

# STATES OF JERSEY

## OFFICIAL REPORT

WEDNESDAY, 2nd APRIL 2008

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

**PUBLIC BUSINESS – resumption**

**1. Rezoning of sites in the Green and Countryside Zones and Island Plan review (P.33/2008) (continued)**

**The Deputy Bailiff:**

We turn them to Projet 33. Does any Member wish to speak? Yes, Deputy Troy.

**Senator L. Norman:**

Could I just say I wish to propose to close the motion within the half hour, Sir?

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

I excused myself from the debate yesterday. I would just like to continue with that and leave the Chamber.

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

Sometimes, Sir, I believe this Assembly sends out very mixed messages. Several times in the past couple of years we have debated the make up of the States Assembly, we have debated whether the Constables should be in or whether they should be out. One of the very strong arguments put forward by a number of Members in this Assembly is that the Constables know their Parishes and they act as a voice for their Parishes in this Assembly and that we should listen to them. I think, on the background of that, due to the difficulties we have faced with the new Island Plan of 2002, the Committee of the day, in trying to bring forward those H2 sites... it was an absolute nightmare for the Environment and Public Services Committee at that time. I think one of the things that we learned from that was that next time round, when it came to any sort of rezoning proposition, would be that, yes, we would go to the Constables and we would ask them to go to their parishioners and ask them what they thought about supplying housing in the Parishes. I think that that is very important to be taken on board, that they are the voice for their parishioners and that we should listen to them. This Assembly has put much store by that in the past couple of years, so it puzzles me greatly that we find ourselves here with various States Members questioning the Constables' need for lifelong homes and first-time buyer homes in their respective Parishes. The Constable of Trinity has made it quite clear, I believe, yesterday that the sites that were consulted on in the rezoning proposition that went out for consultation, those were the only sites that he believes he has available and that ticks all the boxes. He has expressed a need for first-time buyer homes and lifelong homes in his Parish. Indeed, I think there are a number of States Members here who, if suddenly it was announced that the roll call of the Trinity School... due to falling numbers that they were going to start closing classes or having mixed-age classes, there would be an absolute outcry in this Assembly. So if we want the Parishes to survive, we do have to offer some housing for families in those Parishes and I do ask: who are we to turn round to the Constables and say: "Well, no, you do not know what your needs are in the Parishes"? There are several Constables in the Assembly who have stated quite clearly that there is a need in their Parish. Indeed I spoke to the Constable of St. Saviour this morning and asked him about the particular site that was consulted on in his Parish and, to all intents and purposes, the one particular site that I am going to refer to (which is the one behind the Parish Hall) does tick all the boxes. I cannot believe for one moment, even if we... obviously we are having a review but if this proposition was successful today, all the sites in this document that have already been consulted on will come back in the Island Plan review. So basically all we are doing is just delaying, delaying, delaying. Now, the Constable of St. Saviour informed me this morning that he has no lifelong homes in his Parish. He recognises there is a need and he wants to address the need. The site is absolutely perfect for what he is proposing and I fail to understand why Members think that things are going to be any different under the Island Plan review. That site is going to be in the Island Plan review, so effectively all you will be doing is delaying the building of much needed homes for the elderly and first time

buyers for several more years yet. I just briefly wanted to refer to some data that was compiled by the Housing and Social Security Scrutiny Panel in response to the Housing Department's property plan last year. When questioning respondents about sheltered housing, 41 per cent of the respondents in St. Saviour who expressed a need for sheltered housing indicated that they wanted to remain in St. Saviour. Well, I am sorry, at this present moment in time that simply is not going to happen because there just is not the housing there to enable that to happen. I look around this Assembly and I am pretty confident in saying that I do not believe that there is one person here who does not have a comfortable home that meets their needs that they go home to every evening. So why are we suggesting that first-time buyers and elderly people in need of lifelong homes should have to wait any longer than is absolutely necessary? I just find that really difficult to understand. Much has been said about the numbers. How can we be sure that the numbers are correct? But, again, if I refer to the data that came out of the Scrutiny Report, they were indicating that if the figures are considered to be representative of all States tenants, this would imply that over 200 tenants may wish to move to sheltered housing immediately, while a further 400 or possibly more would like to move within 5 years. I believe, backed up with the data, the robust data that the Housing Department have on our current need, I think this paints more than a picture that there is absolutely a need out there. I have not even touched on the elderly people who are currently living in private rented accommodation in this Island. Members will be aware that just recently myself and Deputy Power were involved in a case of some elderly people who were served notice from private rented accommodation up at Quennevais Precinct - gentlemen who had been *in situ* for over 30 years in that Parish - and I understand, from speaking to the Constable of St. Brelade, they have no sheltered accommodation or lifelong homes available for those gentlemen. Of course, they came to the Housing Department because we are the last port of call but unfortunately, due to the very heavy demand we have, we could not help them either. They have gone on the list but I have had to make it quite clear to one of the gentlemen involved... I understand his desire to remain in St. Brelade; he is in his 70s now, all his family live in St. Brelade, he has been living in his current home for 30 years. I had to explain to him such is the demand in the Housing Department at the moment that obviously there is a strict criteria in how we deal with the elderly on either lift-served or ground floor accommodation. There simply is not enough. I think I have probably mentioned the 84 year-old lady I know who lives in St. Helier who climbs up 3 flights of stairs. I met her 5 years ago when I came into the States as a representative for No. 3 District and she said to me: "You know, I am hoping to get a ground floor flat soon." I said: "Yes, I hope you do too." Five years later that lady, now 84 years old, is now climbing up 3 flights of stairs to get to her accommodation and she knows and she recognises realistically she is going to have to wait for somebody to die in her block before she gets the accommodation that she rightly deserves. I am going to end there. Thank you. **[Approbation]**

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

I know when Deputy Hilton gets to her feet and gives an impassioned speech like that it is difficult to follow. The Deputy of Grouville has done one very important thing with this proposition - this P.33 - and what she has done is she has elevated the sensitivity attaching to our Green and Countryside Zones and I pay tribute to her for bringing this to the Assembly. However, there are many, many facets to protecting the Green Zone, the green part of our Island that we all love so much. Part of that responsibility is the Planning Department, part of that responsibility are the Constables and part of that responsibility are us Parish Deputies who are sometimes regarded as a real pain when it comes to N.I.M.B.Y.ism (not in my back yard) and I put my hand up frankly and say I have defended my Parish on issues in the last 2 years. It is something very close to my heart. One of the difficulties in living in a small island is that our roles overlap. Our roles as a Parish Deputy... my role as a Parish Deputy overlaps with my role and responsibility on the Planning Applications Panel and that overlaps with my role as chairman of the Housing Sub-Panel. So we have overlaps and sometimes it is a minefield. Often, within departmental responsibilities, we refer to minefields, we refer to poison chalices and we refer to conflicts; but that is what we do. That is

