unrivalled existing network of routes and the significant investment in our tourism and business economies. The announcement comes as a direct result of the collaborative efforts of Jersey Airport and Economic Development teams, working together to deliver new routes to the Island. I would like to thank both my teams for helping to secure these new services and in particular the Airport Director and Economic Development's Chief Officer, and, of course, my Assistant Minister Deputy Maclean. Seats will go on sale within a matter of days and I will keep Members informed of further developments.

**The Greffier of the States (in the Chair):**

Any questions for the Minister on the statement?

**2.1 Senator B.E. Shenton:**

Can I just ask the Minister whether any subsidies have been paid to secure this route?

**Senator P.F.C. Ozouf:**

The new collaborative way that Economic Development and Jersey Airport work means that there are a number of incentives that have been made to secure this route. But what I will say to Senator Shenton it that it is done within the existing budget of Economic Development. We are making Jersey's taxpayers' money work better and work better for Jersey's tourism economy and I would hope that he would agree with me that that is the right approach to take in relation to securing more passengers to the Islands.

## **2.2 Deputy P.V.F. Le Claire:**

I am sure Members will join with me in congratulating the Minister and his Assistant Minister in securing a very positive future for Jersey's tourism and also for Islanders in this announcement today. I would like to ask if the cultural aspects of Liverpool coming forwards next year have been any influence on this decision and also maybe to touch upon Luton? What exactly from a hub perspective does Luton offer in relation to onwards journey, please?

## **Senator P.F.C. Ozouf:**

The Deputy, I am obliged to him. He kindly sent me a pin with Liverpool's European Centre of Culture, which is next year. That is important. Liverpool is a growing economy with people with disposable income and Liverpool residents will be very welcome to join us in Jersey for a holiday. Indeed, the European Centre of Culture at Liverpool will be an exciting development for that community. As far as London Luton is concerned, Luton and Stansted represent key catchment areas for visitor and potential visitors for Jersey. Thomsonfly sadly announced that they would be withdrawing the Luton service and we saw additional passengers coming that otherwise would not be the case. It is a key catchment area. It is a key catchment area that Jersey needs to be served from and I expect new passengers - passengers that otherwise would not be coming to Jersey - coming as a result of it. I thank him for his warm words.

## **2.3 Deputy G.P. Southern of St. Helier:**

While the Minister is to be congratulated for keeping within his budget, can he say from which pot this money has come? Where will less money be being spent in order that we should subsidise an airline?

## **Senator P.F.C. Ozouf:**

The chairman has full access to Economic Development's budgets and we are happy to disclose exactly the details of the transaction, which will remain, as all of our airline deals as far as Economic Development commercially, in confidence. That is rightly the situation because it allows us to negotiate much stronger with other airlines and I hope to be able to make further announcements in relation to new airlines and new marketing packages. All of our existing airlines are invited to come to Economic Development and Jersey Airport to see what we can do together. It is by working together that we are delivering new results. As I told the Deputy yesterday, our year to date figures, our totals arrivals are up by 4.5 per cent this year, the biggest rise since 1993 and bed nights up by 2 per cent. I think he will know that Economic Development invests significantly in tourism and this is about making Jersey tourism, taxpayers' money better spent and more tightly spent.

## **2.4 Deputy R.G. Le Hérissier:**

Before we all sail away, notwithstanding that excellent news, could the Minister identify if an airline is ready to step into the Doncaster route?

## **Senator P.F.C. Ozouf:**

We are in discussion with Thomsonfly about the future of those particular routes. The Deputy will be aware that those withdrawals of 2 services were not made, and some of them have not been confirmed. They were not as a result of the financial performance on the route, rather, the merger of First TUI Group and Thomsonfly. What I can say is that we are in discussion with Thomsonfly and I am hopeful that we can keep some of those routes. But we are also talking to other airlines and our existing, extremely valuable airline partners to see what they can do.

## **2.5 Deputy C.F. Labey of Grouville:**

My question was on the same lines as Deputy Le Hérissier's about Doncaster and the Coventry route.

**Senator P.F.C. Ozouf:**

I can say that the Doncaster and Coventry routes year to date have delivered us an incredible number of passengers, which are welcome, and we want to retain them and we are doing everything that we can to secure those routes in future. But this is really a landmark decision. Securing one of the strongest brands in the low-cost market is why I am taking the opportunity of making a statement to Members of it. Its symbolism is important and a signal and vote of confidence in Jersey.

**2.6 Deputy G.C.L. Baudains:**

Can the Minister advise whether we have either a service level agreement with EasyJet or a similar mechanism whereby we can ensure that the service offered is, in fact, a good service? Because I am concerned there is at least one operator coming to Jersey that could possibly be doing significant damage because of the poor service to our reputation because of the poor service they provide. I would hate to think that a similar situation might arise in the future. Do we have a mechanism to defend ourselves against that?

**Senator P.F.C. Ozouf:**

I think I answered questions in the Assembly previously on the issue. What is important is the robustness of an airline such as EasyJet in being able to deliver back-up services when services and when inevitably aircraft go technical, et cetera. But the power of the EasyJet network... and there has been a great deal of discussions about their ability to be able to service this route and I am confident they will be able to serve them extremely well.

**2.7 Deputy C.J. Scott Warren:**

I congratulate the Minister and the Assistant Minister on this news. I was going to ask also about Doncaster but also about if there are any negotiations underway regarding getting Stansted back.

**Senator P.F.C. Ozouf:**

Just to say on the Doncaster situation: year to date Doncaster delivered 28,000 passengers and I put that into the context of the objective of 95,000 and London Luton delivered 17,000. So just to put those into particular context. I am afraid I have forgotten the question, I am sorry.

**Deputy C.J. Scott Warren:**

Stansted.

**Senator P.F.C. Ozouf:**

Stansted. What I would say is that Stansted and Luton are, I think, somewhat of a similar catchment area. If we have an airline operator that is willing to do Stansted, then they will approach us and they will talk to us and we will, I hope, agree terms. But I think Luton and Stansted are within a similar band catchment area and so Luton is good for that area of the country.

**2.8 Connétable M.K. Jackson:**

While being extremely supportive of this move I will just pick up on a whisper that came from Senator Le Main. Is the Customs and Immigration Service capable of dealing with this influx in terms of their previously alluded to budgetary strictures and would the Minister confirm that perhaps his department may be in a position to assist the Home Affairs Department in supporting that?

**Senator P.F.C. Ozouf:**

We enjoy, I think, and Jersey Airport enjoys an extremely good relationship with Customs and the important work that they do. All I will say is that I will continue to support Home Affairs and Customs on the important work that they do. Let us not cast aspersions on people from particular

destinations. I am sure that Customs will be doing their normal assessment of risk on all areas and all other destinations to secure the Island.

**2.9 Deputy P.N. Troy:**

Eighteen months ago I was on a flight down to the South of France, an EasyJet flight, and Mr. Stelios was on the flight. I went over and introduced myself to him and had a short discussion on whether he would be interested in coming to Jersey. Remarkably, he still came. At that time, 18 months ago he said to me that he had no intention of coming to Jersey at that time. So I would like to congratulate the Economic Development Minister because a lot of work has obviously gone on in which EasyJet has changed its decision process that Jersey was not a viable operation, Sir.

**The Greffier of the States (in the Chair):**

Deputy, there are other Members waiting to ask questions. Will you please ask your question?

**Deputy P.N. Troy:**

What I wanted to ask the Minister, Sir, was whether EasyJet have indicated whether at a later date they will add additional routes from some of their other destinations, Sir?

**Senator P.F.C. Ozouf:**

Briefly, there is a new world of working between Economic Development and Jersey Airport with a new regime in place. That is what is changing and it is working. Is there further potential for growth for EasyJet? Absolutely. And other airlines? Absolutely. Jersey is open for business and we want to see an expanding rejuvenated tourism economy.

**2.10 Deputy G.W.J. de Faye:**

Congratulations to the Minister. To paraphrase the words of actress Lorraine Chase, I am delighted that people are wafting their way to this south-sea British paradise, albeit from Luton Airport. I believe the phrase of pleasure from Liverpool is that: "We are all really made up, like." I would like to ask the Minister though, important as these arrival figures are, is he satisfied that we have established a mechanism of determining the relationship between arrivals and what people contribute to the Island in terms of spending? I know that there are mechanisms in place. Is he satisfied they are giving us a clear picture?

**Senator P.F.C. Ozouf:**

Absolutely. Numbers and volume are important. He is absolutely right in saying that economic value and value-added is also important. What the striking thing about the world of low-cost operators is, is that people who get cheap flights spend more money when they are at their destinations, at our premium hotels and on our High Street.

**2.11 Deputy D.W. Mezbourian of St. Lawrence:**

I believe the Minister has just touched upon the response to my question, which was whether there is enough bed space within the Island to accommodate these new arrivals, particularly as they are coming in on EasyJet flights.

**Senator P.F.C. Ozouf:**

I am sure that is the case. I have been visiting our new facilities at the Radisson, at the Royal Yacht and the rejuvenated Grand: all of these operators are excited about filling their bed spaces and filling their rooms with new passengers on EasyJet and our other new airline partners.

**PUBLIC BUSINESS - resumed**

### **3. Goods and Services Tax: Zero-Rating for Foodstuffs, Books, Newspapers and Magazines (P.169/2007)**

#### **The Greffier of the States (in the Chair):**

That concludes the 10 minutes allowed for questioning. So the Assembly moves now to the next item on the order paper which is the proposition of Senator Shenton, Goods and Services Tax Zero-Rating for Foodstuffs, Books, Newspapers and Magazines. I ask the Greffier to read the proposition.

#### **The Deputy Greffier of the States:**

The States are asked to decide whether they are of the opinion: (a) to refer to their Act dated 13th May 2005 in which they approved the introduction in 2008 of a broad base Goods and Services Tax at the rate of 3 per cent fixed for 3 years and to their Act dated 18th April 2007 in which they approved the Draft Goods and Services Tax (Jersey) Law and to agree to vary those decisions as appropriate in order to zero-rate the following items: (i) foodstuffs in line with the United Kingdom Value Added Tax arrangements as set out in Appendix 1 and (ii) books, newspapers and magazines in line with the United Kingdom Value Added Tax arrangements as set out in Appendix 2; (b) to request the Minister for Treasury and Resources to bring forward for approval the necessary Regulations so that the zero-rating of these items is in place when G.S.T. (Goods and Services Tax) is introduced in Jersey.

#### **3.1 Senator B.E. Shenton:**

I should begin by clarifying that G.S.T. is a consumer-based tax. It is a tax on the consumer. It is not a tax on business. When we last debated G.S.T on 24th October 2006 I declared before the debate that I am, in fact, a director of the Channel Islands Co-operative Society. I had previously before the debate written to the Greffier in order to clarify my position. As my work for the Co-op is fixed and not performance related, it was agreed that there was no conflict under Standing Orders. I am therefore happy with this stance and if Members have a problem with this I suggest they should speak now.

#### **Deputy G.W.J. de Faye:**

I do not have a particular problem but would the Senator care to indicate if he received any remuneration for his role or not?

#### **Senator B.E. Shenton:**

As I stated just now, I received a fixed remuneration. It is not performance related.

#### **Senator P.F.C. Ozouf:**

Would the Senator confirm the extent of the remuneration? Is it simply an honorarium or is it a substantial amount of money? Could he also confirm whether or not there have been any meetings of the board of the Co-op in relation to that and if, at the board of the Co-op he has discussed the issue of exemptions or inclusive pricing? I do not think that I necessarily agree that this is completely a consumer-based issue. There are implications for retailers. But I do not want to make a big point of it. We will deal with that in due course. But he has asked us - whoever - to hold our peace. I am not sure that that is entirely appropriate.

#### **Senator B.E. Shenton:**

I receive a remuneration which appears in the report and accounts. I cannot remember the exact figure. It is £4,000 something. The board of the Co-op were totally unaware that I was bringing this proposition and it has not been discussed at board level.

#### **The Greffier of the States (in the Chair):**

I would like you to make the proposition.

**Senator B.E. Shenton:**

What I have learnt over the last 2 years in the States, is that this House consists of 53 States Members, all of whom are fiercely proud of their Island and all determined to do what is right. Sir, it is strange that we have such diversions of views when we all have the same goals. I think it all comes down to who we listen to, who we represent and where our heart is. Yes, we have debated this before. But how many thought that exempting food would cost many millions more than it does. How many thought that with no exemptions the government would embrace the seemingly sensible option of pricing at the till? How many thought that there would be no other exemptions? How many thought that our financial position would have improved so markedly? Times have changed and the voice of the people is much louder. The Chamber of Commerce have changed their stance. They have changed their stance because they have realised how dangerous and damaging the no exemptions G.S.T. policy is. The public do not want food taxed. Businesses do not want food taxed. The Government does not need to tax food. I can see absolutely no reason for voting against this proposition. Taxing food is morally wrong. It is taking food out of the mouths of babies. It is morally wrong to tax food for families. The wealthy and the not so wealthy have to pay the same amount on the food that they need to keep their family alive. The reason the grocery tax is unfair to middle and low income is because paying the tax costs them a much greater percentage of their income. Middle and low income families spend a greater percentage of their income on necessities like groceries than the wealthy do. While it is slightly more burdensome for business, it is a price worth paying. The bulk of the cost of the business will be down to the introduction of G.S.T. itself. It will not be down to the passing of exemptions. One advantage we have is that the U.K. have done all the work for us already. Software is readily available. I.T. is readily available. The bulk of our supplies come from the U.K. where the manufacturers understand the V.A.T. exemption system. It is not difficult and it solves the price-marking problems that we have created. How many of us have stood in a supermarket queue while the person in front counts their pennies for the meagre items in their basket? Jersey has a high-cost economy that risks becoming uncompetitive. We have to get better value for money from our tax spends and we have to get more for less. This proposition aims to exempt the basic necessities of life: bread, milk, fruit, vegetables and of particular importance to our struggling dairy industry, animal feedstuffs. Senator Vibert is mumbling there. I am not sure if he knows he is doing it. **[Laughter]**

**Senator M.E. Vibert:**

I am not that far gone, Sir. I was just mentioning before I go on to the list which was not mentioned.

**Senator B.E. Shenton:**

Sorry, as Health Minister, I have to have some concerns for the people. **[Laughter]** Senator Le Sueur said it would benefit the wealthy more than the poor as they spend 3 times as much on food. Yet under this proposition luxury items will not be zero-rated. Ice cream, ice lollies, frozen yoghurt, water ices will not be zero-rated. Confectionary will not be zero-rated. Coca Cola, lemonade, fizzy drinks will not be zero-rated. Potato crisps, potato sticks, et cetera, will not be zero-rated. How much bread, milk, fruit and vegetables can a rich person eat, bearing in mind that Senator Le Sueur said they eat 3 times as much. **[Laughter]** Nearly all of our goods are imported from the U.K. where sales tax is not applied to most foodstuffs. Despite high transport costs a pre-weighed pack of cheese currently sold at U.K. prices with 99 pence special offer is sold at 99 pence. Under the chosen system the 99 pence special offer will cost the consumer £1.02. Senator Vibert is saying, no, it will not but of course it will.

**Senator M.E. Vibert:**

It will cost what the shop charges for it.

**Senator B.E. Shenton:**

As I said, G.S.T. is a consumer-based tax. It is not a tax on business. Do we really have a tourist industry that does not believe that paying more than anywhere else in the British Isles for a newspaper will not label Jersey an expensive place to visit? It is the little things that stick in the mind. As politicians we are constantly reminded of the steam clock. The assertion that food prices in Jersey are very high is largely based on the price of 2 locally produced necessities, bread and milk. On a global basis we are entering into a period of high food inflation. On top of G.S.T., consumers will have to contend with rising food prices that according to the *Daily Telegraph* could push up the annual shopping bill for the U.K. family by as much as £1,000 a year in 2008. This is not a great time to bring in a food tax. Senator Le Sueur with his last minute proposals says that they are better. But how can proposals that do absolutely nothing for those not on income support, but who do not earn enough to pay tax? They get absolutely nothing from his proposals. Furthermore, his proposals increase the 2008 tax allowances. But as the Treasury Minister must realise, Jersey has a prior year tax basis system. The benefits of adjusting 2008 tax levels will not benefit the taxpayer until the first half of 2009, one year after the introduction of G.S.T. He says that exemptions will hit small business but if your turnover is below £300,000 or if you do not sell food or do not sell books, you will not be affected. He says that it will be more costly to administer. To quote: "In addition, it will cost the States an additional £800,000 in administrative costs and would involve employing an extra 8 members of staff." £800,000 for 8 support staff. If the private sector started paying £100,000 each for support staff, the managing director would not last very long in his job. No wonder we get accused of overspending and waste. But why books and newspapers? Why give up £366,000 a year in revenue when we can tax books and newspapers and cause chaos for newsagents and upset the tourists? It is a pity we disbanded the Tourism Committee because no one seems to be standing up for tourism these days. I am dismayed that the Education Minister does not support the exemption on books but, sadly, I am not surprised. Books are a tool for learning. Stories can change a life. Toys may break, clothes may wear out but stories last forever. I ask you to support this proposition; a proposition supported by the majority of consumers and supported by the Chamber of Commerce. Please listen to the people and please look after them. I put forward my proposition.