one of the beauties of Jersey, it is that it is a small island. Whether it is the Deputy of St. Ouen or the Deputy of Grouville or Deputy Hilton or Deputy Maclean, we can pick up the phone and talk to each other and that is important. We are not compartmentalised, we overlap. Likewise we cannot really generalise about the Parishes. The Parishes are not all comparable. The south coast Parishes and the demographics of the Parishes on the south coast - St. Brelade, St. Lawrence, St. Clement, St. Saviour - are completely different to the north coast Parishes. For that matter, you cannot compare the needs of Trinity to the need of problems in St. Brelade or the traffic problems at Beaumont or the congestion in St. Clement or the overdevelopment in St. Clement. You cannot compare them. So we have to respect the individuality of every other Parish and the planning that takes place in those Parishes. Now, in what I have done in the last 2 and a half years - 2 years and 3 months - in this Assembly... I pride myself in some of the decisions I have made but I also realise that I have made mistakes. We do make mistakes. It is inevitable as a politician that we make mistakes. But I also think that I do have some common sense. I have done a great deal of work on the area of housing and the area of planning in the recent months, indeed for a large part of 2007 I spent a lot of time as a member of 5 of the stakeholder groups in the review of the Island Plan. That review of the Island Plan is a critical piece of work which has to take time and which will be done and completed, we hope, within the timescale. I would just like to give you some indicative statistics of what I have come across within the last 3 months; just 3 examples. Between 1971 and 2001, 14,000 new units of accommodation were built on this Island. Now, if we were to do nothing else for the next 30 years and just repeat that cycle, that is what we are looking at between now and 2035. It looks as if we will need to create something like that and maybe even more. In 2007, 97 fields were lost for one reason or another: to development, to re-use, to reallocation, or whatever. On the review of the Island Plan and in the stakeholder groups - and I do not want to go into too much detail here - one of the... there are 3 areas of pressure within the Planning Department: the ordinary, normal applications; the pressure that is put on the Planning Department by the Housing Department for instance, because they have stated their well-laid-out worries about the need for dwellings for the over-55s and first-time buyers; but also planning has to embrace the pressures put on the Department by Economic Development. Now, Economic Development has got a whole shopping list of issues that it has to deal with; and this is meant as an observation not a criticism. It has to deal with the demand for industrial space - industrial accommodation, storage, warehousing - and it has to work with Housing on (j) category demand and (k) category demand. Indeed I saw one meeting in the shareholding group that if the Planning Department were to accede to the amount of square footage that is estimated to be needed, we would need to rezone 30 acres for industrial development or 1.2 million square feet and that is something I do not think will happen in the long-term. So there are huge demands on the Planning Department. Green Zones and Green Zone rezoning: who has the power to do it? Well, obviously the Minister has the power to do it but also this Assembly has the power to do it if the Minister brings it to the Assembly. So I have said that the pressures on the Planning Department are enormous. It comes from the normal everyday series of the wave of applications that come in, it comes from Economic Development and it comes from other areas, including Housing. Any proposition to rezone a green field or a green area must be approved by the individual Parish Constables and then by the Assembly itself. If there are philanthropic individuals in individual Parishes and it is deemed as a gesture to an individual Parish to house the elderly or to provide sheltered housing for the elderly, then that must be looked at on its merits. I think that is one of the reasons why this proposition has come to the Assembly today. We have heard the phrases "first-time buyers", "lifelong homes", "last-time buyers", "sheltered units", "sheltered housing", "secure homes for the over-55s", "secure homes for the over-60s". There are a myriad of definitions which have been used in this Island and it does cause confusion. For my part, I do not want to slow down the development that was referred to yesterday and this morning in St. Saviour and, indeed, I am absolutely frustrated beyond belief with the delays that have been caused in the redevelopment of the Belle Vue site. This was the site that was allocated to Health and is now sitting covered in weeds and in the 2 years and 3 months I have been in this Assembly, I have not managed to move that forward. It frustrates me beyond belief that there is a

site in my Parish that has not been developed and I find that frustrating. I sit with the Minister for Housing and the Assistant Minister for Housing in Communique one Friday a month, and the same people come to that on the first Friday of every month and say: "What is happening with Belle Vue? When are we going to get the heads-up so that we can sell our house, which is a 3-bedroom house," or mostly 3-bedroom houses with a garage and a garden in St. Brelade: "and move to a 2-bedroom flat in Belle Vue? When is it going to happen?" The 3 of us have the stock answer: it still has not happened. So I am acutely aware of the issues to do with sheltered housing and the need for people to downsize and release houses into housing stock. Indeed in Planning, as a Parish Deputy, I get phone calls from young couples who assail me by saying: "Why cannot we build more houses on this Island for young families? Why is there such a bottleneck? Why are they so expensive?" We also have the Housing Department saying: "We want to build sheltered accommodation." In between all of that, there is this hugely complex balancing act that we have to do in Planning, to balance the needs of the Island with sensible planning, and that is why I have immersed myself so much in the review of the Island Plan and it is difficult work. It is a bit like Scrutiny; it is plotting, research, lots of meetings and it takes time. I want to remind Members of a few things that have happened in the last 4 or 5 years. Parish Deputies have been involved in efforts to protect the green environment and while Deputy Hilton talked about the elderly gentleman up at Quennevais Precinct, I also pay tribute to Deputy Hilton for the work she did in protecting Field 621 in St. Brelade, which is a field which was within the developed area. She brought a proposition to the States in July 2005, long before my time, and she had that field rezoned into the Countryside Zone and she had an area of land in Tesson rezoned. Indeed that came back to the Planning Applications Panel last week. Lots of Parish Deputies fight for protection of their Parishes and for protection of encroachment and overdevelopment and there are many documented cases where the Deputies of St. Clement and the St. Lawrence and the Deputy of St. Peter, and indeed the Deputy of Grouville, have been involved in fire fights to protect the fabric of their Parishes. The Planning Department is the last bastion of defence for the fabric of the Island. Some people listening to this this morning may not believe that but the Planning Department is the competent authority. It is an extremely difficult role that they have to play and sometimes it is very easy to criticise what goes on in Planning. But like any other department of the States, whether it is Home Affairs, whether it is Economic Development, whether it is Education, Sport and Culture - and I am not picking those 3 for any particular reason - the Planning Department sometimes gets it wrong. It sometimes gets it wrong. Indeed, in my own role in Planning in the last 12 months, I will put my hand up and say there are one or 2 decisions that I now regret; but we accept responsibility and we accept our role to make decisions within the States and within the subsections of the States and that is what we are here for. Last year, as chairman of the Housing Sub-Panel, I did a body of work on the proposition to sell-off States social rented housing, which was overwhelmingly supported by this Assembly. I think the Sub-Panel had 7 votes in support and something like nearly 40 for the Housing Department and I respect that decision. We did a small piece of work this year, which was a review of the Island Plan, to rezone land for lifelong retirement dwellings and the over-55s and first-time buyers and I would just like to draw some Members' attention to some of the comments my Sub-Panel made which was at the end of January, beginning of February. We said that we live in an imperfect world and we also drew attention to the fact that we had reservations about the Housing Department's calculations regarding the need for retirement homes and we put a lot of work into that. We also said that the perception, the public perception, of the on/off, on/off demand for housing in the Island is not clear and indeed there was a headline in the *J.E.P. (Jersey Evening Post)* on 24th August 2005 which said: "The Green Zone is now safe from developers. The Island Plan has been so successful in delivering affordable homes that the pressure is off developing green field sites." How times change. We also made comment about... and I think somebody else said it yesterday - I think Deputy Le Fondré might have referred to it - it was one of the areas that the Sub-Panel recommended looking at was to maintain, and indeed enhance, the number of high rise developments in the St. Helier area and we gave some examples of that. I think that it is an area