**The Greffier of the States (in the Chair):**

Is the proposition seconded [**Seconded**]. There is an amendment which we must deal with first from Deputy Lewis of St. Saviour. Are you able to deal with that in 10 minutes, Deputy? I ask the Greffier to read the amendment.

**The Deputy Greffier of the States:**

In paragraph (a) after sub-paragraph (2) insert the following new paragraph: (3) clothing for children up to the age of 14.

**3.2 Deputy K.C. Lewis of St. Saviour:**

The purpose of this amendment, Sir, is to ease the burden on those who are less likely to be able to afford this tax. Upon its introduction in May of next year, families with children will begin to suffer. I am seeking to zero-rate children's clothing up to the age of 14 as this is when the body dimensions begin to merge with those of the general population. We can all remember how quickly our children grew out of their clothes and growing so quickly that they needed clothes and new pairs of shoes every few months if not weeks. If this amendment fails, G.S.T. will also be payable on baby clothes: bibs, nappies, bonnets and booties. This sales tax is highly regressive and many people will simply not be able to afford them. Goods and Service Tax on children's clothing is morally wrong. Even in the U.K. where they tax everything, they would not dream of putting tax on children's clothes. Next May when the Goods and Service Tax is introduced, the people of Jersey will start to vote with their feet. Small groups of people will club together to share the cost of a van or minibus and set off for the U.K. where children's clothes are zero-rated for tax. They

may even take advantage of the new EasyJet service. The hypermarkets and shopping malls of southern England near the ports will see a sharp increase in business and while there will probably buy adult clothing too. Clothing is already much cheaper in the U.K.. Just wait until G.S.T. is added here. There will be enormous increase in internet shopping. What will happen to small Jersey retailers; some just barely hanging on as they have high rents, high wages and now Goods and Service Tax. Many of these shops will close. But we do not have to wait until next year to see what will happen. It is happening already. Just keep a close eye on prices in the shops. They are going up by the week. I am aware that the Minister for Treasury and Resources has made an eleventh hour offer of an additional 3.5 per cent on the income tax bar but there will still be a substantial number of people who will still fall through the net. Let us not forget also, I know there is States assistance but the people of Jersey are a very proud people who do not wish to fill in huge forms giving away very personal details. Why should they? Sometimes people have an extended family living under one roof. They should not have to reveal personal details to each other of their savings and earnings, let alone the States. States Members know in their hearts that this is a totally unfair tax and will hurt the very people they claim they are trying to protect. Just to remind Members of what this zero-rating will include: baby clothes, babies nappies, baby booties, children's clothes, children's shoes, boots, ballet shoes, cycle helmets, riding hats, slippers, uniforms for organisations such as Brownies, Beavers and Cubs, scarves, raincoats and school uniforms. Basically, everything a child wears from birth to 14 years of age. Sir, I look forward to Members' comments and I propose the amendment.

**The Greffier of the States (in the Chair):**

Is the amendment seconded [**Seconded**]. I am just looking at the clock.

**LUNCHEON ADJOURNMENT PROPOSED**

**The Greffier of the States (in the Chair):**

It may be appropriate adjourn now at resume at 2.15 p.m.

**LUNCHEON ADJOURNMENT**

**PUBLIC BUSINESS - continued**

**Goods and Services Tax: Zero-Rating for Foodstuffs, Books, Newspapers and Magazines (P.169/2007) - continued**

**The Bailiff:**

The debate now opens upon the amendment of Deputy Lewis. I invite contributions from the floor.

**3.2.1 Senator P.F. Routier:**

When I first saw this amendment it brought back loads and loads of memories for me. Not the fact that we have debated this 3 times and rejected it 3 times, but it has brought back memories of a former life of when I used to buy and sell children's clothes. One of my best customers is sitting right behind me. [**Laughter**] I have to say it was quite common for suppliers and manufacturers to suggest that larger youth sizes could be sold to adults. It was quite a common thing that happened within the trade. Not that it mattered to me because of course Jersey was zero-rated. But it was certainly something that was common within the U.K. trade. The U.K. legislation is totally flawed with regard to the sizing of children's clothing. I can assure Members that the games played with sizing across children's and adults' clothes is quite amazing. Looking at the U.K. notice which the Deputy has very usefully provided for us, the notice is dated January 2002. Members, I know, are aware that the clothing industry is fashion-led and that part of the fashion changes that happen relate to the size and the shape of garments. Since this U.K. notice which is being proposed as being the way forward for us was written in 2002, styles and the use of sizes as part of the fashion

changes have moved on quite dramatically. The problem with the U.K. legislation is that it is impossible to target children's clothing by size, which is what they try to do but I am afraid fail quite miserably. The U.K. notice tries to use inches and centimetres to identify under 14 year-olds. This attempt fails quite dramatically. May I suggest that even I can wear a shirt that measures less than 41 inches. That is one of the regulations which are being proposed. The U.K. legislation unfortunately is flawed in that way. Not only is there the difficulty for ensuring that zero-rating is solely directed at children's clothes but importantly - and I have to say very importantly - the administration for suppliers and retailers is immense. Reading the report attached to the amendment, the Deputy says - if Members have it in front of them - in the third paragraph: "My proposals seek to exempt children's clothing broadly in line with the U.K. 2002 notice relating to zero-rating young children's clothing and footwear - which is attached as an appendix to his report - with the exception of section 3 which relates to fur products which I do not believe is relevant to Jersey." So the Deputy is not only suggesting that we copy a faulty, failing, dysfunctional U.K. system, he is also suggesting that we make further exemptions to that and further complicate the U.K. system. There is another worrying element with this amendment if it was accepted. It is the unfairness to the smaller retailer. Retailers with turnovers under £300,000 will no doubt want and need to register for G.S.T. This will add to their administration and their costs. They will no doubt need to cover those costs by increasing their prices. No doubt we will hear later in the food debate, the systems which are being quoted as being available to the retailers are just copying what goes on in the U.K. are systems which are available to businesses that can afford those systems. When you are talking of a business that has a turnover of under £300,000 I can assure you the expense of bringing in a system which does the job of the U.K. system is not a cheap option. A small business would obviously need to recoup those costs if this was to be approved which, of course, is the very thing that people are worried about - increasing costs. Increasing costs that people are going to have to pay for goods that they are wanting to purchase. The U.K. system is a disaster with regards to children's clothing. We will talk about food at a later stage. I believe we should avoid falling into the trap of replicating that system in Jersey. I urge Members to reject the amendment.

### **3.2.2 Deputy J.A.N. Le Fondré of St. Lawrence:**

I would like to endorse the comments of the previous speaker and also of those Members to the comments already released by Treasury. I do think the amendment brought by Deputy Lewis is very well-meaning but I am afraid I also agree I think it is slightly misguided. If we exempt children's clothes which in the U.K., as we have heard, are regulated by size and small adults do go out and buy them and large youngsters who while still young simply do not fit into such clothes any more do not get the benefit. I am just going to give a little bit more detail than we have had if that is okay, if I can judge the mood of the Assembly. It is quite literally the case that you effectively have to set up a shop within a shop because you have to distinguish between clothes up to 14 year-olds and others. I also pick up the point that Deputy Lewis has said he only wishes to broadly adopt the 2002 notice which is attached to his proposition, which could of course mean he only wants to adopt certain unspecified parts of it other than fur. Anyway, in all seriousness and as many Members will be aware, clothes sizing is not consistent. Therefore, a ladies size 10 in one brand could be a size 12 in another brand. The regulations are specified in dimensions, both centimetres and inches. Therefore, every business has to physically measure each and every product line according to the criteria laid down. As an example, if you look at the top of page 11 of the report and proposition, Members will note that girls' shoes up to size 5 and a half are excluded. Members may recall an element of banter between myself and Senator Kinnard last time around in the previous debate on exemptions but it is a serious point. What are clothes up to the age of 14? People are different as we all know. Youngsters are a lot bigger these days. I am told that size 5 and a half is not far off the average for adult women. I do not know how true that is but it will certainly encompass a lot of them. Who are we trying to protect? Is it youngsters or the knock-on effect that will be a lot of female adults, including the majority who can afford £1 or £2 on the price

of their shoes. If you turn back a page - and I do not know quite how far I want to go on the subject - if you cast your eyes down on to the second line of the middle box, there are bra sizes. I am not too sure again if I want to defer to other Members with far more expertise in this area than myself but I am informed that a 34B will suit quite a number of adult women. I defer to other Members' experience. This is the problem. Effectively, you have to set up separately identifiable areas within a shop selling clothes to 14 year-olds or younger. If you are a large 13 year-old you have a problem. You will potentially be classified as an adult and will miss out on the benefit whereas a small 17 year-old will still be able to benefit. If the concern of Members is to ensure the less well-off are protected then I would say - and stick to the method - then a better way and a simpler way is to continue to ensure that income support is properly implemented and to consider the proposals of the Minister for Treasury and Resources as regards to increasing threshold limits. Therefore, I ask Members not to support this amendment.

### **3.2.3 Deputy J.A. Martin of St. Helier:**

I think it is a game of bluff here of Ministers and who is going to talk next, but I am going to talk next. I do not have much to say. So far I have heard Senator Routier stand up and say *déjà vu* and then obviously felt free to repeat everything he said in the last 3 debates and again Deputy Le Fondré. Some - very few - either large children or small adults may be able to take advantage of this if it was passed. I have 2 strong points that I would like to really ask people to think about. We have just heard from Deputy Le Fondré, let us rely, let us target, let us use income support. Myself and Senator Routier, I think, would say we are quite *au fait* with the income support system that we have introduced but it has not come in yet. We have had a last minute offer from Treasury to give £400,000 to income support. I had a little chat with Senator Routier, Sir, yesterday. He does not know how he is going to use it, where he is going target. Fair enough, it is a rabbit out of the hat at the last minute and there is work to be done. I do not know if it is going to be these children. I doubt it very much because I think people on low incomes already buy outside of the Island. They just cannot afford ... we have very little choice already for children's clothing. Many people I know who are on low incomes have a small catalogue, they buy online. You have already lost those. Then you have got the middle earners. These are the people who are struggling. They are struggling. Income support will not help them. I have a real problem... and the Education Minister unfortunately is not here but it has been targeted in the U.K. that schools and uniforms are overpriced. I will say they are 3 to 4 times overpriced over here. At certain schools, a jumper that you can buy in any shop for about £4.99 will charge you over £20 because it has got an emblem on it. You have to buy that and the P.E. (Physical Education) kit from the school. I really think that the Education Minister should, when he speaks in this debate, if he chooses to speak in this debate... it is a lot of money from the ages of 3 to 4. Even nurseries. I know the nursery class, but the first year up to even sixth formers have to have a uniform. I totally agree with school uniforms but not pricing it out of the market. Deputy Le Fondré talks about a shop within a shop. I do not know how often he goes shopping for clothes. A lot of men I know, their wives or partners buy their clothes for them. Most shops are set out in sizes and styles and, as Senator Routier said, fashions. Any shopkeeper worth his salt can arrange this. As for people going to measure trousers, yes, I get very annoyed. I can tell all of you if I go shopping in Next or Monsoon I am a nice English size 10 but if I go somewhere cheaper, I am sorry, I have to buy a 12. But nobody is going to say to me that that is going to be measured - if it is going to be measured - by the G.S.T. man. Our law is not written for that. I have Senator Ozouf nodding to me at that which really worries me. **[Laughter]** It really worries me because we are again at the point where we are getting... I voted all along for the exemptions. In the first debate we had income support sold to everybody so let us not do food, let us not do clothing, and we are not going to do anything. We have up to 9 exemptions now. We have fee-paying schools, we have doctors - which again were supposed to subsumed by the Social Security Department. Now it is exempt-free. Whether I agree with that, it is money that the Finance Department is not collecting but was promised in the first debate. So it changes again. We have dentist services. It is a well-known fact that most people on low incomes

do not visit the dentist. In the Low Income Support Scheme, supposedly they are not saving it in their household medical account, are allowed one visit a year dental check-up. I think the price is around £40. Not at many dentists do you go in and come out and only spend £40, but let us hope we can find some. We have moved from our “no” to at least 9 or 10 exemptions. Finance: we have supposedly billions in the banks in Finance. They are working out a system with the Treasury. I would like to know how much if they really were paying G.S.T. on all their services. To me... it is okay, Senator Ozouf, you can laugh. Sorry, it is through the Chair. Sorry, Sir, I will not go there.

**The Bailiff:**

Kindly look at another Member. **[Laughter]**

**Deputy J.A. Martin:**

He was not looking at me, Sir. He was just looking down and his usual... he was smirking at me. I am not looking at him now **[Laughter]** so he is not putting me off any more. His cheeky little face... I am not going to look at him. As I say, we have moved every time in this debate. It is there; who voted for and who voted against. I was always one who voted for what I called the exemptions that will help not just the people on income support and will help the people who are just above that. It is disposable income. I know many people who are struggling on disposable income. I make no apologies for making the old speeches because I followed a Minister and an Assistant Minister who have made exactly the same speech. I will support this amendment. I hope we are at the point where we do not go grabbing at straws thrown at us from the Treasury and Resources Department. I think the Treasurer in England has made a few life-saving offers to certain people at the moment and it is coming back to haunt them. I do not think this has been thought through. At the last minute: “We can do this with a bit of income tax and we can do this with £400,000 to income support.” I will not support it. I mean I will support the amendment and I hope others can find that they can do so.

**3.2.4 Deputy C.J. Scott Warren:**

I supported the original amendments to exempt food and other essential items and service. I, Sir, will also be supporting this amendment. With all due respect to earlier speakers, I do have difficulty in believing that the U.K. shops experience all the problems that have been given in great, graphic detail by the earlier speakers this afternoon, regarding measuring sizes. What we have been told is so detailed I find it very difficult to believe that is totally the situation. The proposals of the Minister for Treasury and Resources; the problem is they may - as we have said recently - look seductive but the problem with them is that they do not help those just above the low income threshold who already do not pay tax. That is where I have a problem. If I believed that everybody on the lower incomes would be better off by the amendment, it would have been perhaps easier to say: “Okay, that will do.” But I am afraid I do not think it does sufficient for those who already are just above that low income support. They will not get benefits and they may be struggling already. For that reason, Sir, I will be supporting the amendment.

**3.2.5 Connétable D.J. Murphy of Grouville:**

I served on the Scrutiny Panel for the G.S.T. for about the last year or so. It just seems longer I think. We received all the information that we needed. Based upon information and not emotion, I came to the conclusion that we should have it straight across the board. I was the hard-liner on the Panel, if you like. However, we then discussed further and decided that in fact charities and medical equipment deserved exemptions. I was happy to go along with that. I was always slightly uneasy about the G.S.T. being put on food. What has convinced me now to change tack is that we have now shown surpluses of £20 million and £38 million and I feel that taking £3 million as G.S.T. on food is at this stage unnecessary.

**Deputy K.C. Lewis:**

Children’s clothing?

**The Connétable of Grouville:**

No, I said food.

**Deputy K.C. Lewis:**

We are talking about children's clothing.

**The Connétable of Grouville:**

I know that is the amendment but I thought we were talking about food and clothes. I am sorry, Sir, I beg your pardon. Can I reserve my right to speak on food later on?