that has been overlooked and it is an area that just be looked at in the future. The reason we said that is that it stops encroachment into the Green Zone, which is so critical to this proposition. We also pointed out that the statistical... we did a survey of all States tenants last year and 200 tenants wished to downsize immediately, 400 tenants would like to downsize within 5 years and, in fact, we never asked a leading question of that; it was an interpretation of our statistics by the Housing Department that we were unhappy with, but we never asked did they want to downsize. The comments were: "If these figures are considered to be representative of all States tenants, this would imply that over 200 tenants may wish to move to sheltered housing while a further 400 or possibly more would like to move within 5 years." We also made comments about the number of vacant properties that existed on the Island and we also recommended that the Housing Department set up a full review of housing supply and demand across all aspects of the Island, which still has not happened. So where are we right now? We are now looking at a proposition... we are looking at the Housing Department and other departments wishing to encroach into the Green Zone and we have a proposition today to stop everything immediately until the Island Plan comes to fruition. It is one of these propositions that you wish you were not in the Chamber sometimes but we are... **[Interruption]** I try and be in the Chamber as often as I can but sometimes I wish I was not here. This proposition has many, many, many merits. However, I did say earlier that I think I have some common sense and I am a realist and looking at my work in the Parish and looking at my work on Planning and looking at my work particularly as chairman of the Housing Sub-Panel and on this review of the Island Plan, which expresses huge fears and worries about encroaching into the Green zone, I do find that in all aspects of this proposition I can support all of it, But having slept on this and not slept on this, I do feel that part (a) will affect St. Saviour. It will put St. Saviour back 2 years and there are probably other Constables in other Parishes who feel that if this part (a) were included that it would tie their hands as well for 2 years. So I would say to the Deputy of Grouville: this is an excellent proposition, it has raised our fears and it has raised the sensitivity and huge interest that Islanders and this Assembly have in protecting the Green Zone and my view here this morning is that I will support the proposition but I would earnestly ask her to withdraw (a). Thank you.

### **1.3 Connétable K.A. Le Brun of St. Mary:**

Obviously after everybody else has spoken I am certainly not going to be too long and I will not give people any undue effect. Yesterday I think it was Senator Syvret in fact who was saying: "What is the panic? What is the rush?" I do not believe there is a panic or there is a rush. There is a lot of frustration, more so than that; frustration from St. Mary's point of view in the sense that we not always but have been accused many times in the past of N.Y.M.B.Y.ism: "We do not want anything in our back yard", "Let us keep St. Mary's nice and green" and such like. It is very green. In fact we managed to get rid of the compost of St. Helier even, which was a very good thing. Unfortunately they have taken the map down that was up there yesterday regarding... and it showed all the Green Zone and such like. If you looked at St. Mary's, it is all Countryside Zone, Green Zone and Zone of Outstanding Character. Those last 2 especially, the Green Zone and the Outstanding Character one north of St. Mary's village - north of the church - is all Green Zone and outstanding Character. We have only got a small part to the south which comes under the Countryside Zone. So that restricts us quite a bit. More so as well, when one has got to realise... and there is a lot of mention about greenhouse sites and building on them all over the Island and such, but some are dotted around and in the middle of the countryside. I think where one has got to appreciate as well... and this is where I have always had sympathy for St. Clement, for the amount of built-up and housing they have had to contend with down there; but then, on the other hand, that is where all the mains services are. When you get out into the rural countryside it is difficult to have mains services and that is a predicament and such like and that is why it has been unfortunate for St. Clement, that they have had all the mains services. So you have got to have that, therefore you have got to have the extra housing and that, which is most unfair on them. But then it does create the restrictions in the Parishes. When I say "frustration", from our point of view I think one



has to put this into perspective as well because we are not in the envious position of possibly some of the other Parishes of having wealthy benefactors who contribute to us. We have a site which we have been negotiating, and I do say negotiating, to get the right mix: with developers, with Housing, with Planning. We have been doing this for the last 4 or 5 years. No rush, no panic, but it has been 4 or 5 years that we have been trying to negotiate and get this and get the right mix in, and it has taken a lot of frustration out in the meantime. My main criteria about this as well is that here we are again, having come all this way down... I have people, young people, who have said, knowing that when we had our meeting, which I think was approximately 2 years ago, our consultation meeting at the Parish to try and bring this forward... Subsequent to that we have had young couples who have said: "Well, is this going to happen? We have got to make a decision. If we cannot have it now and that, we want to... before the prices of houses go up." This is a fact, that young couples who have put their name down 4 or 5 years ago with the expectations of possibly of having their own one, suddenly find they are not and they are having to try and find... before the price of the houses go up again. So there has been a lot of that. We have been trying to plan it in an orderly fashion and this is why it is frustrating now to find that possibly, and sincerely I hope not... but assured by the Minister for Planning and Environment that if this does not go through there will be a delay of another 4 years; another 4 years. We are talking about 4 or 5 years ago already. That means we are now 8 or 9 years that we first started planning it; planning it, not just hastily getting something past that we so wished against all the expectations. As I say, we had our consultation period a couple of years ago. Everything looked to be on course and we thought... at the beginning of this year it was mentioned that all these sites would now come forward and they would come to the House and be voted on individually and we thought: "Fine," then it was decided: "No, I am sorry; you have got another delay because the Minister for Housing has not gone out for consultation." That meant another delay because we would have thought by now we would have been progressing and having our site... looking to the future. Now we hear we are going to be delayed and the proposer said: "Oh, no, perhaps we can get around it and ask the Minister to have second thoughts and so on." But then we were told: "Do not worry, this is all going to go then; after consultation it will be fine." So it has been going on and this is why I would definitely be voting against this initial one, the part (a), because I can foresee that it will be another 4 years and they say: "Trust us, trust us; we will do it." You know, we are going beyond that situation. There are many times within this House that it says: "Trust me, trust me," and then something else crops up. We have had enough going on, cropping up and that, and we would like to move forward now. It is not just a question of panic or rush. It is a question of progressing. Having had all our consultation, having had the requirements of the needs given to us... we have not got any sheltered housing or anything for the old folk at all at the moment. Some of the Parishes do have them, some of the others are wanting to increase, but we have not anything. We want to do something and contribute towards that as well and at the same time... so as to have it, it will be a mix with first-time buyers as well. So I do ask, please, let us move forward. Let us not have any more frustration. It is not a rush. It is not a panic. It is a well thought out proposition that we would have as well as other Parishes. Theirs have been thought out. When we get the Island Plan that is going to come, and it will come I am sure, surely that is to look well into the future; well to the 15, 20, 25 years from now. That is what it has to be but, in the interim period, one still has to have a certain amount of development for the benefit of all the parishioners of the varying Parishes who, it has to be said, they are the ones that will decide. The parishioners should decide within their Parish. They know when there is something that might be fearful or they can see is not quite right. They soon let us know about it. So I do ask everybody, please, let us move forward. It is only a small amount within the total requirement that these particular ones will be put forward and I do ask, please, we have had enough frustration. From our point of view it will be now 8 or 9 years before anything will have been done. Thank you, Sir.