**3.2.6 The Deputy of St. John:**

I am going to try and talk about children's clothes. Sir, I was slightly concerned when this whole debate kicked off a number of years ago about the low level of the G.S.T. proposal - 3 per cent - because it did not give the flexibility necessarily to have these types of exemptions. I was shouting quite loudly - many of you may have heard me - that the rate should perhaps be considered at 10 per cent along the New Zealand/Australian model so that we can have full exemptions and all those poorest in our society can be protected from the regressive nature of this type of tax. I have always supported quite publicly the necessity to diversify a tax base and to have more indirect tax. However, I can quite understand the political motivations for this. I like Deputy Lewis. He has an excellent name. He is a thoroughly nice chap. But I am sorry but this is a little bit - well, not a little bit - it is spanking of political posturing. It is what the public perhaps want to hear. There are some good reasons why the exemption should not be there. There are also some great political reasons why they should. I think Members need to decide between the 2 as to what is right and what is wrong in their own minds and must vote with their own conscience. My conscience is clear. I made it perfectly clear that indirect taxes in the form that you have got them proposed for Jersey are the right way to go. If you had a very poor country and high rates of indirect tax that is morally wrong. We see that in a number of countries around the world. We have gone for a very low rate. I think it was very sensible to do that. But you cannot have it both ways. You cannot start introducing exemption after exemption after exemption, some of which the Connétable just mentioned. That concerns me greatly. I will just give you some examples. We are worrying about a 3 per cent tax here and some people have every right to worry about it. We have plenty of people on low incomes in Jersey that are sometimes forgotten. However, we have a very low rate proposed. Spain has a rate of 16 per cent G.S.T. On children's clothing it is still 16 per cent although on food it is 4 per cent but we will come on to that debate later. Greece - one of the E.U.'s (European Union) poorer countries albeit it has done much better in recent years - they have an 18 per cent G.S.T. rate and 18 per cent on children's clothes. There are some good reasons for this which have been articulated by Ministers and Assistant Ministers already today. Italy has a 20 per cent rate G.S.T. and a 20 per cent rate on children's clothes. These are developed countries in the E.U. that have really massive social conscience and fantastic schemes to protect their poor people. Yet they still have these items rated at the same rate as other things too. There are some very good reasons for that which Members have mentioned today already. It will come out again in the debate on food. I would urge Members not to complicate this issue. Let us make sure that the Social Security Department and the Minister responsible make sure that the needs of the needy are met through other means and keep this tax as simple as we possibly can. My own department, from a custom's point of view, this will cause all sorts of complications which can be avoided. It leaves you wide open to fraud as well. The Constable of St. Helier mentioned this in the last debate about G.S.T.; fraud being an issue. It is. Not for the people collecting it but the fact is that when you have these types of exemptions, they are susceptible to fraud. If you look at the fraud cases in the U.K., a large number of them are the result of the exemption process. I have worked with VAT (Value Added Tax) in the U.K. I have had to read the manuals from time to time. As Members have said before, they are this thick. That is a complex system, very complex. If we are not careful we are going to drift towards that system. I think we should avoid it at our peril. I would rather

have seen a higher rate so we could have done these things more easily. The House decided that was not the way to go. We need to stick to the plan and not have this as an exemption and make sure for our people who are really in need, that their needs are met through other ways, not through this system. I would urge Members to reject this proposition and treat the fiscal strategy in the way they have already voted to treat it and not make exemptions at this stage.

**3.2.7 Connétable G.W. Fisher of St. Lawrence:**

I have a question for the proposer of this amendment because I am somewhat confused by it. But it says, as far as I read it, that the purpose of the amendment is that it should include clothing for children up to the age of 14. It seems to me that, therefore, all the schedules attached that refer to clothes size, et cetera, are totally irrelevant because presumably what it will mean is that people will have to produce birth certificates to prove the age of the child concerned when they are buying their clothes. If the child is not present at the time that may be somewhat difficult. Maybe I am raising an unnecessary complication but it seems to me from reading the proposition that this amendment would mean a most peculiar situation in shops. I look forward to the proposer of the amendment commenting on that.

**3.2.8 Deputy G.P. Southern:**

I too was looking back through previous speeches about G.S.T. and exemptions and all that. I came across my own contribution to the main debate on G.S.T. With Members' permission I will just read it because I think it is *déjà vu*.

**The Bailiff:**

Not the whole speech.

**Deputy G.P. Southern:**

No, Sir. **[Laughter]** Perhaps the President underestimates me. I have learned something in the last 3 years, Sir. Just a couple of lines if I may, Sir. It says here: "My breath has been taken away by the sheer nonsense I have been hearing from some quarters and I thought that the Deputy of St. Lawrence, Deputy Le Fondré, was going to be the acme of this nonsense but, no, he has been beaten hands down by the speech from the Minister for Social Security." It is *déjà vu* but in reverse. This time the Minister for Social Security came out with a load of tosh and was beaten hands down by Deputy Le Fondré. He has then been capped well and truly by not only the Deputy of St. John but following that the Constable of St. Lawrence. Absurdity upon absurdity piled on the argument because really there is no argument. People are desperately clutching at straws to find something to say to rubbish what is a basically sound argument. So just briefly, the fact is despite the figures produced time and time again by the Treasury and Resources Minister to suggest that it is only mildly regressive because he compares it with expenditure and obviously rich people spend more than poor people. So it is only mildly regressive. The reality is that any economist or accountant worth his salt would view G.S.T. as related to income. As soon as you do that, it is regressive approximately even at 3 per cent and certainly without exemptions about twice the relative impact on the lowest quintile and the poorest as there is on the most wealthy. Then he has come up with this...

**Deputy K.C. Lewis:**

May I seek a point of clarification?

**Deputy G.P. Southern:**

No, you may not.

**Deputy K.C. Lewis:**

Whether it is disposable income or gross income he is talking about?

**The Bailiff:**

The speaker is not giving way, Deputy.

**Deputy G.P. Southern:**

It does not matter. It is regressive on either measure. Thank you, but you did succeed in putting me off my place. **[Laughter]** Congratulations, Sir. Okay, let us come to what Senator Routier said. Senator Routier was talking about how expensive it was for shopkeepers with a turnover of under £300,000. They will probably want to register for G.S.T. Yes, they will. What has that to do with the price of fish and the fact that we may have or may not have exemptions? That is intrinsic to the system we are setting up. It is irrelevant to the argument today. But its only relevance is that, yes, if there is a cost in buying in the equivalent of a U.K. system to deal with G.S.T. then, for God's sake, you should have it as close to the U.K. system as you can because then you can get the package and it is adaptable and it can be used. If you do not have the exemptions it is unlike the U.K. system and the U.K. system will not work or if it does work you will have to pay more to adapt it. That is an argument for having an exemption like the U.K. Deputy Le Fondré then got very mixed up about sizings, obviously to his embarrassment, between a 5 and a half and a 34B. I am not sure that he knew what was foot and what was breast-wear. **[Laughter]** He did suggest that he might consult fellow Members, in which case I need to inform him that a 34B refers to the breast, the 5 and a half refers to the foot. Do not get it wrong. Nonetheless, he persevered to the end and said that that was going to cause confusion. He had the vision of little men in suits running around shops measuring things. Come on! If we adopt a U.K. system then the U.K. will have the problems about sorting it out and have had the problems about sorting out. Whether it is a Jaffa Cake or children's clothing and where children's clothing stops and adult clothing starts, it has either been done or it will be done. They have had years of experience in deciding what is what. We will not be chasing round with tape measures. We then had the Deputy of St. John, again desperate to find an argument, talking about what goes on in Greece and how Greece charges the same price on children's clothing as on adult clothing and that is the way it should be because they are the most wonderfully caring society in the entire world with the most advanced social protection system. Come on! Greece is not the envy of the world in terms of its social protection. In fact it lags way down the league - way down the league - in European terms. So please, please do not let us make comparisons like that; specious comparisons that say they do it, we should too.

**The Deputy of St. John:**

My argument was they are a much poorer country than us, Sir.

**Deputy G.P. Southern:**

That point was lost on me, I do not know why. Then we have the Constable of St. Lawrence, again desperate to find an argument that holds some water and has some weight, suggesting that parents will be rushing round town in and out of Monsoon or Gap or wherever it is with their birth certificates saying: "Not only will you have to prove your date of birth to go in the pub, you will have to prove it to go in a shop because if you want to buy children's clothes." Come, come. No, that is not the case. The fact is that because we import many of our goods from the U.K., it makes sense for our peculiar economy to rely on the U.K. and to use the U.K. regulations wherever possible. If we are different from the U.K. we cause ourselves further problems and further expenses. We will expand on this when we start talking about food. But in a smaller way it still applies to children's clothing and footwear. The argument is completely valid. Deputy - whose name escapes me - Lewis **[Laughter]**. It is me. It is early Alzheimers. I have a name-sized hole in my brain. Deputy Lewis is absolutely right in bringing forward his proposition. It parallels the U.K. system and it is one we should adopt and adopt as soon as possible.

**3.2.9 Connétable S.A. Yates of St. Martin:**

I spoke 2 weeks ago about the deferment of G.S.T.. I am horrified that we seem to be tumbling along towards the cliff edge. Last year I was a dedicated anti-G.S.T.ist. I had a conversion in as much as it is a 4-prong fiscal strategy: G.S.T. and next door to that is income support. They are that close. Earlier I heard - not today, Sir, maybe 2 weeks ago - the Minister for Social Security state that the lower fifth - the lower quintile - would be supported fully for their requirements; vulnerable people, the people in need. Also that people living on a State pension only would also be supported with regard to G.S.T. There is a question I would like to put to the Minister for Social Security and I hope he is going to speak in the next debate about food. Is income support going to work, yes or no, because I think I am going to be very annoyed if it does not. Can he make a commitment that we can trust? Can the people who are in fact in need, they are not on welfare, probably the people we have been talking about - the couples, the single people living on a State pension only but not claiming welfare - will they be supported in this measure? Last fortnight I spoke about trust and commitment. I think that if we accept this proposition today, we are not going to see a stable situation with the 3 per cent of G.S.T.. We have had a commitment from the Minister for Treasury that it is going to be a set period for 3 years. Two weeks ago I told him it was not good enough because I would like to see something a bit more stable. The Chief Minister at that time said that at 3 per cent with the few exemptions that there are at the moment, he saw no reason why the 3 per cent should not last 2015 to 2020. Those were his words. It is still rather open-ended. I am looking for a commitment. I would like a commitment this afternoon from the Chief Minister that the 3 per cent rate will not rise above 3 per cent until all the money in the Stabilisation Fund has gone. That is £35 million worth. I think we are now talking again about commitment and trust. I think basically I am not going to support this proposition because I think that if we start going for more exemptions we are in for an absolute nightmare of legislation [Approbation] and it is going to be so complicated and abused. I am not going to support this proposition.

### **3.2.10 Deputy G.W.J. de Faye:**

I must say there is a strong temptation for me to vote in favour of this amendment. I think with its added weight to the original proposition, it might just sink the whole thing without trace. But I would have to admit that would be a cynical political manoeuvre. It would also compromise my original view of G.S.T. as originally put to me which is that we should have a simple tax, easily understood. These are all things that, incidentally, are in my manifesto, copies of which I still have at home if any Members are interested. Simple, easy to understand and apply, and with no exemptions to ensure that the rate can be kept comfortably at 3 per cent. I was a little disappointed when some exemptions came in but I have looked at them, I have studied them closely and they seem to be fair. But it has to be said, quite frankly, to all Members, you can make a case for just about any exemption. We could be debating exemptions for the next decade. What will be next? Just look around the vast consumption that lies before the general public and decide what is essential, what is basic, what should be taxed and what should not. I will come to the morality of this in a moment. But here we are; the subject is clothing for young children. It is highly emotive. It is something that you can guarantee that if you wave this flag in front of the public and back it, you can feel a little more comfortable about the elections that are now looming within a year. It is a populist subject. It is what they call an easy win. But is it really going to take us further forward? Is it a moral issue to tax children's clothing? I am not sure that it is. I have heard in fact concerns, and quite rightly, put forward the known expense of school uniforms. Yes, school uniforms are expensive. Why are they expensive? It is market forces. It has nothing to do with taxation. It is because a number of local retail shops have done specific deals with local schools. They are the only places you can get that particular uniform from. Naturally they are going to take advantage of the fact that they can put a little mark-up on. I do not know how little that mark-up is. I suspect it is probably quite substantial, quite a bit more than the 3 per cent tax. If the Minister for Education was concerned about this matter, I am sure that after appropriate consultations and discussions, we can all have all the children going to schools in exactly the same uniforms and these can be mass

produced and come out of every single clothing outlet. It is just a basic requirement: blue T-shirt, blue denim jeans, whatever. But everyone who is a parent here will know perfectly well that there are jeans and there are jeans. Before you know what is going on, the school children want the more expensive version because they have got a particular name on the back. But at the end of the day that is all about market forces. Who is controlling the school uniform market? What is the requirement for a school uniform? At the end of the day I am perfectly well aware that there are plenty of mechanisms within the schools for sending on second-hand uniforms for people who cannot afford the brand new ones. I think that really is an entire red herring but it does show - it does show and underline very clearly - how you can build a big, emotive, moral issue on the back of a single item of tax exemption. If we are talking about moral issues, I would very much like to know where the closet Communist political party of the front row are coming from on this one because if anyone in this House is going to take the moral high ground on taxation, of all things, I wonder why it is the people who believe so strongly in redistribution of wealth. That is why I am not going to take any instructions on morality from any Member who regards taxation on children's clothing under 14 as a major moral issue. No, the moral issue that faces this House is the redistribution of wealth and how that is done and how we fund public services that in general are directed to the less fortunate in society as opposed to the fortunate. That is the basic premise upon which this debate operates. That is why we should throw not only this amendment out but the proposition as a whole. I have made my mind up clearly. I was swayed by a little bit of political twisting and turning but I think cynicism is not the place today to adopt. It is to take the moral high ground and indicate to the position that this is about how we ensure that the economy functions and how as the result of a flourishing economy you can redirect the wealth of the economy to the people who need it. That is the offer that has been made by the Treasury Minister. It is one that I wish to accept by the end of this debate.

### **3.2.11 Deputy J. Gallichan of St. Mary:**

I was not intending to speak but I feel I do need clarification on one thing. On the face of it this seems to be a simple issue. It seems that Deputy Lewis has focused on wanting to help families with children to deal with the impact of G.S.T. on clothing for their children, i.e. he seeks to give the financial support to a particular defined and limited section of the community. I just want to know how he sees this proposition as targeting specifically the people who need it. The support will go to all families with children under 14 - small children I should say - regardless of wealth. But what happens to the most needy and those marginal families when their children is 14 or just get bigger. They have no support then but they are still responsible for clothing their children. How does this probably well-intentioned but ultimately poorly-targeted proposition help the most worthy then? We have a duty to ensure that we make the most efficient use of our resources to support those people who need it most. We have that duty to support them for as long as they need support, not based on an arbitrary time limit.

### **3.2.12 Senator T.A. Le Sueur:**

It seems maybe it is superfluous for me to speak at length, particularly after the excellent comments from the last speaker. I just remind Members that having debated and rejected this before, since then we have now approved G.S.T. and our objective as the States must surely be to keep G.S.T. simple and keep the tax rate low. The Constable of St. Martin has commented about the 3 per cent rate. I believe that in our current forecast we can keep that 3 per cent for many years to come. That is in the hands of this House but certainly all the information and all the policies we have enable us to keep that rate low providing we keep the amendment, keep G.S.T. simple. My question is does this amendment keep G.S.T. simple? I think the answer to that is quite clearly resoundingly, no. I should make it clear at the outset, Sir, it has nothing to do with the revenue. The revenue loss is to me the least of the situation. It is really the sheer complexity of the U.K. V.A.T.-type system which this amendment will introduce. It is quite clear that the expectation is that we should mirror exactly the U.K. procedures. I do not think that would help us with a simple, cost-effective tax. I have had

the privilege over the last couple of years of working with the Director of G.S.T. who has had many years of experience with G.S.T. and VAT systems, both in the U.K. and throughout the world. I think some Members who maybe approach this with a theoretical point of view need to have their eyes opened a bit more to the practical realities of some of the problems that this causes. In following the U.K. V.A.T. system, you have to pass 4 separate tests. Some of them are relatively quite straightforward but when you come to the issue of deciding whether the item is for young children, there is a real difficulty. It is not only enough that it fits young children. It has got to be designed for those young children and suitable only for young children. In other words, if the design is also suitable for adult use it cannot be zero-rated. How does one judge? It is quite difficult if you ask me. If you can tell the difference between a 15-inch collar white shirt for a boy and a 15-inch white collar shirt for a man then your eyesight is remarkably good. However, there is a solution to all this and that is that the retailer simply has to display all his children's clothing in a separate part of the shop. That might be all right but of course even then the problems are not over. If you look at section 4.3. If a boy needs a pair of unisex trainers, size 6, for him they will be zero-rated. If a girl wants the same pair of unisex trainers, size 6, she has to pay the standard rate. The poor retailer has to identify if he is selling the goods to a boy or a girl or their parents or what. So maybe as well as a separate children's section you can just have a section for boys and for girls. Even with school uniforms, that is okay, but if you read section 6.1, it only applies to schools catering for children up to 14 years old. So you will be all right for school uniforms for preparatory schools, but there would not be any use for schools like Le Rocquier or Les Quennevais. So perhaps the amendment is not as simple as the Deputy would have us believe. Why are we doing this? According to the Deputy, it is because we are trying to help people who are short of income. According to the Household Expenditure Survey, the average household spends about £150 a year on children's clothes. If I get my calculator out, £150 at 3 per cent works out at £4.50, but I will do a bit of rounding and make that £5 on children's clothes. Not £5 a week; £5 a year will be the extra impact of G.S.T. Now, those on income support will get that covered anyway, but for most parents, Members may have forgotten, that in the budget I shall be proposing an increase in child allowance, not of £5 but of £500 a year for every child. I suggest to Members that that is a far better way of dealing with the problem if there is a problem of children's clothing rather than this ridiculous and ridiculed U.K. system. Even Senator Shenton in his main proposition says that the exemption of food has the largest effect on inequality or regressivity. Further exemptions applied to other commodity groups such as children's clothing has little effect. They are not his words. They are the words of an expert from Australia. Sir, I know that there are Members who may be minded to exclude G.S.T. on food. Not too many of them, I hope, but I know there are some. To turn a good, simple system, the G.S.T., into this complicated one for the sake of saving consumers £5 a year or less than 10 pence a week strikes me as being ludicrous. Sir, this amendment was rejected twice before for very good reasons. Those reasons have not changed. They have probably, if anything, strengthened. Our resolve to reject this amendment should also be strengthened. So Members should resoundingly reject this proposition.