**Senator L. Norman:**

May I now propose, Sir, that the question now be put?

**The Deputy Bailiff:**

Is that seconded? **[Seconded]** Very well, so the matter before the Assembly is a closure motion; in other words as to whether to bring this debate to an end. Vote pour if you wish to or contre if you oppose it. Do you ask for the appel? The appel is asked for in relation to the closure motion. The Greffier will open the voting.

<b>POUR: 23</b>	<b>CONTRE: 19</b>	<b>ABSTAIN: 0</b>
Senator L. Norman	Senator S. Syvret	
Senator F.H. Walker	Senator M.E. Vibert	
Senator T.A. Le Sueur	Deputy R.C. Duhamel (S)	
Senator P.F.C. Ozouf	Deputy A. Breckon (S)	
Senator T.J. Le Main	Deputy J.J. Huet (H)	
Senator B.E. Shenton	Deputy J.A. Martin (H)	
Senator J.L. Perchard	Deputy G.P. Southern (H)	
Connétable of St. Mary	Deputy S.C. Ferguson (B)	
Connétable of St. Peter	Deputy P.J.D. Ryan (H)	
Connétable of St. Clement	Deputy of Grouville	
Connétable of St. Lawrence	Deputy J.A. Hilton (H)	
Connétable of Grouville	Deputy G.W.J. de Faye (H)	
Connétable of St. Brelade	Deputy P.V.F. Le Claire (H)	
Connétable of St. Martin	Deputy J.A.N. Le Fondré (L)	
Connétable of St. John	Deputy D.W. Mezbourian (L)	
Connétable of St. Saviour	Deputy S.S.P.A. Power (B)	
Deputy G.C.L. Baudains (C)	Deputy A.J.D. Maclean (H)	
Deputy R.G. Le Hérisier (S)	Deputy K.C. Lewis (S)	
Deputy J.B. Fox (H)	Deputy I.J. Gorst (C)	
Deputy of St. Ouen		
Deputy of Trinity		
Deputy of St. John		
Deputy of St. Mary		

**The Deputy Bailiff:**

Very well, I call upon the Deputy of Grouville to reply.

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

Before we get to the summing-up, could I ask a point of order, Sir? Could I ask whether the Minister for Housing should not have declared an interest under Article 3 of the Code of Conduct under Standing Order 155 given that some of the fields due for development he is proposing, covered by this proposition, are owned, I understand, by a close friend of the Minister? Should he not have withdrawn from this? Will you ask that the Minister considers a declaration of interest?

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

Could I be advised of the close friend? I have many friends.

**Deputy G.P. Southern:**

I believe it is Mr. Noel of Alpine Estates.

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

No, he is not a close friend and I ask you to withdraw that, please. He is not a close friend at all. He is not a close friend and I deny it and if anybody has got the evidence he is a close friend, please bring it forward. He is impugning my integrity. I apologised yesterday to the Deputy of Grouville and I ask the same consideration.

### **The Deputy Bailiff:**

Senator, you have explained that he is not a close friend, and as far as I am concerned and I am sure as far as the Assembly is concerned, that is the end of the matter and you have no interest to declare. Very well, now I call upon the Deputy of Grouville to reply.

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

I would like to thank all Members who have contributed. Most of the comments, even those I did not agree with, have been valid and constructive to a good healthy debate. Some of the comments were, however, unnecessary, personal and said more about the Member making them than anything else. In that vein, I cannot let pass what Senator Le Main said yesterday morning in his desperate attempt to try and belittle my proposition and I feel I have to make it because he made the point and then apologised but the damage was done. For the record, as if I have to give it, is that a family member of mine made an inquiry about the small piece of land that has been agriculturally redundant for 40 years and which was declared by the Agricultural and Fisheries Department in 2002 as unviable and unsuitable for farming. The same inquiry also was made about turning a huge area over for conservation, but he conveniently missed that point. It is not in the Green Zone, as Senator Le Main claimed, and no application has been made by them. By citing this letter of a third party, Senator Le Main has shown his customary contempt for the Data Protection Law yet again. No application has ever been made by me. I would also like to make the observation that Senator Le Main is not known for his sophistication. Therefore, it has clearly eluded him that were his attempts to smear me yesterday to have any truth in them, I would not be standing here proposing a moratorium on rezoning. I would surely be going along with this haphazard rezoning proposition to see what could be got out of it. In fact the opposite is true; a stance so clearly and completely lost on Senator Le Main. I would also like to say, on behalf of my family and my extended family who he insulted yesterday, that if we had adopted the same approach of some people in this Island over the past decade, Grouville would look a very different Parish to what it does today. **[Approbation]** I would just like to pick up on a few of the comments now. The Constable of St. Saviour and Constable of St. Mary, and indeed Deputy Hilton, were talking about providing for the elderly and young couples and the Constable St. Saviour says that we have a duty now and I would agree with that. I totally agree with that. We had a duty in 2006/2007 to deliver an Island Plan review. We all signed-up for that in the Strategic Plan. We had a census planned in the year 2005 to furnish us with hard data for that review, yet Senator Le Main can accuse me of delay tactics. This man sits on the Council of Ministers, the same body responsible for cancelling the census and not delivering the Island Plan. Much is made of this delay tactic but it is this Assembly that has not delivered the Island Plan. Senator Vibert and the Constable of Trinity want thriving Parish communities. Well, do not we all? So why can they not put their enthusiasm behind the Island Plan review to consider all of our options and deliver all of our housing needs and not just some? Instead they seem to contend that 2 parallel reviews be conducted which will, inevitably, lead to delays. We have been told that it is going to take 3 to 4 years to bring forward an Island Plan review and a few months for this haphazard rezoning document. Why 3 to 4 years for an Island Plan review when it was promised last year? Senator Ozouf was nervous about the glasshouse sites, so let me just reassure him. I am not saying in this document they should be built upon but what I am saying, which is what the Island Plan says, is that glasshouse sites should be restored to open land or, where appropriate, rezoned for some housing; but we need a decision. No delay, a decision. In Grouville alone we have 4 large glasshouse sites waiting for a decision. If these or some of these are developed, then we will not need to rezone any land. Senator Walker accused me of wanting it both ways and he used some technically convenient excuse of not knowing how to interpret clause (a). I want clause (a) to work like all planning decisions work. This Assembly gives the Minister for Planning and Environment a steer - it is a request - and then he goes away and decides, when he is furnished with all the facts, what to do and he is the one that ultimately makes the decision. So it is not confusing at all. If we send a message to say that we do not want this haphazard rezoning review and we want an Island Plan, then that is what he has to work to; but