### **3.2.13 Senator S. Syvret:**

I have listened with interest to some of these speeches while I have been working on other matters. It is important, I think, to try and ask Members to focus on what I might call the political and the societal issues. The kinds of calculations we have just heard from the Treasury Minister are all well and good. We are going to go through difficult times financially. That is inescapable. I think most people in our society recognise that fact, but if we are going to succeed as a community there has to be a sense that we are all in it together and that everyone is playing their part and that everybody is taking their share of any additional burden. It seems to me that the resistance to G.S.T. exemptions of the kind we have heard from some speakers today simply fails to recognise the public mood and the public perception that such rudimentary day-to-day provisions has to be taxed. The public do not want it. They do not like it. This Assembly already stands in, dare I venture, not especially great regard with the community out there. All we are asking is that we

exempt a few basic essential items from the Goods and Services Tax. By way of contrast, this is an Assembly, this is an administration that is entirely happy, completely happy and totally relaxed with the fact that our tax system means that multi-multi-millionaires - billionaires - can make £150 million in capital gain and pay not £1 of tax on that sum - not £1 - and here we are going to put a tax on people's copies of the *Sun*. Okay, I grant you that the *Sun* may well deserve heavy taxing, but it really is absurd. There has to be a sense in this Assembly that we are in touch with and are feeling some kind of empathy with the public.

### **3.2.14 Deputy S. Pitman:**

The political proponents behind putting G.S.T. on children's clothes clearly have never had to struggle financially to bring up their kids. Never mind the complexity that this exemption may cause, G.S.T. on children's clothes is immoral and, Sir, as Deputy Southern says, there is no argument to support it. We have recently heard of the millions of pounds in surpluses and why are we not asking, as Senator Syvret has just said, the wealthiest of our society to pay an equal proportion of income tax to those that are less wealthy. Also, Sir, how long will G.S.T. stay at 3 per cent? I have said this all before, Sir, so I will not go on. Sir, may I suggest that the Treasury Minister, the Chief Minister, and especially Deputy de Faye who clearly needs it, and those Members who will not support this exemption, try living on £400 a week or on a teacher's wage with 3 kids in Jersey for a few months. Only then, Sir, I feel that these Members will get some reality on how G.S.T. will affect the majority of people in Jersey, how much more difficult it will become for them. Thank you, Sir.

### **3.2.15 Senator F.H. Walker:**

I was not in the House this morning, but I did listen to the start of the debate and I listened with particular interest to Deputy Lewis' speech when he introduced his proposition. I do congratulate him for doing so. We know it is not easy for a backbencher to bring a proposition such as this on such a major matter. Sir, I thought he made his case well except for 2, I think, fundamental errors of calculation or perception. I think Deputy Lewis mentioned that if we did not zero-rate children's clothing, people would be going off to the U.K. in considerable numbers to purchase their clothing. Well, Sir, even with EasyJet, if we are charitable and say that a travelling cost to the U.K. would be, let us say, £60, and you would have to go somewhere for it to be £60 for a complete day including surface transport and everything else, then you would need to spend a minimum of £2,000 on children's clothing just to recover your cost. Now, really, with an average household expenditure of £150 per annum on children's clothes, that does not seem to me to be a very sustainable idea. Similarly, the Deputy said that without zero-rating, small businesses that are, I think he said, sort of, hanging on a thread could go out of business. The reverse is true because, of course, small businesses under the proposals of the Minister for Treasury and Resources are exempt and they currently, under those proposals, have an advantage. If we were to introduce zero-rating on children's clothing, they would then be forced into a much, much more complex administrative nightmare with extra costs which might then well ask some of them whether they are doing the right thing and those extra costs would inevitably be passed on to the consumer. So, Sir, in 2 fundamental ways, I do not believe that the Deputy's arguments, as expressed this morning, stack-up. If I could address Senator Syvret's point about the public mood, I do not disagree with him at the moment. I think - not necessarily in children's clothing but we will be coming to food, no doubt, shortly - that the public mood probably is in favour of some form of zero-rating, but I would predict that 6 months after we have introduced G.S.T., with the sort of administrative nightmare that zero-rating will cause, the public mood would soon change, particularly when they know that they are faced, and small retailers are faced, with additional costs which we could and should avoid. So, Sir, I do not believe this proposition stacks-up. It takes us into ground and territory we should not go to. I was astonished when Deputy Southern said we should mirror the U.K.; we should do the same as the U.K. Surely we have made our whole living in Jersey by being different from the U.K. in many respects. To be sucked into a U.K.-style V.A.T. which you could ask anyone in the

U.K. - retailer, civil servant, politician, member of the public - would they have it now if they could start again, the answer is comprehensively: "No." So, Sir, the last thing we should do is be sucked, as this proposition does, into a U.K.-style position. That is a true nightmare. I call upon Members to reject the proposition.

### **3.2.16 The Connétable of St. Helier:**

I realise we are no longer debating the petition of 19,000 signatures seeking to defer G.S.T., but I must say that G.S.T. is a bitter pill for the public to swallow, given the States' narrow rejection of the petition. It does seem to me that what Deputy Lewis is asking us to do is to sweeten the pill to some extent, to make it easier for the public to swallow. We have heard arguments that the exemptions will complicate a simple tax. Well, I must say I have not spoken to anyone recently who thinks that G.S.T. in its current form is simple at all. Indeed, the last speaker appeared to be encouraging us to do a marvellous somersault really in blaming the administrative burden of G.S.T. on exemptions whereas in fact what the retailers I have been speaking to in recent weeks and months are saying to me is that they are really worried about the administrative burden of G.S.T. For us to say: "Well, it is the fault of the exemptions; the States should never have approved them", of course we are already part of the way down that trail anyway because, as a previous speaker mentioned, so many matters have already been dealt with by all kinds of *ex cathedra* announcements by the Treasury. Of course we are having them almost daily as the Treasury tries to get this formerly, perhaps originally, simple tax through to May next year. So I do not think it is at all reasonable to blame the administrative burden of G.S.T. on the exemptions and I think it is right to send out a message, and that is a phrase that the Chief Minister has used many times in the past, to send out a message to the public that we have listened and we do see that there is a case for children's clothes to be exempt as they are in the U.K. Senator Walker may well say that the U.K., if it could choose again, would not have V.A.T., but if you ask the average person in the U.K. would they like to introduce V.A.T. on children's clothes, I expect they would say no. We do have a chance perhaps still to reconnect the public and the States of Jersey and I believe that the exemptions before us today are part of that. Just in closing, I think Deputy Lewis' report is short but it is to the point. Maybe I am being governed by my heart - I have had 5 children - but when he says as he does in his report: "If this exemption fails, G.S.T. will also be payable on baby clothes, bibs, nappies, bonnets and booties", it is certainly a weight on my heart.

### **3.2.17 Deputy K.C. Lewis:**

I thank everyone who has spoken, Sir. Senator Routier said that my amendment was flawed, and he was wrong. Deputy Le Fondré said I was misguided, and he was wrong. I thought I was going to get a sensible argument, and I was wrong. **[Laughter]** I would like to thank Deputy Martin, Deputy Scott Warren, Deputy Southern, Deputy Pitman and Senator Syvret for their very useful contributions, and the Constable of St. Helier. What I do find quite bizarre is that everyone has been pulling my report apart and I find it extraordinary that if Members turn to page 4 of my report and then turn to page 4 of the amendment comments from the Minister for Treasury and Resources, you will find they have reproduced everything, the 17 pages, exact copy of my report which is, as I say, bizarre. I would just like to make clear to Members, most of whom are parents, that it costs between £160,000 and £180,000 to raise a child. You do not have to go out and buy a 52-inch plasma television, but you do have to clothe your children. The probable loss to the Treasury, Sir, is £250,000; a small price to pay for our children. I have had quite a few people send comments. This one was sent to: "Deputy Kevin Lewis and Senator Shenton. I am sorry if I sound bitter. I would like to see our dear Minister live in my house on my wages and keep the roof over his head, put food on the table, clothes on the children, not to mention educate and entertain 2 children. Thank you for taking the time to read this letter. I wish you both God speed in your States on Tuesday. I put my trust in your hands and pray that you will get the right result. I think we know which way the result is going." This will remind us of children's clothes, scarves, raincoats, school uniforms and so on, basically everything a child wears from birth to 14 years of age. As I have said

previously, 14 is the age where children generally are starting to merge with adult clothes. We are well aware that some grow earlier, some later. There is nothing we can do about that. This is the very last opportunity once and for all for States Members to show the people of Jersey that they really do care and to vote to zero-rate children's clothes from G.S.T. I thank all Members who have spoken, Sir, and I call for the appel.

**Deputy P.V.F. Le Claire:**

Just as a precautionary matter, I did not have a chance to speak. I missed the opportunity, but I did want to declare before I said that I was not going to speak **[Laughter]** that I would be supporting this, Sir, albeit that I have to declare...

**The Bailiff:**

Deputy, I am sorry, I cannot allow you to speak at this stage after the...

**Deputy P.V.F. Le Claire:**

Just to declare an interest, Sir, inasmuch as I do not think it is direct, but I have obviously a young child, Sir.

**The Bailiff:**

You what?

**Deputy P.V.F. Le Claire:**

I said I do not think it is a direct interest, Sir, but Standing Orders require us to declare an interest if we have one.

**The Bailiff:**

Very well. Thank you. Can I ask any Member in the precinct who wishes to vote to return to his or her seat. I will ask the Greffier to open the voting which is for or against the amendment of Deputy Lewis.

**POUR: 17**

Senator S. Syvret  
Senator B.E. Shenton  
Connétable of St. Clement  
Connétable of St. Helier  
Connétable of St. John  
Deputy A. Breckon (S)  
Deputy of St. Martin  
Deputy C.J. Scott Warren (S)  
Deputy J.A. Martin (H)  
Deputy G.P. Southern (H)  
Deputy of Grouville  
Deputy J.A. Hilton (H)  
Deputy P.V.F. Le Claire (H)  
Deputy D.W. Mezbourian (L)  
Deputy S. Pitman (H)  
Deputy A.J.D. Maclean (H)  
Deputy K.C. Lewis (S)

**CONTRE: 33**

Senator L. Norman  
Senator F.H. Walker  
Senator W. Kinnard  
Senator T.A. Le Sueur  
Senator P.F. Routier  
Senator M.E. Vibert  
Senator P.F.C. Ozouf  
Senator T.J. Le Main  
Senator F.E. Cohen  
Senator J.L. Perchard  
Connétable of St. Ouen  
Connétable of St. Mary  
Connétable of Trinity  
Connétable of St. Lawrence  
Connétable of Grouville  
Connétable of St. Brelade  
Connétable of St. Martin  
Connétable of St. Saviour  
Deputy R.C. Duhamel (S)  
Deputy P.N. Troy (B)  
Deputy R.G. Le Hérissier (S)  
Deputy J.B. Fox (H)  
Deputy S.C. Ferguson (B)  
Deputy of St. Ouen

**ABSTAIN: 0**

Deputy P.J.D. Ryan (H)  
Deputy of St. Peter  
Deputy G.W.J. de Faye (H)  
Deputy J.A.N. Le Fondré (L)  
Deputy of Trinity  
Deputy S.S.P.A. Power (B)  
Deputy of St. John  
Deputy I.J. Gorst (C)  
Deputy of St. Mary

**The Bailiff:**

The debate returns now to the principal amendment and I call Senator Le Sueur.

**3.3 Senator T.A. Le Sueur:**

Yes, I think that was perhaps just the warm-up to a more important debate that we are all looking forward to. To some extent, we are. As I said in the previous amendment, we have now debated proposals like this and rejected them on 3 previous, separate occasions. It is getting hard to find out just when enough is enough. It is also fair to say that this proposition comes very much at the eleventh hour, and I think that could have serious implications both for small retailers and for consumers for reasons which I will make clear later. When the States rejected these proposals in the past, they did so because of the desire to keep G.S.T. simple. That principle must surely still hold good today, but we now also have some more facts to help us reinforce that position. I think at the expense of boring Members, before I go into the proposition, I will need to remind ourselves once again just why we are where we are today. It began with the change to our corporate tax system and the need to move to Zero/Ten. We said that we would deal with that in 3 ways by cutting States spending, by growing the economy and by raising tax to the sum of £60 million in total. That was and is the agreed States fiscal strategy. In order to raise that £60 million tax, I set out in my fiscal strategy several key principles. The tax should, as far as possible, be simple to administer and easy to understand. It should be broadly progressive although individual elements within it may well be regressive. We should start to move away from taxes on income and move towards taxes on consumption. We should move away from taxes on business and more towards taxes on individuals. Finally we should spread the tax burden across the whole community but recognising that there are some on low incomes who have difficulty with an increased burden. That strategy, Sir, was approved by the House, as a result of which we took 4 interlocking decisions. Those 4 decisions were firstly to introduce an Income Tax Instalment Scheme, or I.T.I.S. The second was to introduce a broad-based G.S.T. at a low rate of 3 per cent and with a high threshold of £300,000 to raise £45 million a year. The third element of that was the introduction of what we have called “20 means 20” which has the effect of phasing-out the tax allowances to the most well-off. The last element of that was the enhancement of the income support scheme in order to provide benefit for those on the lowest incomes. It is important to remind Members that that was and is a package and we need to look at that package together because it is only as a package that the whole strategy hangs together. In particular, in dealing with the less well-off, which I think is at the heart of this proposition, we need to look at the different elements of that package because I.T.I.S. does not affect the least well-off. I.T.I.S. only affects the most well-off. G.S.T. affects everybody, and I will not bother to argue with Deputy Southern. He will just say it is regressive. “20 means 20” on the other hand is progressive and takes more money from the highest incomes whereas conversely the income support system gives money to those on the lowest income. Sir, I have given this background not just to remind Members where we are but also because I am aware of a concern that Members have about people on lower incomes, and not just those maybe who are covered by the income support scheme but those who are just outside that scheme. I do understand those concerns and I will come back to them. Sir, my arguments in favour of keeping the G.S.T. system we have are underpinned by the figures in the household expenditure survey. They are underpinned by the comments of the Crown Agents. They are underpinned by the comments of the

Corporate Services Scrutiny Panel. To some extent, if Members can recall a year or so back, Senator Perchard also did his own calculations based on the household expenditure survey. All of those came to the conclusion that zero-rating of food, books and newspapers was not the best way to proceed. So I ask Members are we really going to lose the chance to have the best, the simplest G.S.T. system in the world. Do we want to follow the lead of the U.K. and have a system which even the U.K. themselves accept is the most horrendously complex in the world? If retailers, picking up the Constable of St. Helier's point, think that the present G.S.T. arrangements are complex, I would say to him and say to them that you "ain't seen nothing yet", if you will pardon the expression, Sir. This would make the G.S.T. Law and compliance horrendously more complex. If people want some justification for that broad statement, I would refer them to the impartial comments of the G.S.T. Director which I submitted to Members which have not been edited by me in any way. On the second page, it reads: "The complexity of the system has a major influence on most of these factors. The U.K. National Audit Office reported in 1994 ..." which is about 10 years after V.A.T. came in, so even after all that time, the V.A.T. audit staff found under-declarations in 55 per cent of traders visited; 55 per cent got their declarations wrong. So I asked the G.S.T. Director what he expected the error rate to be in Jersey under our present simple system. He said: "Less than 10 per cent." That, Sir, is the difference. That is why I claim that zero-rating food will make the system horrendously complex. It is not my view; it is the view backed up by the National Audit Office. Sir, I do not want to have a complex system, and that is why it was so important that we brought in the income support proposals. If we want to protect people on lower incomes and even do more than we are doing now, that, Sir, is the way to do it. I will undertake to work with the Social Security Minister, and he has already undertaken to work with me, but if we need to enhance that system to protect those people just above the current income support system, that is the way to do it. It is not to bring in a horrendously complex system which, in effect, gives tax relief to the rich. I say "in effect" because the most well-off - the highest spending quintile - spend more on everything. So, conversely, they will receive more when goods are zero-rated. Now, Deputy Southern may shake his head and say: "You are talking about regressivity and so on." I am simply saying that of the proposals and the cost implications of Senator Shenton's proposal, of the £3 million, £2 million of that is absorbed by those on highest incomes, £1 million is absorbed by those on middle incomes, and nothing is absorbed by those on the lowest incomes who are protected by income support. Now, whether those figures of £2 million and £1 million should be £1.8 million and £1.2 million or even £1.5 million and £1.5 million, the fact is that we are in fact giving a subsidy to the better off, who do not need it, under his proposals. So, Sir, I repeat that if we need to protect those above the income support system, we need to do it by improving our provision of benefit, not by making a simple system horrendously complicated. My job and that of Senator Routier is working together to see how we can identify those people and how we can support them. Sir, coming back to the income support scheme, I believe we have the basis of a good system which we can improve on. Just as with G.S.T., we have the basis of a good system which perhaps we can improve on in the future. Do we have all the details right? I would be surprised if we have on day one. They are both quite complicated structures, but it is far better to try to improve a structure which is 90 per cent right than to break it up and replace it by one which is 100 per cent wrong because I am satisfied that the principles of G.S.T. and the principles of income support are absolutely correct. If then we need to refine the benefits that we give to those on lower incomes, it is through income support that we do it and not through zero-rating. I think, Sir, in that context, I just make 3 points once again. Firstly that if we move from the corporate tax system for taxing individuals, it is inevitable that many of us are going to have to pay more tax. All we have to do is to ensure that we do not pay more than we can realistically afford. I think the household expenditure survey is quite clear where spending patterns lie and how the distribution is made. Senator Shenton, for some reason, quotes the Australian expenditure survey rather than the Jersey household expenditure survey. I am not quite sure why. He suggests that the fact that the well-off spend 3 times as much on food as the least well-off means that they eat 3 times as much. I suggest to him that there might be a simpler reason. They might just buy different foods, different

quality foods, and, yes, they may eat a little bit more as well, but it is not necessarily that they eat 3 times as much. That argument I think is just facile, but if that is true, then what we do is give those well-off people 3 times the benefit. Frankly, if we are going to give away the benefit to the less well-off, I would prefer to give it away to less well-off. That is why, Sir, I think I have come up with a better solution. It is not the perfect solution yet. My proposal will help those on middle income. It will not necessarily help those just above the income support system and that is why I will commit to working with Senator Routier to help those people as well. I therefore ask Members to stop and consider what they are trying to achieve and whether zero-rating - even on an important item like food - is the best way of dealing with it. So, Sir, I come back to the proposition itself. It asks us to zero-rate food, books, newspapers and magazines in an identical way to that in the U.K. I begin by asking through you, Sir, asking Members maybe a rhetorical question, and I am not going to ask for a show of hands, but I would ask who understands the difference between exemptions and zero-rating and who knows what zero-rating entails. Sir, I know there are some like Deputy Ryan and the Deputy of St. John who have worked with the U.K. V.A.T. system who may have first-hand experience of zero-rating exemptions; I do not know, but I suspect that many of us only know what we have read and what we have been told. Sir, I think we need to try to get a grasp of reality and I am fortunate that we have someone who does know about the practice of V.A.T. in the U.K. and elsewhere, and that is our Director of G.S.T. His experience, to me, has been invaluable and that is why I asked him to set out those comments so that Members who are perhaps a little bit uncertain might be rather more enlightened. Meanwhile, Sir, I shall try to explain some simple facts which perhaps some Members have not yet appreciated. I will speak primarily about food because I think the reality is that we are more concerned about food than we are about books and newspapers. If food is standard-rated, as we are proposing at the moment, then retailers will set-off the G.S.T. that they charge customers against the G.S.T. on the costs they incur. Assuming that their outputs, their sales, exceed their purchases, they will pay the difference over to the tax office. If, any particular period, they purchase more than they sell, then they will obtain a refund from the tax office. Clearly, in order to make that payment or claim a refund, they have to submit returns to the tax office and that means that they have to keep proper accounting records in order that you can verify the correct amount of tax to be paid or recovered. That could be quite a complex and time-consuming process for them which is why we agreed with the high registration threshold. It meant that small businesses would not need to incur the privilege of burden because provided their taxable turnover does not exceed £10,000 they do not need to incur those administration costs. Now consider what happens if we move to the U.K. tax system proposed by Senator Shenton where some items will be zero-rated and others would be standard-rated. I am not going to go into which are standard-rated and which are zero-rated at the present time. If you want to look at the appendix to my comments and get, basically, indigestion, you will be able to read for yourselves. I think the important point here is that if we zero-rate food, for example, then every small retailer will probably need to register for G.S.T. whether their turnover exceeds £300,000 or not. Why do I say that? Because unless they register, although they are not going to charge G.S.T. on their supplies, they will still suffer G.S.T. on their costs. So if they want to get that G.S.T. back, they have to register. They have to keep accounting records. They have to submit returns. They will have those verified and probably corrected by the tax office and then ultimately they will pay or recover. What is that going to do? That is going to add to their costs. What are they going to do about that? I suggest they will do one of 2 things. Either they will pass on those costs to their customer, rich or poor, or they will decide that they have had enough of retailing and they will pack up. Either way, it is not a pleasant prospect. Sir, my throat is getting dry, so I will leave it to my colleague, the Minister for Economic Development, to talk about competition. I just leave Members with the thought that whereas under standard-rating only the big shops need to register, under zero-rating, every shop will need to register. So it is perhaps not surprising that the big supermarkets are in favour of zero-rating.

**Senator B.E. Shenton:**

Every shop will not need to register.

**Senator T.A. Le Sueur:**

The shops will not need to register. They can simply remain uncompetitive. That is their choice. It is, in my view, a blow against the small shopkeeper. It is another nail in their coffin. It is another move towards a retail monopoly or maybe a duopoly, the rise of the big business to the exclusion of any competition. Let us look a bit more at those poor shopkeepers with the paperwork they are doing. Compared with I.T.I.S. - and some people complain about I.T.I.S. - I.T.I.S. is a doddle compared with G.S.T. **[Laughter]** I mean, it seems quite simple. Things are either zero-rated or standard-rated. If you are a shopkeeper, you have to decide for each item that you sell whether it falls into the standard-rate category or the zero-rate category. Now, I do not know how many items there are on a small shopkeeper's shelf, but I am sure it is not just hundreds, probably thousands. I suggest to Members that at the end of a busy day or the end of a busy week when the shopkeeper is trying to fill in that return, the chances are that he will make a mistake somewhere along the line. Perfectly innocent; I am not suggesting that he is going to set out to cheat the system, but when you are tired at the end of a long day, you do not necessarily want the hassle of trying to ascertain which of your sales were zero-rated and which were standard-rated. Now, of course, the solution is that you can get a cash register to do that for you. As long as your system is identical to that in the U.K., life is not so bad. All you have to do is to buy the right computer software package, but of course those computer software packages do not come cheap. So in terms of overall costs to a big supermarket, they are a drop in the ocean. To the small shopkeeper, they may be rather more than a drop in the shopkeeper's pocket. Who knows? What I do know is that with all that complexity, it is almost inevitable that that shopkeeper is going to make a mistake. That means along comes the dreaded V.A.T. inspector who says: "Hey, that column is wrong. That figure is wrong." Actually, with their very generous, warm-hearted staff, he will say it more politely than that, but the view of the shopkeeper is still going to be: "Oh, dear, another form to fill in, another correction to make." That is why I say that the administrative costs for G.S.T. would almost double if we zero rated food but, Sir, that is not the end of the difficulties. I have stood at one end of the supply chain, at the retailer shop end. What about at the other end, because, with the exception of local produce, all the food that we consume comes in either at the harbour or the airport. Now, our G.S.T. team have been working with Customs over the last few months to devise a system which, under the present arrangements, is relatively simple because everything that comes into the Island will be standard-rated. What they will now be faced with at customs is a whole pack of papers rather like we have seen in my appendix of which items are zero-rateable and which items are standard-rateable. What happens, therefore, when you have a mixed consignment? Well, again for the big shippers, no great problem. The big shippers will adopt good manifests and they will have the invoices, complete the details out and it will be a relatively straightforward thing to check, but what about the smaller retailers, the smaller importers, the people who bring in French cheeses or Italian ice cream and so on? What about them? If their paperwork is delayed and that ice cream or that cheese is waiting to be processed by Customs, the impact possibly is a loss of revenue, certainly increased difficulty. Sometimes even a few hours on fresh food can make a difference. So it is again not the big firms that are going to suffer; it is the small, specialist importers. I suggest, Sir, that all these sorts of complexities make the supposed problems of price loading on the shelves, which Senator Shenton made much of, totally irrelevant and pale into insignificance. Sir, I think that even Senator Shenton now might be wondering, despite his experience as a director of a local retailer, whether it is quite so wise after all to zero-rate food. I am sure he too, like all of us, has the interest of the small businessman at heart. I hope that all Members, like me, have come to the conclusion that the way we are going, standard-rating, is the right way to go and that zero-rating food is not the right way to go. There must be a better solution than zero-rating food. Well, there is a better solution than zero-rating food. It is a 2-pronged solution. We have half a solution in place now which is the income support system and we have just moved to enhance it to make it even better to cope with people who are still unable to cope with the extra cost of G.S.T. I admit it

may not yet be perfect, but it is 90 per cent perfect and if we can improve it and make it 100 per cent perfect, then we will. I think a better way is to reject this proposition now and for me to work with Senator Routier to do that because, in summary, Sir, I remind Members that whether one likes it or not, Senator Shenton's proposals give the greatest benefit to those who are the most well-off. My proposals would give nothing to the most well-off. It would give the benefit to people where it is most needed, on low to middle incomes. The Senator's proposals create a bureaucratic nightmare. My proposals keep a good and simple system. I know which way we ought to go. Sir, we have had the debate on G.S.T. and deferring it. G.S.T. is now with us. It is coming in next May. Our objective now must be to keep G.S.T. simple and if necessary, we should refine the income support system in order that we can achieve the objective we all want to do of making sure the people on lowest incomes are not unduly penalised. Sir, I hope that with that little explanation that Members have sufficient understanding of the difficulties, complexities and dangers of zero-rating food, books and newspapers and have sufficient faith in a modified income support system to agree with me and to reject this proposition.

### **3.3.1 Deputy P.J.D. Ryan of St. Helier:**

Well, my position has been clear and consistent since early 2004. I am personally in favour of G.S.T. as the least-worst option to fill the black hole but with what is generally known as exemptions although they include zero-ratings as well to help its fairness. Now, I wanted to make that clear to Members. My position has been clear and consistent for many years. I am, as Senator Le Sueur says, one of the few people in the Assembly who has experienced U.K. V.A.T. before it was started in the 1970s, late 1960s, and immediately after that and also since then through U.K. business involvement. So I do know what I am talking about. Quite apart from that and the personal experience, I have spent the last 2 years or so really researching all of the background in great detail. Now, I believe that there will be probably about 10 or 12 Members here today who sit in the middle. There will be some who are committed to the Treasury position and the Council of Ministers. There will be some who are completely committed in the other direction and there will be between 10 and 12 Members who are in the middle. What I am going to do, Sir, is go through in some detail a lot of the fully-researched and fully-evidenced information that is in our Scrutiny report that was presented to the States about a year ago. Some of it will involve statistics, so I apologise for that, but it is necessary for those Members. I think I am going to talk, Sir, only about food. I am going to limit everything I say simply to the question of zero-rating food because we have already achieved many of the zero-ratings or exemptions through the Scrutiny process and with the Treasury, but there is one major one left. With that in mind, I would say to Members that Senator Le Sueur referred to the comments from the Corporate Services Scrutiny Panel in our Scrutiny report as supporting his position. It was true to say that there were one or 2 comments in that Scrutiny report that do indeed support that position. They were not unanimous. They were majority. I note that my colleague, one of the 3 Constables, has now moved. So I have to say to Members that one or 2 of the comments in this report would perhaps look slightly different today than they did a year ago; just slightly. I would like to start with the Treasury Minister's comments on Senator Shenton's proposal. Really, I am going to go for the summary in general. In the third paragraph, Senator Le Sueur says in the last part of that paragraph: "Blanket G.S.T. exclusions are, however, a costly and ineffective way of doing this." That is with reference to reducing the impact of G.S.T. on low to middle-income families, households. "A costly and ineffective way of doing this." I am going to look at the evidence behind this, and I will do that in a second. Let us look at the way that the States have decided to go up until now. We have approved the income support scheme - this is in the fourth paragraph - which will fully protect those on low incomes from G.S.T. on food, books, newspapers and magazines. Sir, the proposed exclusions would reduce the cost of food for those households on income support. That is true, but we are left, as the Senator says, with the band just above that. I would like now to start looking at our report. I am going to start with page 35 of our report which generalises most of the things we found when we were looking at it. First of all, I am going to quote from the Chamber of Commerce. The Chamber of Commerce

believed that it was important to keep the G.S.T. system as simple as possible, applying a 3 per cent tax across all goods in order to reduce the administrative burden on retailers. Just a bit further down the page, and after looking at all the evidence: “In terms of the administrative burden of adapting to any additional zero-ratings that might be approved by the States, Mr. Rashid -of the Chamber of Commerce - agreed that after initial software adjustments distinguishing between items that should be charged the G.S.T. or zero-rated in the shops would be relatively straightforward.” I am now going to turn to much more detail on this particular item. I am going to turn to page 72 of our report. Before I do that, the next paragraph in Senator Le Sueur’s comments, this is paragraph numbers 1, 2, 3, 4, 5: “While providing little benefit to households receiving income support, the proposed zero-ratings would benefit those low to middle-income households just above income support thresholds to the tune of £58 a year.” The last bit is important, the next sentence: “They would, however, be of even greater benefit to high-income households who would gain up to £138 a year.” Choice of words, Sir: “high-income households”, not people but households. On pages 72 and 73 of our report, it demonstrates that there are, on average, 1.5 people in a quintile one household and 3.4 people in a high-income, quintile 5 household. So the point I am making is that it is very misleading to talk about households. When we talk about taxation, we are talking about taxing people, not households. So to say that you have £58 on a quintile 2 and £138 on a quintile 5 is misleading. A little bit further down, I think Senator Le Sueur talks about 3 times as much, 3 times better off than they would be from zero-rating food, books and newspapers, further down in the large paragraph on this first page. I have to say to you, Sir, that our report here demonstrates, and this is something which a lot of people do not get their heads fully around, we hear someone like Senator Vibert talking about the *pâté de foie gras* buyer, the champagne-for-breakfast person and then he uses that kind of emotive language to talk about: “Oh, yes, but it is £58 in the quintile one household and £138 in the quintile 5” but he completely misses the point of the number of people that are in those households and therefore totally misleading. The report says, Sir, that the average food per person in Jersey in the quintile one, £24.42 per week; in quintile 3 - that is the middle one - £25.75; in quintile 5, £29.62, much, much, much, much, closer in terms of what they spend per person than the Treasury would have us believe. Now, what that means is that what a low-income person spends on food, although it is less than a higher-income person, it is nowhere near as big as you might be led to believe. I would really ask Members to get that firmly fixed in their minds and it is because of that, and various other points that I am going to come to, that the zero-rating of food is fairer and the taxation of food is much more like something like a poll tax was going to be in the U.K. It is regressive. It is highly regressive, much more regressive than people would otherwise believe. So the difference between quintile 3 and quintile 5 per person on what they spend on food is only about 15 per cent difference on average. Now I would like to move to this...