obviously there will be some exceptions that will have to be brought forward to this Assembly to be decided upon or another request made of him. Again, I feel it is quite disappointing. A lot of people have used the delay tactics, yet it is this Assembly that have not signed-up to the Strategic Plan to bring forward an Island Plan. The findings of Imagine Jersey were presented to us in a document; the most powerful message of the day was to keep green field sites and yet we are just turning our back on all these decisions. Deputy Le Claire wants houses for first-time buyers. So do I, Deputy Le Claire, so let us stop conducting 2 reviews and let us put all the resources into bringing forward all of the options in a comprehensive Island Plan. We have been told that we have this need, this apparent urgent need - which may or may not be the case - but we have to establish the statistics first and then decide on the rezoning. But I think what a lot of people have resented here is the countryside has been targeted as the first port of call and the loss of 60 vergées is of great concern to one of the largest farms in the Island. They are very concerned at the level of loss of this good agricultural land, a point that I hope Economic Development will be taking note of. Some of the land identified and targeted has been so because it is cheap. In an Island that claims to have a successful economy, with one of the highest worldwide G.D.P. (gross domestic product) figures, to destroy the countryside because it is cheap has got to be one of the worst forms of planning ever. What I am proposing here is hardly a radical idea. I want to establish full and accurate data of the Island's needs first and then conduct a full, comprehensive and cohesive Island Plan to consider all of our options, which Senator Perchard was concerned about yesterday. The rezoning review will not do. That is the difference. This way we will provide for all our Island's needs and not just some. If the data indicates the need is urgent - which it might - then all necessary resources should be focused on bringing the Island Plan forward without delay; not this 4-year time scale that has been plucked out of thin air. We need to focus on that instead of conducting this additional rezoning review and targeting solely our countryside. As a government we ought to be acting responsibly. So before targeting our green fields in the first instance, let us establish the facts, let us consider all of the options, and then let us produce a policy that serves the long-term interests of the community as a whole. Sir, I would like to maintain the proposition and ask for the appel and could I ask for it in parts.

**The Deputy Bailiff:**

I was going to ask you, Deputy, would it be sensible to take (a) and (b) together? They seem to be very linked, do they not?

**The Deputy of Grouville:**

Yes, (a) and (b) together.

**The Deputy Bailiff:**

(a) and (b) together and then (c), (d) and (e) separately.

**The Deputy of Grouville:**

Yes, please.

**The Deputy Bailiff:**

Very well. So the appel is called for. I invite Members to return to their seats and the matter before the Assembly to start with, the first vote is on paragraphs (a) and (b) together. They are taken as one. So it is pour or contre the proposition in relation to paragraphs (a) and (b) and the Greffier will now open the voting.

<b>POUR: 12</b>		<b>CONTRE: 34</b>		<b>ABSTAIN: 0</b>
Senator S. Syvret		Senator F.H. Walker		
Senator L. Norman		Senator T.A. Le Sueur		
Deputy R.C. Duhamel (S)		Senator P.F. Routier		
Deputy A. Breckon (S)		Senator M.E. Vibert		

Deputy J.J. Huet (H)		Senator P.F.C. Ozouf		
Deputy J.A. Martin (H)		Senator T.J. Le Main		
Deputy G.P. Southern (H)		Senator B.E. Shenton		
Deputy P.J.D. Ryan (H)		Senator J.L. Perchard		
Deputy of Grouville		Connétable of St. Ouen		
Deputy J.A.N. Le Fondré (L)		Connétable of St. Mary		
Deputy D.W. Mezbourian (L)		Connétable of St. Peter		
Deputy S. Pitman (H)		Connétable of St. Clement		
		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 G.C.L. Baudains (C)		
		Deputy R.G. Le Hérisier (S)		
		Deputy J.B. Fox (H)		
		Deputy S.C. Ferguson (B)		
		Deputy of St. Ouen		
		Deputy J.A. Hilton (H)		
		Deputy G.W.J. de Faye (H)		
		Deputy P.V.F. Le Claire (H)		
		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 Deputy Bailiff:**

So now we come on to paragraph (c) and the Greffier will open the voting in relation to paragraph (c).

<b>POUR: 40</b>		<b>CONTRE: 6</b>		<b>ABSTAIN: 0</b>
Senator S. Syvret		Connétable of St. Mary		
Senator L. Norman		Connétable of Grouville		
Senator F.H. Walker		Deputy G.C.L. Baudains (C)		
Senator T.A. Le Sueur		Deputy D.W. Mezbourian (L)		
Senator P.F. Routier		Deputy of Trinity		
Senator M.E. Vibert		Deputy of St. Mary		
Senator P.F.C. Ozouf				
Senator T.J. Le Main				
Senator B.E. Shenton				
Senator J.L. Perchard				
Connétable of St. Ouen				
Connétable of St. Peter				
Connétable of St. Clement				
Connétable of Trinity				
Connétable of St. Lawrence				
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 J.J. Huet (H)				
Deputy R.G. Le Hérisssier (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 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 S.S.P.A. Power (B)				
Deputy S. Pitman (H)				
Deputy A.J.D. Maclean (H)				
Deputy K.C. Lewis (S)				
Deputy of St. John				
Deputy I.J. Gorst (C)				

**The Deputy Bailiff:**

Then we come on to paragraph (d) and the Greffier will open the voting in relation to paragraph (d).

<b>POUR: 44</b>		<b>CONTRE: 1</b>		<b>ABSTAIN: 0</b>
Senator S. Syvret		Deputy G.C.L. Baudains (C)		
Senator L. Norman				
Senator F.H. Walker				
Senator T.A. Le Sueur				
Senator P.F. Routier				
Senator P.F.C. Ozouf				
Senator T.J. Le Main				
Senator B.E. Shenton				
Senator J.L. Perchard				
Connétable of St. Ouen				
Connétable of St. Mary				
Connétable of St. Peter				
Connétable of St. Clement				
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 J.J. Huet (H)				
Deputy R.G. Le Hérisssier (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 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 S. Pitman (H)				
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 Deputy Bailiff:**

Finally we come on to paragraph (e). The Greffier will now open the voting in relation to paragraph (e).

<b>POUR: 41</b>		<b>CONTRE: 4</b>		<b>ABSTAIN: 0</b>
Senator S. Syvret		Senator L. Norman		
Senator F.H. Walker		Senator T.J. Le Main		
Senator T.A. Le Sueur		Deputy R.C. Duhamel (S)		
Senator P.F. Routier		Deputy G.C.L. Baudains (C)		
Senator M.E. Vibert				
Senator P.F.C. Ozouf				
Senator B.E. Shenton				
Senator J.L. Perchard				
Connétable of St. Ouen				
Connétable of St. Mary				
Connétable of St. Peter				
Connétable of St. Clement				
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 A. Breckon (S)				
Deputy J.J. Huet (H)				
Deputy R.G. Le Hérisier (S)				
Deputy J.B. Fox (H)				
Deputy J.A. Martin (H)				
Deputy S.C. Ferguson (B)				
Deputy of St. Ouen				
Deputy P.J.D. Ryan (H)				
Deputy of Grouville				

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 S. Pitman (H)				
Deputy A.J.D. Maclean (H)				
Deputy K.C. Lewis (S)				
Deputy of St. John				
Deputy I.J. Gorst (C)				
Deputy of St. Mary				

## **2. Draft Financial Services (Amendment No. 3) (Jersey) Law 2008 (Appointed Day) Act 200- (P.40/2008)**

### **The Deputy Bailiff:**

The next matter is Draft Financial Services (Amendment No. 3) (Jersey) Law 2008 (Appointed Day) Act - Projet 40 - lodged by the Minister for Economic Development. The Greffier will read the Act.

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

Draft Financial Services (Amendment No. 3) (Jersey) Law 2008 (Appointed Day) Act 200-: the States, in pursuance of Article 16 of the Financial Services Amendment (No. 3) (Jersey) Law 2008, have made the following Act.

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

Members will recall that Amendment No. 3 of the Financial Services Law was designed to reform the market abuse arrangements by consolidating 2 offences of insider dealing and market manipulation in one law. This mirrored the established regime in other countries, particularly the U.K. (United Kingdom). The law also repealed obsolete articles of the Companies Securities (Insider Dealing) 1998 Law. There are other minor changes regularising other minor drafting matters in the Law, so I make the proposition.

### **The Deputy Bailiff:**

Seconded? [**Seconded**] Does any Member wish to speak? All those in favour of adopting the Act, kindly show. Those against. The Act is adopted.

## **3. Draft Goods and Services Tax (Jersey) Law 2007 (Appointed Day) Act 200- (P.41/2008)**

### **The Deputy Bailiff:**

We come next to the Draft Goods and Services Tax (Jersey) Law 2007 (Appointed Day) Act 200- - Projet 41 - lodged by the Minister for Treasury and Resources. I will ask the Greffier to read the Act.

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

Draft Goods and Services Tax (Jersey) Law 2007 (Appointed Day) Act 200-: the States, in pursuance of Article 102 of the Goods and Services Tax (Jersey) Law 2007, have made the following Act.

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



I think the thrust of this proposition is pretty clear. It has always been the intention to introduce G.S.T. (Goods and Services Tax) from May 2008 and the date agreed by Members last year was 1st May but I have subsequently received representation from retailers that a mid-week implementation date causes them practical difficulties. In an effort to accommodate their needs I am now proposing a minor change from 1st May to the first weekend in May. I know there are some businesses who might find it more convenient to implement G.S.T. from the 1st of the month but I can never please all the people all the time. But the other people we need to consider are the consumers and I believe that their main interest will be in the retail purchases that they make. If retailers have a difficulty with the mid-week implementation then that may spill over into consumer frustration. I accept that some consumers and some businesses may have teething problems with any new tax but my aim is to reduce any such problems to a minimum. Perhaps surprising also coming from me, I am also prepared to accept a few days loss of revenue and I think that is a price worth paying to ensure that this important new tax comes in with the minimum of difficulties. I therefore propose that the States adopt this Act, to move the introduction date to 6th May 2008.

**The Deputy Bailiff:**

Seconded? [**Seconded**] There is an amendment lodged by Senator Norman to the Act and, therefore, I will ask the Greffier to read the amendment.

**The Greffier of the States:**

Page 5, Article 1, before the words “6th May 2008,” substitute the words “5th May 2009.”

**3.2 Senator L. Norman:**

I will try not to speak for long because I think the arguments in favour of my amendment are simple, I believe self-evident, and I am absolutely convinced are compelling even to the most rabid and dogmatic apostle of indirect taxation. I say that, Sir, because things have changed in the last few months and changed dramatically. The financial climate in Jersey has, since last September, changed so dramatically that the amount of cash currently in hand in the Treasury’s coffers and, indeed, forecast over the next few years, is probably unprecedented. It was a President of the Finance and Economics Committee sometime during the 1980s who coined the phrase: “We have money coming out of our ears.” I think he regretted having said that because it came back to haunt him many times but, nevertheless, if it were true then, then it is probably doubly-true today. But things have not changed just in Jersey. Financially and economically the world is now a different place than it was a few months ago. The established order of things has changed. The so-called “credit crunch” which started in America has quickly spread its tentacles throughout the world and Jersey is not immune from the impact and fallout of that crunch. The worldwide economic outlook is unclear and governments globally are taking dramatic action to fend off the risks of recession and the reduction in economic growth. In the United States base interest rates have been slashed and taxes have been reduced. In the United Kingdom base rates have been reduced and are almost certain to be cut again quite significantly this month or next and tax increases in the U.K. have been deferred. All over the world central banks are increasing money supply and liquidity at unprecedented levels to ward off the risks associated with reducing economic activity. Sir, I submit we cannot sit with our heads in the sand and believe all of this will pass us by. As I said, the accepted order of things has changed. Base rates, as I said, have reduced but mortgage rates are going up. We have new issues to deal with; issues that we did not expect 6 months ago. And, of course, there is the threat of the double-whammy, inflation pressures are building, the price of cereal crops, other basic foodstuffs and, of course, oil, are at the highest levels that probably we have ever seen. The worst possible scenario would be rising inflation and falling economic growth and there is no question that the introduction of G.S.T. at this time will add to the cost of living. That must be an undisputed fact. Because of the risk of double-whammy, that is why other governments are taking the action I have described and why we, in my view, must take the opportunity to do the same to protect our economy, to protect our people and to protect this Island’s