**Senator M.E. Vibert:**

On the Deputy’s own report, it says it is shown to be about 20 per cent, bottom of page 72.

**Deputy P.J.D. Ryan:**

Yes, Sir, that was quintile one. I said quintile 3 to quintile 5. The reason I said quintile 3 is that most people in quintile one and the first half of quintile 2 will be covered by income support. It is the second half of quintile 2 and probably most of quintile 3, or a good proportion of them, that will be affected worse by the taxation on food. That is why I am quoting those 2 quintiles. Sir, on Senator Le Sueur’s comments, moving to the top of the second page, we get a paragraph which says: “A further disadvantage of the proposed exclusions is that they would increase enormously the complexity of G.S.T. with significant costs to both the States and small businesses - we have already talked about small businesses. The States would need to employ 8 extra staff to administer these exclusions and incur approximately £800,000 in additional administrative costs.” Sir, to me, I am afraid, if we are just talking about food, that statement is not credible. It is not credible. I say that because of my experience of G.S.T. in the U.K. and my in-depth knowledge and research and

evidence that we have gained. To look at that evidence very quickly, let us look at page 74 of our report “Administrative and Compliance Issues”. First of all let us look at what they did in Australia when they were having similar debates as ours. I read: “The sub-panel noted that the issue of G.S.T. compliance had been considered by the Australian Senate Select Committee investigating the new tax system proposed in that country in 1999. In its main report the Committee concluded that: ‘The compliance costs of zero-rating food as an issue, is grossly overstated [and I am quoting from their report]. This minimal impact on gross compliance costs was evident in evidence to the Committee from an expert on tax compliance costs, Mr. Michael Walpole of the University of New South Wales. While Mr. Walpole argued that zero-rating food would add to compliance costs of individual retailers, he conceded that there was no international evidence that it added greatly to overall compliance costs.’” Now Senator Le Sueur has quoted a study from the U.K. National Audit Office and the next paragraph in our report quotes from exactly the same report. It is on page 74 of our report at 6.2.1 and I will read again. This is from the National Audit Office: “A major study of V.A.T., G.S.T. compliance costs by the United Kingdom National Audit Officer cited by Mr. Walpole found that the Canadian and United Kingdom V.A.T. systems which exempted food had lower compliance costs than the New Zealand system which fully taxed food. While parts of this difference can be explained in various ways, e.g. lower business registration thresholds in the U.K. and a higher V.A.T. rate, the general impression is clear that there is no huge gross compliance cost burden in countries that zero-rate food as compared with countries that do not or *vice versa*.” Indeed Professor Neil Warren in his analysis of the compliance costs of the United Kingdom in his assessment on taxes on food concluded that: “It would therefore appear from the United Kingdom evidence that the burden on compliance of a G.S.T. in aggregate is not unduly serious.” This is not my view. This is the view of the National Audit Office and I go further. Computerisation of accounts has the potential to reduce the cost of compliance considerably. This also applies to compliance costs associated with zero-rating. Indeed, the President of the New Zealand Employers’ Federation in his advice to his Australian counterparts submitted to the Committee as part of the Australian Chamber of Commerce in his submission confirms that: “Computerisation reduces the cost even of zero-rated goods.” I continue: “As far as our export invoicing is concerned, these are all zero-rated. So anybody who exports is going to be zero-rated anyway and done automatically by computer and as we are able to claim any import tax, there is no added cost associated with our zero-rated exports.” That is the Australian view and the National Audit Office view that I have quoted from. This is now our own Panel’s view which was unanimous and, if nothing else, this might be helpful to those Members who are in the middle of this debate. My G.S.T. Sub-Panel concluded: “In summary, the Panel concludes that the compliance costs of zero-rating food as an issue is grossly overstated, particularly in the context of the huge increasing compliance cost associated with the introduction of a G.S.T.” We did some more work on I.T. systems and we got a local computer expert to advise us. His summary was this; overall he felt that from an I.T. perspective the additional cost of implementing systems which catered for the zero-rating of basic foodstuffs would be negligible given that businesses would need new or updated systems to cater for the G.S.T. system anyway. We now move on to other companies and we had some information from the Co-op. Mr. Smith and Mr. Hopley felt that if the Island were to introduce G.S.T. with zero-ratings on food, it would be essential for Jersey to mirror a similar system such as following the U.K.’s definition of zero-rated items rather than to following an independent path. I would like to just move slightly and talk about legal challenges or the legal situation where we are going to have the Royal Court inundated with claims that something should be zero-rated when in fact it is not all *vice versa*. Our report reads: “Concerns have also been expressed in terms of the number of legal challenges which would occur if basic foodstuffs were to be zero-rated. This issue was raised with Mr. Smith of the Co-op and Mr. Hopley of the Co-op who felt that it would be extremely unlikely for companies on the Island to legally contest the definition of zero-rated items. It was explained to the Panel the challenges in the U.K. in the past predominantly came from the manufacturers and as the zero-ratings would predominantly affect the Island’s retailers rather than manufacturers who are based in the U.K. this was not thought to be a

potential problem.” We then had our adviser investigate what cases were pending in the European Court on V.A.T. matters and the conclusion and the answer: “There was not much evidence for food being a major complication. The results from a sample of 50 major and 50 minor cases were as follows. Minor cases; 75 per cent of cases were about whether the taxpayer had a reasonable excuse for a late payment or return. Of the rest, none related to food; the biggest groups concerning charities or member organisations. Outside the sample, 3 cases were noted in 2005 concerning food, all about dipping crisps and major cases either in the House of Lords or the European Court. The majority of tax cases concerned V.A.T., but of those about half were on procedural matters. Other than that, the biggest group related to health and welfare. One case was about food where the sandwiches sold in an airport departure lounge counted as catering, and they did.” What I am trying to say to Members here, Sir, is that if Members are worried that we are going to have legal problems, I think that Members can safely discard that. The size of the Jersey market alone and the costs of taking anything to the Royal Court - we all know what they are - would completely mean that this is highly, highly unlikely. So much, that I think it is insignificant. That is on the legal challenges. The impact on the Income Tax Department - and I come back to the statement about 8 extra staff and approximately £800,000 in extra administrative cost, and this is on page 77 of our report - the administrative impact on the Income Tax Department: “In order to assess the administrative impact the zero-rating of basic foodstuffs would have on the Income Tax Department, the Panel felt it was essential to identify the total number of contact points that would be involved if food were to be zero-rated.” I will just cut to the chase: “The Panel calculated that there would be approximately 45 contact points involved to ensure that each company on the Island that retails basic foodstuffs was informed of the items which needed to be zero-rated.” Now, that is probably considerably less than you realise or might initially have thought, through you Sir, and the reason for that is - and I will move on further: “The sub-panel estimated that 4 companies make up the vast majority of the Island’s food retailing business; Channel Island Traders, the Channel Island’s Co-operative Society Limited, R-Stores and Spa. We had advice from Mr. Hopley of the Co-op who knows his market pretty well. He advised us that if the initial focus on policing the boundaries between zero-rated and non zero-rated food was focussed on these 4 companies, the total tax revenue at risk, if there were to be 100 per cent non compliance by the other 41 businesses that sold 10 per cent of the food - in other words, the other 4 account for something like 90 per cent of all food retail - over a 12-month period would be approximately £300,000; so, our final and unanimous result of this and the sub-panel, the sub-panel feels that 100 per cent non compliance is clearly an extreme position. The more likely scenario would perhaps be 10 per cent non-compliance in the remaining 10 per cent - that is a typing error in the report - of food retailing. This would imply an initial potential revenue loss of £30,000 per annum until policing efforts could catch up with those smaller retailers. So, it is like this - and it is simple risk management - you have got a very small number of retailers that are responsible for 90 per cent of the food being retailed. You can afford in the very short term to take your time with policing the other 10 per cent and even if you get a high non-compliance, you have a very small amount of tax revenue that is at risk. There is one further point. Those 4 major chains of food retailers all have links to the U.K. or at least have access to the U.K. They would know through their computer systems and their importers who all have access to the U.K. market. The computer systems everywhere would know exactly what was zero-rated and what was not and we are talking about companies that have huge reputational risks if they were to get this wrong. So, I would like you to bear that in mind when you think about 8 extra members of staff for something like 50 contact points of which large numbers of that 50 are the same chain where you only need one contact. Sir, just simply, it is from that position that I do not find 8 members of staff and an extra £800,000 worth of administration to be credible. I personally do not find it and I would say to other Members that are waivering in the middle, think about that one. Would you really be if you were the Minister, would you be saying, okay, have 8 extra members of staff to worry about tax revenue losses of, I do not know, let us put it on the high side, £50,000 to £100,000 worth of revenue at risk? What would you do? I think there are other points here. The last one on our report talked about average food prices. I think we

all know that food in Jersey - well, I will quote from the report: "The Panel was keen to establish the average price of food items in Jersey compared to other jurisdictions as it was felt that this might be consideration when deciding whether basic foodstuffs should be zero-rated. Prices in Jersey were compared to the average price of basic foodstuffs in the U.K., Singapore and New Zealand. Singapore and New Zealand were used as their G.S.T. systems do not zero-rate basic foodstuffs and both have been cited by Crown Agents as good examples of simple systems. It is difficult to give a direct comparison on how much cheaper food is in the United Kingdom, Singapore and New Zealand compared to Jersey because this depends on the amount of each type of food consumed. However, it seems clear that [and this is where our evidence pointed us] food in the United Kingdom where it is zero-rated is about 22 per cent cheaper than in Jersey and in Singapore and New Zealand food may be as much as 45 per cent cheaper than in Jersey." Whether that has got worse or better over the last year since we wrote the report, I would not like to say.

**Senator T.A. Le Sueur:**

Well, perhaps the Deputy should quote the whole sentence which says that in Singapore and New Zealand, with rates of G.S.T. of 5 per cent and 12.5 per cent is 45 per cent cheaper?

**Deputy P.J.D. Ryan:**

Yes, I did not think that was relevant, but that is there as well. But certainly I did not mean to, if you are suggesting that I am selectively quoting, that is not my intention, Sir. Through the chair, Sir, if the Senator is suggesting that I am selectively quoting, then I apologise. That was not the intention. It was just that I did not think I needed to put that down. It is not really relevant in my view. I would like to go to the second paragraph on the second page of the Minister's comments. Many small businesses with a turnover below the £300,000 threshold which previously did not have to administer G.S.T. would also now inevitably be forced to register for G.S.T. This is linked to the other piece of paper from the Director of G.S.T. about the effects of zero-rating. At first I did not really understand this, but I do understand where the Minister is coming to. I do not agree with it at all, as I will explain. About 10 years ago I owned, through my company, 2 relatively small corner shops that retailed food. They came as part of a separate transaction that I made. They were not deliberate purchases on my behalf for me, but I ended up as owner of those 2 shops and I ran them as small corner shops. Very quickly, Sir, I found out that - and I took advice from accountants and other people like Spa shops and what is now R-Stores - because I could not make any money out of them. Now, they had turnovers of about £450,000 a year each. With the margins that are available on food and other similar items that typically get sold in small shops, I came to the conclusion that you were not viable in a small shop unless it had a turnover of at least £600,000 a year. Now, that is my personal experience and I think if you talk to other shopkeepers you will find that that is pretty accurate. Therefore when I tried to sell them to the chains, they were not interested because the shops were not viable. So, what I am saying is that if a small shop is turning over below £300,000 I would seriously wonder at its viability and therefore what I am saying is that all successful food retailers are likely to be registered anyway. There is this question about sandwich bars and the like that may be supplying small quantities of food that might be zero-rated or other establishments that might sell small quantities of zero rated-food. Well, my view on that is that if they do, it is going to be a very, very, very small part of their turnover and there are such things as retail schemes which are easy to administer. Take all of the administration cost out of it and such things as a retail scheme will make assumptions on the amount of food that should be zero-rated and it can be done once a year or twice a year and takes all other administrative burden out of the problem. So, I do not think that is really an issue. There was from Senator Le Sueur something about small importers that are going to be badly hit. Again, small importers to be viable are likely to be registered for G.S.T., so when they bring goods in over the docks or the airport, the systems that are being proposed will mean that they do not have to pay cash at the docks. It will be done on purchase invoices. It will be done through paperwork and in fact they will not be affected in any way because from a cash flow point of view they will not have to pay out cash at the docks

and when they get the goods into their stock and then sell them on or even retail them, at that point it will be known what is zero-rated and therefore the one will offset the other. I really do not see this one as an issue either. I think, again, it is another 'red herring'. I do not know if it is deliberate. It will not be deliberate. I will have to say I am sure it is not deliberate, but I think that this can only come about from, shall we say, a lack of experience of G.S.T. that most Members, in fact, are in the position of and I think these things will sort themselves out very easily. Before I move on, Sir, there is just one further point I would like to make, which I think is fairly clear in our report and I will ask Members if they have it with them, to turn to page 88. If they do not and for the benefit of those that do not, I will make the point and quote from the report. It has been said that it is only the U.K. system that is a bad system. I have on page 88 a list of - well, I have not counted them - but there must be something like 25, 35 countries here, including Singapore and New Zealand and they are all the European Union members plus a few others and they include the latest ones to have joined. Countries like the Czech Republic. I am not exactly sure when Cyprus joined the system, but they have only been in the E.U. for a relatively short period of time, so I am going to count them. So, we have got Czech Republic, Estonia, Hungary, Latvia, Lithuania - basically the Eastern European countries - and Malta - I do not know how long Malta has been in the European Union, but anyway - Slovakia, Slovenia, but I will come to those new entrants in a minute. But if you look, first of all, overall at these 35-odd, the vast majority of them either zero-rate food - this is the economic area in which we live and work. This is the European Union. We are part of the European Union, whether we like it or not. Economically we operate in the same sphere of influence. Would you accept that, through you, Sir, Senator? Would he at least accept that we do live and work in the European Union area, apart from Switzerland? I would even ask the Senator to accept that the vast majority of the countries that are here in the European Union either zero-rate food or reduce-rate food and there is very little difference in the administration cost of a reduced rate on food and a zero-rate on food. There may be, and to be strictly accurate because I know he will point this out, there may be a reason why they reduce-rate rather than zero-rate and that is because it then reduces the number of times that the governments of those reduced rate companies would need to make V.A.T. repayments to retailers. It may well be that the reduced rate is set at a point which minimises that. I am not sure, but I think that may be the answer. But the point is this...

**Senator T.A. Le Sueur:**

I wonder if I could help the...

**The Bailiff:**

If you will give way?

**Deputy P.J.D. Ryan:**

Not at the moment. Would you mind through you, Sir, Senator, I think you will have plenty of opportunity to talk. So, the vast majority of countries either zero-rate or reduce-rate and either way the administration cost, the extra administration as a result of having 2 rates, is roughly the same.

**The Connétable of St. Martin:**

Point of clarification, Sir, please? Could I ask which table the Deputy is referring because I have got a table here: "E.U. V.A.T. Rates." There are 27 countries here, Sir, from Austria, Slovenia and Portugal and out of 27 there are only 4 with a zero-rate. Now, which table is he looking at, Sir?

**Deputy P.J.D. Ryan:**

The Constable is looking at the right table, but I did use the words: "either zero-rate or reduced rate" have a different rate for food; a lower rate for food.

**The Connétable of St. Martin:**

They are all more than 3 per cent.

**Deputy P.J.D. Ryan:**

With respect to the Constable, that does not alter the point. The point is that they are at a different rate and in terms of the extra administration cost, there is very little difference between zero-rating and having, even if it is more than 3 per cent, a reduced rate. That is the point. But I would like to also use the same table and point to the new entrants of which I count about 9 and of those 9, they are relatively recent joiners to G.S.T., V.A.T. schemes. So, they should have, if they have done their homework, similar information to us in terms of what is the right thing to do. What is the best decision to make? I note that of the 9 new entrants, 6 of them have a different lower rate for foodstuffs. So, they have made the political decisions to have a reduced rate for food; 6 out of 9. There are only 3 - Estonia, Latvia and Slovakia - which do not have a reduced rate. So that is that point. I now move on in Senator Le Sueur's comment and I move to the part in heavy type halfway down the second page: "If the States agrees with me and rejects the zero-ratings, I will commit to bringing an amendment to this year's budget" *et cetera* "to increase income tax thresholds. I will also work with the Minister for Social Security and will also ensure that those who receive income support receive the same accrument as they would under Senator Shenton's proposition." Well, the first thing I would ask about that to the Senator at the Treasury is that for many years personal allowances were frozen. Is he committing to index-linking personal allowances so that it does not in the future get eroded? Because for many years personal allowances were eroded and you had what is known as the tax drag where more and more people get dragged into taxation. Because it is only people who pay tax that will benefit from the extra personal allowances and as has been alluded to, there is this band in the middle that gets nothing out of this at all. The next point I would ask is why is it only now that we could afford to increase these personal allowances? Why has the Minister for Treasury and Resources suddenly decided that we can afford to increase personal allowances? If we could afford it, why is he not doing it anyway? Why has he not done it before? I go further, because it illustrates a further point. You can throw money at different parts of the population to cure the problem. You can throw money at the income support scheme and help quintile one and the first half of quintile 2. If that does not quite satisfy everybody, then you can take another lump of money and throw it at the top of quintile 3 and quintile 4 for raising personal tax allowances, and what it illustrates is that you keep having to throw money at these various parts in order to cure the problems of taxing food. To me, what that means is, stop, do not do it; do not bother to tax food in the first place. I go further. There were times in the past when our predecessors in this House decided to start a marginal rate of income tax. Now, I am using this as an example of how in the past this Assembly has made decisions to reduce or to increase the progressivity of direct tax. What was wrong with that? So, what is wrong with zero-rating food? Sir, it seems to me that these increases are a bit of a last throw of the dice from the accountants and tax economists, what I refer to as the tax purists, and they are driven by somewhat over-simplistic logic, but a logic that fails to recognise the overriding moral responsibility that we have as politicians. Now, I understand the difficulty for the Treasury and for the Council of Ministers. I have experienced it myself. There are some very, very, good, very knowledgeable officers that we employ and they can give us the logical reasons as to why we should or should not, the tax efficient ways of doing something. What they singularly cannot do is advise us on morality and what is right for people. They cannot do that and so it is the brave politicians that make decisions in the face...

**Deputy J.A.N. Le Fondré:**

May I ask, Sir, if the Deputy is suggesting that civil servants are immoral, Sir?

**Deputy P.J.D. Ryan:**

No, I am not, Sir. I am saying that their job is to advise us on the logic, the tax efficiency and advise us of the consequences of our decisions, but they cannot advise us on the morality of when we should not follow the logic. They cannot do that. That is not their job. This is not a criticism of officers. In fact, it would be the opposite. I have already said, we have some extremely capable

officers who really do know what they are talking about, but they cannot advise us on morality. That is not their job. I believe that some of the Council of Ministers have lost sight of that in this particular instance. It seems now that this stance is driven finally only by an unwillingness to be seen to waiver or to appear politically weak and it will take strength to make a moral call in spite of officer advice. But that to me is strength and being principled and I would urge Members to think about that. So, I am going to wind up now. I have finished. Moral leadership and philosophical direction of policy must be paramount in this House. The central issue is - and this is something to think about - the central issue is this. The taxing of food and the throwing of money at income support expands the benefits sector beyond what is absolutely necessary. This forces more people into the benefits system and penalises those just outside of it or, indeed what is even worse, it penalises those that are dragged into or just inside the benefits system whose pride and self respect will not allow them to claim money from the State. A year ago, I used the words: "Like crumbs from a rich man's table." Now, that is a bit emotive, but I repeat it because we are talking about basic philosophical direction of policy. Expanding the benefits system is not what we should be doing and I note that Senator Le Sueur has said that together with Senator Routier, they are going to be looking to expand the benefits system even further for those members just above the benefits system. Is this what the people of Jersey want, Senator, through you, Sir? Is this what the people of Jersey want or do they want to keep their self-respect? Would they rather that we do not tax food? I think they would and that is what I would prefer. This is not the way that I want to see this Island go, where we get a situation where it is the very rich and the very poor and we throw money at the very poor; the widening of the gap between rich and poor. All of this that we are doing widens the gap between the rich and the poor. It is wrong; it is immoral; we must not do it. Support Senator Shenton. Thank you, Sir.

### **3.3.2 Deputy C.J. Scott Warren:**

That is a very hard speech to follow. I think that is an excellent speech; one of the best I have heard in this Assembly, Sir, not just because I agree with what was said. I think it was excellent. The Minister for Treasury and Resources has answered my overriding question, how will his last minute offer to raise tax thresholds help those just above the income support level who do not pay tax and he has admitted that at present it will not be next year and we have just heard unless things are tweaked and more people are brought into the benefits system, it will not. On the subject of newspapers and books, I believe that many tourists will be annoyed by the extra cost, albeit small, of a daily newspaper in Jersey. It is little things like that that annoy tourists and may stop them coming back to Jersey. It is the little things you remember on a holiday, either that makes it a "wow" holiday or you think: "What a mean place. I am not going to go back." Sir, Islanders see grandiose schemes, albeit that they may well be good schemes, to improve the Waterfront and the town to connect them on land leased to W.E.B. (Waterfront Enterprise Board). Also, Sir, there are plans afoot for a national gallery in Jersey. Under these circumstances, which show an affluent society, can Members understand why the public are not signed-up to the need to have imposed on them a G.S.T. on basic foodstuffs? For them, Sir, it simply does not add up. Sir, this is Jersey; I urge Members to support this proposition. Thank you.

### **3.3.3 The Deputy of St. John:**

I would like to perhaps start off by saying that I have something in common with Deputy Ryan and Senator Le Sueur; and it is not what you might expect, that we all live in St. John, and that is about perhaps where some of it stops. I thought Deputy Ryan's end of his speech, it came good. What a vote winner, and I am afraid this is what this is about for a lot of Members. It is about votes. Somebody had to say it and I am sorry, when I sit on the platform at the hustings in St. John, I said, I am pro-indirect tax. I think it is the way you should go. I am anti-exemptions, not because of the moral aspect of it because I do accept that it is regressive tax and it can affect the poor more, but we tried to fix that one by having a low tax rate and a good benefit scheme. That is the jigsaw puzzle that the Minister has put together. That is the plan. Deviate from it at your peril. If the rate had

been higher, I, like many people here, would be demanding exemptions of zero-ratings so the poor are not affected by this. I would not want to be where some quite poor countries are. I mentioned Pakistan before who have huge amounts of indirect tax because it is simply too difficult to collect tax any other way. We are nowhere near that and neither should we go there. Sir, I have made no bones about the fact that I have always supported broadening the tax base and having indirect taxes. What makes Jersey so different? Why should we not have a tax like this and why on earth should we have it at such a low rate? That is because the Senator has been very clever in putting together a fiscal strategy that ticks all the boxes, in my opinion. I mentioned some statistics earlier on, and I am sorry if Deputy Ryan has perhaps given us too many to think about, but I am going to give you a few too and I mentioned the rates in other countries. We are talking 3 per cent here and we are told: "Well, that is what we are willing to keep it at because we have a very high cost of living in Jersey and in the first year that would increase it" and we know that. After that it takes money out of the economy and reduces the inflation rate. That is a difficult one to understand, but that is a fact. Sweden has a very high cost of living; 25 per cent G.S.T. Denmark is the same; 25 per cent. We are talking here about countries that are very rich at a very high rate. We do not look at a much poorer country, that is the new member of Europe and is a country which we have a lot to do with now with immigration and that is Poland; 22 per cent. I would imagine they must think it is Christmas when they come here, as many of them do, and it is nothing at the moment and only to become 3 per cent eventually. When we moan about a cold day, the Poles here think it is summer. We do not even get cold days, so no wonder they like being here; low tax and warmer winters. Yes, they come here because they cannot afford to buy a house in Poland because they cannot earn enough. They are economic migrants. I am going to pick up on a few comments that have been made by Senator Shenton and Deputy Ryan and I am then going to go on to give you the perspective from a customer point of view which is a department that I work with. Senator Shenton mentioned newspapers and Deputy Scott Warren mentioned it earlier on as well. When you travel to Europe, as many of you do on holiday, how many Members buy the *International Express* or the *Daily Mail*? Those cost 2.50 euros or 3 euros. They sell millions of those every summer and we are concerned about a few pennies on the national newspapers here. I am sorry, I do not think that is going to put tourists off buying a newspaper and indeed give us a bad reputation as a tourist destination. EasyJet was mentioned today; fantastic news. The destinations that EasyJet go to are many of the ones that I mentioned with a very high rate of G.S.T. Is that putting off all those tourists jumping on those EasyJet jets? No, it is not. I mean, they came to Jersey and we can say, well, we have only got 3 per cent. Deputy Ryan, now he made an emotional speech at the end. I would not want emotion to get in the way of facts. The fact is that a high G.S.T. in a poor country is, in my opinion, immoral. A low tax, a low G.S.T. in a rich country like Jersey is sensible. Sensible, fiscal strategy which is what we had before is a fiscal strategy which has many components. The proposition and its amendment seek to zero-rate foodstuffs. Books, newspapers - and we mentioned children's clothing earlier on, but we have moved on from there - doing it in line with the United Kingdom V.A.T. arrangements. At a first glance that perhaps seems simple and reasonable. However, it is universally accepted that they are the most complex type of goods to define and many Members have illustrated that today. In the U.K. there are more rules and procedures and rulings and staff dedicated to application of V.A.T. on foodstuffs than any other goods or service. These rules, procedures and rulings are constantly evolving. Would it be appropriate or indeed desirable for the Island to tie itself excruciatingly to each and every policy decision that the U.K. and for that matter the E.U. make on such matters? I hear Members constantly saying we should not do that and here we are trying to do it. What may be a suitable policy decision in the U.K. may not be a suitable one for the Jersey economy here and a different agriculture industry too. I would ask Members also to remember what was said in a previous response to a similar proposal. It was P.165 made by Senator Syvret: "The Island always has and should always continue to have control over its own fiscal affairs" and that is what we are doing. Similar difficulties exist in defining children's clothing as we have already discussed, so I shall not go there again. The same can be said for books and newspapers. The proposal does not include

plans for drawings or industrial architectural engineering drawings, commercial or similar purposes; should it? Maybe it should - another complexity in exempting books, newspapers and the like. All imported goods of this nature that do not already have a liability to U.K. V.A.T., including pre-priced labels, will need to be classified by importers. This will greatly increase the complexity of itemising goods on manifest entries and declarations creating yet more work for my department. I represent Customs. So, far from being simple, I cannot think of a more intricate convoluting example to choose to exempt, i.e. foodstuffs. I am not scaremongering. I base my concerns on well-documented live operational activities and experience with G.S.T. and V.A.T. administrations from all over the world because that is what the Crown Agents have looked at and that is what our officers have looked at. So, Sir, what should added complexity mean? What will it mean? Well, Sir, to start with there will have to be more control visits by tax auditors to traders' premises to ensure an increasingly complex G.S.T. regime is being accounted for correctly. Any discovery of under-declaration would lead to assessment notices and possible penalties which would have to be subject to appeal. This would, of course, lead to a spiral of control visits, compliance rulings, appeals, which would be time-consuming and, of course, contentious. The Crown Agents who we have employed to do this have designed a simple system and you, Members of the States Assembly, accepted their reasoning for avoiding the complexity and now we are debating it again. It is true that some countries have a number of exclusions or reduced rates in their G.S.T. or V.A.T., but it is generally accepted that the most successful application of this type of tax is in countries that have a simple, broad-based tax with a single rate and a high threshold similar to those that have been proposed by the Crown Agents. In fact, the countries generally held up as a model have been mentioned already today, and those are New Zealand and Singapore where exclusions are kept to a minimum and the rates are the same across all items. It is also perhaps interesting to note that the exclusions listed in the amendment are generally subject to positive rates in most of the E.U. member states, which is what the Constable of St. Martin was suggesting. The proposal compares the zero-rating of foodstuffs and books to the duty of excise goods. I am sorry but there is no comparison, both in volume and complexity. Sir, just for the sake of example, I will illustrate this. There are currently only 5 local commercial excise producers that all produce on a relatively modest scale. All of those producers supply the Customs Service with a declaration of the quantities of excise goods that they produce and, where appropriate, the narcotic strength. The quantities concerned are so small that the risk of fraud is considered negligible. To calculate the duty the Service accepts the declared quantities and strengths without any further testing, other than the initial checks at start-up. Audits are not taken against their production records later. For alcohol and tobacco there are 25 importers and again the duty is calculated on trader declarations with an occasional audit undertaken at the traders' premises. With all excise goods the duty liability is simple to calculate and collate due to the relatively low volume and also the ease that these goods can be classified. For example, the alcoholic strength is always marked on the bottles of alcohol. This is not the same for goods included in this proposition where the volumes will be huge and there will be difficulties with classification of goods not already price-marked and classified by the U.K. The Crown Agents have estimated that an extra 10 staff will be needed by the Income Tax and Customs Department on a broad-based G.S.T. It is an issue that Deputy Ryan disputes. The amendment's proposed changes would move this requirement to approximately 18 additional staff between the 2 departments. That is what it would cost to do this. If we move to this proposal, as Senator Le Sueur has already said, it is going to cost us over £800,000 in additional costs in administration. I am sorry I would like that money directed to people that really need it through the income support system. Sir, these propositions, as far as I am concerned, are fiscally attractive and well-meaning but I am sorry, I would much rather this considerable cost was put to further enhancing essential public services, not increasing the number of bureaucrats that so many Members of this House have consistently shouted for reductions of such posts. So I strongly recommend that Members are not seduced and they vote against this proposition and I would like to remind Members as well that this is the sure way to guaranteeing earlier increases in that rate of G.S.T.. Remember that one and also remember that at the moment most retailers - the large -

retailers - operate a just-in-time service delivery of their goods. We do not hold much warehousing here any more. It is all done on the south coast of the U.K. We have approximately 2 days of supply in Jersey. The last thing you want is delays caused by Customs importation. It is the last thing my staff want. It is the last thing the shippers want. This kind of complexity in a small place like Jersey that operates on a just-in-time operation, aimed to try and keep goods lower cost in the shops, could be severely compromised by this type of complexity and I would like Members to consider that. As fiscally attractive as this is, I put my stick in the sand 2 years ago and said I would support G.S.T. at a low rate with no exemptions. That was the package. If this was a high rate, I would be supporting exemptions. This is the package that you, the Members of the States of Jersey, have decided upon. Change the jigsaw puzzle at this stage in the process at your peril. Thank you, Sir.

#### **3.3.4 Deputy A.E. Pryke of Trinity:**

This proposition, Sir, is causing me more of a dilemma than the G.S.T. debate we had 2 weeks ago. I have asked myself: "Should my heart rule my head or should it be the other way around?" My heart is saying: "Food is a necessity of life. Everybody needs it and it is wrong to put a tax on this vital element," I have had more phone calls from parishioners voicing their dismay at this proposed tax than I had over the G.S.T. debate we had 2 weeks ago. People are really concerned over this issue. The Treasury Minister this morning comments that it would too difficult and cost too much to administer. But, as we all know, foods come from the U.K. where we all know that food is exempt. There is this model and the I.T. programmes are in place so why is it difficult if someone has invented the wheel already? We are an Island of great divide - the haves and the have nots - and this has become more apparent as we near Christmas. We have already heard on the radio an appeal from the Salvation Army asking for toys for children and, without this, some children would not receive any gifts this Christmas. My concern is to help those people who really need the help. Income support, we are assured, will help these people and families who have low income. But what about these people that are just above income support - the ones that do not pay tax, I would say mostly pensioners who have worked all their lives, perhaps asked nothing from the States, perhaps put a little money aside so that they can enjoy their retirement? What does the Minister for Treasury and Resources prepare to help them? There are also families who do not pay income tax but do not require income support. As I said, food is a necessity of life and having 3 per cent on a food bill will make a difference in families' housekeeping budgets each week. It is a tax on the family. I said at the beginning that my heart is saying that, but my head is saying: "This is a part of important fiscal strategy." We must keep the G.S.T. simple, easy to manage and, importantly, low as possible because the last thing that we want to do is employ extra staff to administer food exemptions. Are we going to give with one hand and take back with the other? I very much want to control States' spending; we all want that. One of the ways is to cut staff numbers, but here we are, looking at increasing it. So, Sir, I am in a dilemma and I have heard from the Minister for Treasury and Resources this morning giving some reassurance, but I hope that, with the Minister for Social Security and the Chief Minister, he could come up with more reassurance. For me to think of voting against this proposition I would like to know exactly what he is proposing, how they are going to put it in place for those people who are just above the income support level and, very importantly, a timescale and will it come back to this Assembly. That is all before I make up my mind. At the end of this day people do matter, Sir. Thank you.