future. We can do this. We can send out the right message to the wealth producers of this Island, who are at the coalface when it comes to managing the economic difficulties they are currently dealing with and will have to continue dealing with them for at least several months if not years to come. What we can do is our equivalent of reducing the base rate, of lowering the tax burden, increasing liquidity in the market by one simple thing, simply deferring - and I stress deferring - G.S.T. for 12 months. This will show to business, it will show to our trading partners and it will show to our people that we are serious about protecting our economy. Simply to trust to luck and carry on as if nothing has happened would be grossly irresponsible. There is no doubt, whatsoever in my mind, what we should do in the wake of changing and challenging global events. A fair question is can we afford to do it? Can we afford to delay G.S.T.? What will the negative consequences be if we do delay? What projects will have to go by the board if we do delay G.S.T.? Well, Sir, can we afford to do it? Obviously we can, the figures are clear in my report. They are not my figures, they are the Treasury's figures, uncensored, unspun by me, and they show clearly that we can afford to delay G.S.T. The question that we should be asking is can we afford not to? What the first table in my report shows is that in September of last year the Treasury was forecasting a surplus for the States of £14 million in total over the 6 years from 2007 to 2012. Clearly the message, the black hole, the impact of Zero/Ten was significant back in September of 2007. But there is good news, by the time the budget was published and debated in December the surplus over the same period had gone up to £145 million, perhaps Zero/Ten and the black hole was not as deep as we thought it might have been. On 7th March of this year the Minister for Treasury and Resources has brought his figures up to date and the forecast surplus for the same period is no longer £145 million, it was now £176 million, an increase of £162 million that we were not expecting last September. I did work out the percentage, it is pretty meaningless it is so big, a 1,157 per cent improvement in 6 months in the States financial position. By 25th March when we had the second of the 2009 Business Plan briefings, the surplus had gone up again, but this time only by £1 million. But in fairness, this was only over a 2-week period and there was the Easter holiday in between. So, Sir, can we afford it? Of course we can afford it. A forecast £14 million surplus has turned into £177 million surplus in 6 months. Adopting my amendment reduces that forecast surplus to £132 million, still an enormous sum to squirrel away into the Strategic Reserve and Stabilisation Fund, all for the Council of Ministers to spend and with that sort of money in the bucket I am sure there will be temptations to do that. Will any project have to be curtailed because of delaying G.S.T.? Absolutely not. The spending of the States will still go up by 3-4 per cent each year and we will still have increased our reserves by in excess of £130 million. Sir, there are those who would criticise the Minister for Treasury and Resources for getting his forecasts so wrong. I do not criticise him and I do not think such criticism is fair because we were entering a brave new world of tax changes, indeed, an impetigo of tax measures were spread like a rash on the community: Zero/Ten, 20 means 20, I.T.I.S. (Income Tax Instalment System), Vehicle Registration Duty (V.R.D.), vehicle emission duty, share transfer stamp duty, the all-Island rate, plus the threat of so-called environmental taxes yet to come. All of these major changes made it very difficult for the Minister and his officers to forecast accurately and being sensibly prudent he erred on the side of caution. That was the right, proper and wise thing to do. Of course, it also made it easier for G.S.T. to get through, but that is an aside. Of course, the Minister is still a prudent man so we can believe that even the current figures have been produced with any error being on the side of caution. If we are a wise, caring and flexible government we should approve my amendment and the truth is we are not yet ready for the Goods and Services Tax. The full impact has not been thought through and understood. It is only now that we are learning of a probable defection of e-commerce companies to Guernsey, not good for our economy or our people's employment prospects. We have not, in my view, properly considered the impact of the creation of internal service entities, which we did a few weeks ago; the impact this will have on many local retailers who provide services and goods to them. The guidance notes issued by the Treasury say that a retailer may charge G.S.T. to a customer who is an international service entity when the value of a sale is less than £1,000. I do find it slightly extraordinary, although we must have approved it, that

a retailer has a choice whether he charges G.S.T. or not, but there it is, we are where we are. But that retailer does not have a choice because the international service entity, the customer - the customer, he who is always right - is telling the retailer: "Do not charge us G.S.T. or we will return your invoice unpaid and just to be clear, so there is no doubt about all this, do not send us a bill until our account reaches the reverse *de minimis* level of £1,000." "May" becomes "must not". This is going to play havoc with the small retailer's administration system and badly affect their cash flow. We have already seen one business closing down citing this as the reason; I do not want to see more. Yes, it would be nice to squirrel £177 million instead of £132 million that I propose. The trouble is it is not our money. The States do not have any money. It is the people's money. It belongs to the consumer, every man, woman and child out there that we are supposed to be representing. What government in the world would be perverse enough to take away from those people £45 million that that government does not need, that that government is not going to spend and is quite possibly going to have damaging economic consequences? It would be totally obscene and daft to do it. Sir, for clarity, in case anyone has any doubt, this amendment does not abolish G.S.T. but merely delays it for 12 months as it will automatically come into force on 6th May 2009, I think it is. So those in this Chamber who are determined to impose this tax on an unwilling Island can vote with my amendment, safe in the knowledge that it will happen, and I hope that most of us will be here to greet it and welcome it next May. **[Laughter]** The world has changed in the last 6 months. We are fortunate to be able to be flexible and react to that change. There is no doubt, in my view, that delaying this tax is a suitable and proper response to the changed situation globally and to the changed situation locally. I move the amendment, Sir.

**The Deputy Bailiff:**

Is the Amendment seconded? **[Seconded]** Senator Le Sueur.

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

I know that there are a few Members who are so implacably opposed to changes in our fiscal policy they will clutch at any opportunity to redebate the issue in the vain hope that something else might turn up. We have been discussing the fiscal strategy for the best part of 10 years now; we have debated the Goods and Services Tax on at least 6 occasions. Each debate has reaffirmed the need for this tax. I would have hoped that I do not have to go over the same ground time and time again although I will briefly reiterate the facts. The fact is that we have to move to the new system of corporate taxation just as our competitors in Guernsey and the Isle of Man have done. This move to Zero/Ten comes into force from 2009 and will result in a loss of tax revenue in the order of £80 million to £100 million a year. The fiscal strategy which we agreed provided a variety of ways in which this shortfall could be made good and the principal measure we adopted and agreed was that of a broad-based Goods and Services Tax at the low rate of 3 per cent. We agreed this not just on a whim but after years of deliberation, consultation and debate having rejected over and again other possible alternatives. I repeat, after 10 years of work nobody, not even Senator Norman, has come up with a preferable, pain-free alternative. In short, this is something that we have to do. Despite the improvement in our financial forecasts, there is no doubt whatsoever that we need G.S.T. in order to balance our books. There may be a temporary surplus but if we do not introduce G.S.T. we will have an ongoing deficit of £40 million to £50 million a year each and every year - a structural deficit.

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

Could the Minister, an intelligent man, just run that past us a little bit more slowly because that completely went over the top of my head?

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

I am sorry, Sir, I was just trying to rerun the argument we have debated so many times now about the need to introduce G.S.T. because otherwise with the introduction of Zero/Ten we will have an