#### **3.3.5 Senator L Norman:**

In the same way that I have consistently opposed and objected to the introduction of G.S.T. in itself, I have consistently voted against and opposed previous propositions or exemptions and, indeed, the one we had earlier today. I did this, Sir, because I became seduced by the Minister for Treasury and Resources' arguments that if we must have this tax then it needs to be as simple as possible, must have very few exemptions, because the more exceptions, the more zero-ratings, then the more we will have to collect on other items which are not zero-rated if we are to collect the

same amount of tax. Hence the real risk, as other speakers have said, of the initial low rate being increased earlier. In simple terms the more goods that are in the G.S.T. net the lower the rate will be for longer and that, I think, is important. When you think about it, it would be absolutely daft to exempt or zero-rate some items only to increase the tax on others. We would simply end up paying a higher percentage rate of tax but exactly the same amount in cash terms. Nobody at the end of the day will be any better off. Having said that, when Senator Shenton lodged his proposition my immediate instinct, my reaction was to support it. Why did I think that? Why was I changing my mind? Well, simply because of the improved financial position that the States have found themselves in over recent months. That improvement in the fiscal position of the States, of the Treasury, made it difficult, I think, to justify the introduction of the tax so early or indeed at all. But we have had that debate. The States have insisted that the tax go ahead and it goes ahead in May. But, in fairness to the Minister for Treasury and Resources, he has - even late in the day - but nevertheless he has recognised the improved financial position and that some of that improved finances should be returned to the people and he has offered, in his report and in his speech this morning, an alternative to Senator Shenton's proposition and, quite honestly, I think it is a good alternative, good enough at least for me to consider changing my mind about supporting Senator Shenton's proposition. What I need to consider and what we need to consider is which offer - Senator Shenton's offer or Senator Le Sueur's offer - which one of those provides the best deal for the taxpayer and for the consumer. Senator Shenton's proposition purportedly returns £3.1 million to consumers, to all G.S.T. payers, benefiting the poorest in our community and benefiting the richest in our community, those to even a greater extent than the poorer. But that is okay. But it is not ideal and the cost of administration has been put at £800,000 plus 8 additional staff. Now, Deputy Ryan's "Do it at your peril" disputes those figures but, well, they do not tell us what it is, but let us say it has been overstated by 50 per cent. That is still an additional burden of £400,000 and 4 extra staff still at very substantial additional cost. But what I also ask myself is: "Is the proposition really going to return £3.1 million to the taxpayer? Is food and are newspapers and are magazines and are books really going to go up by 3 per cent when G.S.T. comes in?" I do not think they will and here is why. One very, very important bit of evidence that was given to the Scrutiny Panel, and I mentioned this during the last debate, was a chief executive of one of our largest food retailers - I think it is the one that the caring, sharing Senator Shenton is a director of - has said, their chief executive said that it will not be worth their while to price-mark the items, increase the prices on the items which already come in price-marked from the United Kingdom. Now, that accounts for about 15 per cent of their sales so G.S.T. will effectively be absorbed on those items - the items that have been coming into the supermarkets already price-marked from the U.K. They will effectively be absorbing the V.A.T. on that. That alone reduces the overall impact of G.S.T. on food to something like 2.5 per cent in real terms. Inevitably, those supermarkets will consider adjusting the prices of other items to make up for their reduced profit on those goods which are coming price-marked from the United Kingdom. But will they be able to do that? Will they be able to increase other items to make up for what they are not getting on the imported items? That is unlikely. Competition in the marketplace will make that very, very difficult and even more so if and when another player enters the market and, of course, customer resistance to price increases will also play its part in what effect G.S.T. will have on prices. The same is true of newspapers and magazines. All of them come in with prices already marked on them, printed on them in most cases. Now, because we had the good sense to introduce price-marking legislation, if a retailer wants to increase the retail price of a newspaper to allow for G.S.T. on a 40 pence newspaper it will be a penny, on some it will be 2 pence, on others it will be 3 pence or whatever, they will need to re-price every single newspaper and every single magazine. The question is in reality are they going to do that. It is very, very, very doubtful and if I am right, and I believe that I am, then Senator Shenton's giveaway is probably closer to £2 million than to £3 million and will still cost up to £800,000 and 8 staff to administer. Even books, there is very little margin to increasing price in books. Competition is huge in the book market, particularly from internet sites these days, very difficult for retailers to put up their prices when G.S.T. comes in. Quite honestly, Senator

Shenton's proposition is not looking like a great deal. On the other hand, the Minister for Treasury's offer does put £3.5 million back in taxpayers' pockets. It is targeted at the low and middle earning taxpayers, costs nothing to administer and needs no more staff. When you look at it like that it really is a bit of a no-brainer when you get away from the emotion and think about the issue logically. Senator Le Sueur is offering to give back more than Senator Shenton by much more than a country mile. Some Members have spoken about the moral issues. I am not sure if there is a moral issue here for the States. Certainly it is emotional, but the States do not decide or impact directly on the price of food or other items. That is 100 per cent in the realm of the retailers and they have to consider and take into account competitive factors and the fact that consumers do have choices. If there is a moral issue here it is the moral issue for the retailers. Do they charge fair and reasonable prices or do they maximise their profit margins? The reality is they cannot price their goods higher than their customers are prepared to pay; otherwise, they will be like Deputy Ryan's corner shops and not be able to make a profit. But there is, and I think the Deputy of Trinity pointed out, there is a bit of a fly in the ointment. Under the Minister for Treasury's proposal those on the lowest incomes are protected by the low income support scheme; the low to middle-income taxpayers benefit proportionately. But that does leave a gap, a small gap I am sure, mostly pensioners. I accept that is probably the case but the gap between those who are just above the income support scheme and those just below the tax levels. Now, that is important and I was pleased that the Assistant Minister said this morning that he will address this and it is vitally important that he does. If the taxpayers and those on low income support are going to have a benefit, then those sandwiched between the 2 need to benefit by an equal amount. I have no doubt it is not beyond the wit of the Minister and his colleague at Social Security to achieve this. If it is mainly pensioners it can be done through the pension scheme or through the Christmas bonus scheme or whatever. But what is important is that it must be done, and on the basis that I trust and believe the Minister, I am going to vote against Senator Shenton's proposition, but no doubt if the Minister was unable to fulfil his promise then this proposition would undoubtedly come back and not only would his proposition come back, others would come back. Because there are other things which we could use the same arguments that have been used by Senator Shenton and indeed Deputy Lewis earlier that if it is appropriate to have zero-rating on food, it was equally appropriate to have zero-rating on water, which is just as vital to life, on electricity, on gas and on heating oil; and if we are going to do all that, then we may as well get rid of G.S.T. all together. Oh, perhaps it is not such a bad idea after all. **[Laughter]**

### **3.3.6 Deputy J.A. Martin:**

I am glad I follow Senator Norman because he did not make an emotional speech and I will try not to be emotional. I would like to start with Deputy Ryan's speech. I thought, although it was a year old, his Scrutiny report - and they had an excellent adviser at the time and the report was accepted by the Treasury - he made some excellent evidence-based points about the over-exaggeration of the extra staff costs and administration cost that had been estimated if we exempt vital food items. Up to that point and up to the near end of his speech, I thought it was a very excellent speech. It may have been that he wanted to get his point across and he may have gone over a few things but I think he made his point very clearly from a very, very knowledge-based position. He then went on, unfortunately, to say: "We have advisors, civil servants, who are bringing in G.S.T. who will tell us that logically you do not exempt food, but morally you do." I think he did not need to do that, Sir. He had made his argument. He had clearly made his argument. It is which do you believe? Which set of experts do you believe? I err with this because Deputy Ryan had done a good Scrutiny report a year ago and looked at all across the base, he did not bring out a big load of comments yesterday or the day before, I think, we received them, like Senator Le Sueur did. I would like to think I am on to Senator Le Sueur's speech. I do not think I have ever heard Senator Le Sueur speak so long except for in a budget speech, and he was emotional. We are told this is a consumer tax and yet we had the Christmas Carol story of the little retailer at the end of the tiring week filling in his returns while Bob Cratchit was sitting in the dark in the other room and he may have missed some money.

**[Laughter]** Well, I am sorry, that was emotional and it was a bit too far for me, Sir. I listened to his argument. He wants to refine - redefine or refine - income support. It is not in yet. Do we know it is going to work? We had the Constable of St. Martin today asking the Minister for Social Security to put his hand on heart and say: "This will work. It will protect the people." We do not know. I say the Constable of St. Martin is a young Constable in political terms and obviously quite a young Constable **[Laughter]** and he may well have that reassurance, Sir, but, please, there may be some spin on it. What I will say about income support, as I have just said, income support is coming in in January. If G.S.T. comes in... I mean when G.S.T. comes in, with or without exemptions, in May income support is already going to be up-rated by 3 per cent on all components except housing and things that are not going to be covered by G.S.T., which is fair enough. What the Minister does not tell you quite clearly is that in October the first piece of transition protection falls away. Many - up to 33 per cent - many people are going to start losing between £20 and £30 a week and, as the Deputy of Trinity has just mentioned, I know these people are going to be mostly pensioners on fixed incomes who have got a little bit of savings in the bank, people we do not want in... you know, I mean, we do not want people to save for their future, do we? These are the people it is going to hit but we do not know. I cannot stand here. I tried to bring amendments. I do not even know if that would have made the system better. As I said, when we brought in income support, I hope that it works. I do not know. The Minister for Social Security cannot stand up in a minute or whenever, tomorrow or even Friday I have been told now, and tell us it will. As I say, we all impact on the people we do not know about and we are only asking for certain foods to be exempt. The Deputy of St. John is... to me he tells us we have got 3 politicians who live in St. John and that is where they differ. When I listen to him I wonder if he even lives on the same planet that I live on. **[Laughter]** So let alone on the same Island. He is so out of touch with his parishioners and the rest in the Island and this is not emotive. This is you are sticking us with G.S.T. and to top it all you are going to put it on food. Deputy Ryan made the good point, what is the difference between the rich and the poor? Why are we getting this at the late date? Where has this saving come from? And it does seem to me, as I said in the beginning, which speech do I listen to except for, I say, the last part of Deputy Ryan's speech? He did not need to go that far. Who do I believe? I believe Deputy Ryan's research and his advisers because, to me it took quite a few months, it was well-researched. Do I believe Senator Le Sueur and Senator Routier are going to sort out with £400,000 people on the incomes in the middle? I do not know and the only option on the table today for me to be sure is to support Senator Shenton's amendment. I do not think it is emotional. I think it is sensible and when, just finally, Sir, the Constable of St. Martin and the Deputy of St. John keep making the point that we are including food but we are only at 3 per cent, and the Deputy of St. John, why I also say that I think he is not in touch with the same world as me, says: "There may be a slight increase in inflation when G.S.T. comes in but then it will drop away." Does he really seriously believe that that is going to bring down the price of food in Jersey? Well, I am very sorry, Sir, he is not living in St. John, not the St. John that the people who talk to me are living in. So, I am sorry, Sir. No, I am not sorry, Sir. I am sorry to the Minister for Treasury and Resources. I really believe - I did email him last week when we had the Chief Minister softening - I think the words were, to do with G.S.T. exemptions on food and I asked the Minister, I said: "Well, I have been talking to Members and it looks like you might lose this one. Could you not accept it for a few... you know, you are offering something back." But could he not accept it for the first few years until we have got this refined, excellent income support scheme in place? Until we know it is not affecting the people in the middle, until we know who it is targeting? I never got a reply, Sir, so I presume the answer, and we are here today, the answer is no. But I tried anyway. Thank you, Sir.

### **3.3.7 Deputy K.C. Lewis:**

Deputy Ryan's speech, I liked it, very long but I liked it and it made some very, very good points. As the Deputy of Trinity has pointed out, Christmas is on its way and there are at present several charities that distribute thousands of food parcels to those in need and I am not talking about Third

World countries or Eastern Europe; I am talking about Jersey. Food prices are on the way up already due to global demand from emerging countries like China, droughts affecting wheat production in Australia and, of course, severe flooding in the U.K. last July which destroyed many crops. Many farmers around the world are also switching from growing cereals to growing more profitable biofuels and I do not think the States Members realise that if G.S.T. comes in not only will this cover all food and services, but Jersey will be the only jurisdiction in Europe that will charge G.S.T. on school dinners. A tax on school dinners: tell that to the children as they wait in line. Newspapers: putting a tax on newspapers? We are an independent part of the British Isles. We are not the Costa del Sol. When people come here from the U.K. they expect to pay the same prices as the U.K. Expanding benefits: that is the most ludicrous thing I have heard all day. Who on earth wants to be on benefits? This is not a badge of honour. As I mentioned earlier on, Sir, Jersey people are a very proud people who do not wish to fill in huge forms giving away very personal details and why on earth should they? I may have lost my amendment earlier on today, Sir, but I will be supporting Senator Shenton 100 per cent. Thank you, Sir.

### **3.3.8 Deputy S.C. Ferguson of St. Brelade:**

I have been listening with interest to the various speeches and it seems to me that we need to go back to basics. The impression that is given by the proposition is that there is a choice. Do we have a 3 per cent G.S.T. on food, which has been said to be unfair to families, or do we have a choice and we say: "We will zero-rate it like the U.K. system"? You know, that sounds fine, no G.S.T. on any food. Can I refer people, Sir, Members, to the comments by the Minister for Treasury and Resources, pages 18 onwards? These are the rules that it is suggested that we follow. No, frankly, I mean page 18, juices and juice concentrates needed for families, orange juice, things like that - standard rate. But nuts: nuts and pulses are zero-rated if they are raw and unprocessed. But if they are shelled and then roasted and salted, then they are standard-rated. I mean, come on. It gets better.

### **Senator B.E. Shenton:**

Could I just point out to the Deputy that we have things called bar codes now and software?

### **Deputy S.C. Ferguson:**

I am not talking about the Senator, who obviously understands it from his position as a director of the Co-op. **[Laughter]** I am sorry, Sir, that is a Yorkshire term. My grandmother comes from Yorkshire and up there they call it "t' Co-op." **[Laughter]** Anyway, it is okay for the people with the bar code things but what about ordinary people? I do not think that the message has got out that the rules are quite so complicated and that you will be paying G.S.T. on certain food items. You will not be paying G.S.T. on salt for culinary use but you will be paying it for non-culinary salt, although people who like rock salt will be paying G.S.T. Sweeteners, zero-rated; food additives such as baking powder, zero-rated; but bicarbonate of soda and chemicals for brining will be standard-rated. There is such a complexity. Flapjacks are zero-rated. Cereal bars, which are healthy and which we should be encouraging, they are going to be standard-rated so they are going to be taxed. Chocolate chips for cake decorations, zero-rated; chocolate buttons, which a lot of families use for cake decorations - I used to when my son was young - those are going to be standard-rated; and then something I do know a little bit about, Jaffa Cakes, those are zero-rated. But a gingerbread man decorated with chocolate, unless this amounts to no more than a couple of dots for eyes, that is standard-rated. **[Laughter]** You know, a Baked Alaska is zero-rated, but an ice cream is standard-rated. Now, most of us buy ice cream for our children and it is going to be taxed. Do people really understand what we are going on about? Diabetic chocolate: that is going to be standard-rated. Well, with the increase in obesity, there will be an increase in diabetics and they are all going to be paying tax on their chocolate. Slimmers' meal replacements to try and get over the obesity: that is going to be standard-rated. It goes on and on and on. The public do not, I think, realise that, in fact, they will be paying tax on a considerable number of the food products

which they buy and which every family buys. Every family buys juice for their children. It is one of the things that they are exhorted to buy. You know, have some orange juice with your breakfast. Hang on though, that is standard-rated. We all voted to bring in a simple and low value G.S.T. to fulfil a particular purpose brought on us by external forces and, quite honestly, as a number of speakers have said, tinkering at the edges of this policy will have the effect of making it more expensive and it will provide an implicit assumption that this House can play with rates to fill holes caused by unwarranted States expenditure. As Members will know, I am concerned with States expenditure, both in total and the rate of increase but that is a discussion for another day. We do need a safety net for the less able but I feel that the public is served by less government, simpler taxation, not more. Really, I am sorry, this particular proposition is going to land us in a very complicated set up and, unfortunately, I do not think it has been explained to the general public that zero-rating food on the U.K. model does not mean that all food will be not taxed. They will find that a lot of the food that they count as normal food is counted under the U.K. rules as standard-rated food and this is not what we voted for.

### **ADJOURNMENT PROPOSED**

**Senator S. Syvret:**

It is 5.30 p.m., Sir. Shall I propose the adjournment?

**The Bailiff:**

Yes, if Members agree, we adjourn now and reconvene at 9.15 a.m. tomorrow.

### **ADJOURNMENT**