annual deficit year after year. A deficit which occurs year after year due to this I call a “structural deficit”. But I have already published my comments on the arguments by Senator Norman and I am not going to repeat them here. Senator Norman’s line is at least consistent. When a year ago, as he said, the financial forecast was not that great and showed an annual deficit even after the introduction of G.S.T., Senator Norman was opposed to G.S.T. although he did not suggest another way of making up the shortfall. When the forecast improved significantly last autumn - and I would remind Members that when we agreed the Appointed Day Act for May 2008 the forecast had already improved - Senator Norman was still opposed to G.S.T. With the latest forecast, which is not that different from last autumn’s, Senator Norman continues to be opposed to G.S.T. but still has no suggestions on how to make good the ongoing forecast deficit. Senator Norman’s excuse for bringing this forward, that the figures have changed, may be spurious because the figures have not changed significantly since last November but, at least, Senator Norman’s opposition remains consistent. However, Senator Norman says: “I am not suggesting scrapping G.S.T. simply deferring it.” Does anyone really believe that? Does his own amendment not say, and I quote: “We should look at more imaginative alternatives to G.S.T. to balance the books.” Yet again, Senator Norman is being consistent. He may not like G.S.T. but he consistently does not have a clue as to what to introduce instead of it and his consistent philosophy seems to be: “Why make a difficult decision today when you can put it off until tomorrow?” **[Approbation]** Or, at least, until after you have been re-elected. More seriously, Sir, I believe that trust in the States is currently not as high as it should be. Were we to make the decision today to accept this misguided amendment from Senator Norman that trust in the States would evaporate even more. I would personally be ashamed to be linked to such a decision and I hope that all responsible Members feel the same. The trouble with this philosophy is that while G.S.T. may not be that popular, the people of Jersey expect leadership from us to make the difficult decisions which are in the Island’s best interests and to stick to them. Having, therefore, decided that we have to have a G.S.T. but a ballot taken at the last minute does not make matters any better. In fact, it makes them far worse. I am not just talking about a loss of £45 million revenue, I am also talking about the impact on businesses throughout the Island and beyond. I say “beyond” because there are many businesses outside the Island which do business in Jersey and which are already registered for G.S.T. They, as well as the local businesses, have spent months in gearing-up for this new tax, may be attending seminars, may be having meetings with tax office staff. They have modified their systems and their tills and trained their staff in preparation for change to take place in a month’s time. They have invested substantial amounts of time and money in preparing for G.S.T. Sir, frankly, our reputation and our credibility as a government is at stake here. We are not just talking about £45 million in lost revenue, we are talking about untold further sums lost as a result of people both inside the Island and outside losing confidence in our ability as the States to govern, **[Approbation]** to make decisions and to stick to those decisions. We have an obligation to the people we govern to make decisions which are sometimes unpopular but which we believe are necessary in any interests of the Island because we know that they are essential for our long-term good. We know that this tax is needed, however unpopular it may be in certain quarters. We have looked at other options and we know that there are no better pain-free alternatives and we know in our hearts that putting off introduction of the tax now will not make it any easier later, all it does is create a damaging climate of uncertainty. In summary, Sir, we know that to prevaricate now is not in the Island’s long-term interests; on the contrary, it would do the Island a serious disservice. As an aside, our own G.S.T. team has been busy introducing legislation, preparing guidance notes, running seminars and talking to businesses and consumers in preparation for the big day. We, the States, have spent £1 million gearing-up for G.S.T. A new income support has been introduced to help the less well-off insulate them from G.S.T. and in the last budget tax allowances were increased to assist those on middle incomes, particularly families. Do Members seriously imagine that we can unwind all that activity and bring it back to life a year later? Having dithered once, would businesses or the general public believe that we were serious and would stick to bringing in G.S.T. in May 2009? Do Members think that businesses would, for a second time, gear themselves up for G.S.T. and incur the expense

of preparing for it? Or would businesses rebel and refuse to prepare for G.S.T. because they hold the States in contempt and no longer trust the States to keep to any decisions? This is the final stretch in a long difficult process of reforming the Island's tax structures in order to guarantee our future prosperity. We have risen to challenges with Zero/Ten; we have introduced 20 means 20 and I.T.I.S. All of those measures were controversial but we had the courage to take them on and now already the Island is reaping the benefits of that. Now is not the time to stumble with the winning post in sight. If we prevaricate now it will not only damage our credibility as a government and business confidence in our ability to govern and, in defence, tax reforms, but it will seriously damage our economy. If we start dithering at this stage the people of Jersey will not thank us in the long run for putting off G.S.T, more likely they will accuse us of burying our heads in the sand. Sir, I urge Members as strongly as I can to reject this amendment. **[Approbation]**

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

A very strong speech by the Minister for Treasury and Resources. It is what we should expect from the Minister for Treasury and Resources and I must pay tribute to him for his strong words today. I will not be able to support his strong words today as I have not been able to in the past; although I do accept that his arguments have the support of many Members. I support Senator Norman, not because it is an election year and I think this is somehow going to get me elected, because if I was to carry that through what I should be doing is supporting the Minister for Treasury and Resources. At the last Senatorial election I stood next to the Minister for Treasury and Resources and said I was not going to support G.S.T. while he said time and time and time again that we needed it and I was not elected and he was. So the people that voted in the Island's Senatorial elections saw quite clearly that they wanted a man in the States as a Senator that wants G.S.T. They did not want me in who did not want it. But that, I believe, is driven by rhetoric and I think it is really wrong for us to sit and skimp and scrape and manage in a state of chaos from one issue to another based upon the fact that we so prudently budget for only two-thirds of our expected income. I think £177 million was mentioned by Senator Norman, coming down to £132 million surplus. It is still a massive surplus. Now, there are issues about whether or not people would expect leadership from us and whether or not this is going to damage our credibility as a government. I think if the curtains were drawn open and we got away from the notional structural deficits and we looked at the reality in Jersey, people would see that we are a government with a booming economy. Ignoring the inevitable tsunami of the credit crunch, as pointed out by Senator Norman, we are up to one-third of the banking staff that may be laid off in the United Kingdom and we are pushing ahead with the new tax despite the fact that we have got this money. I have been opposed to G.S.T. I have stood by and listened to many arguments about the alternatives, capital gains taxes, *et cetera*. None of these will come forward if we continue to implement a policy of denial that we have not got any money, that we are willing to tax, at a small level, everybody, even the people that cannot afford it because it means that we do not have to look at the real issues about what is morally just in taxing across the broader sector. It is a 10-year fiscal strategy we have been told. I have been in the States since 1999 and I have been told for many of those first 3 years that my cause for concern in relation to the pressures from the O.E.C.D. (Organisation for Economic Co-operation and Development) and the Savings Tax directive were unwarranted, scaremongering, and here we have today an admission that it has been a 10-year strategy. It seems we never have any money to manage our community in a way that would give the community, and the outside world that learns of it, confidence in the government because we do not have the basic things to give to the Ministers to allow them to run their portfolios. We have seen that recently with the Minister for Transport and Technical Services who is strapped for cash, having independent Members coming forward seeing that need, putting issues on the table, asking for Member support and giving him the ability to address the issues that every Islander wants addressed: recycling, reduced need and pressure on our infrastructure, composting issues, roads, sewage, housing, income support, airports, schools, hospitals, nothing gets any money. Nothing gets any money because there is no money. "We must do this or lose our credibility." Well, I am sorry, but the people that I speak to do not have any

confidence in the States of Jersey and they have not had for years. So we are only fooling ourselves if we believe that anybody does have confidence. Maybe the outside world will be prepared to stand up and accept this new mantra that unless the States of Jersey does implement a new tax we cannot have credibility in it. What a load of nonsense. I am sure the outside world and the international financial services industries will be dismayed if they cannot start paying our new taxes, if they will, in any event. I am sure the people of Jersey will be thoroughly disappointed and thoroughly disheartened with the States of Jersey if they cannot start paying G.S.T. this year. It is the rhetoric, you see. It is the rhetoric that we have been listening to for 10 years, it is gut-wrenching. We are told that we have got to do this to remain competitive. We have got to do this because the other jurisdictions are doing it, and yet working in harmony with these other jurisdictions we know full well which way we are moving in the international scheme of things, we are moving in parallel. We are moving together, separately, in the same direction, heading for the bottom and spreading the taxes, in a broader sense, more and more upon the people who are expected to deal with life with less and less. So, while it is a very good speech of the Minister for Treasury and Resources it is not really that credible, in my view. It is like saying to a condemned man: "We should not give you a reprieve because we are a responsible government and we are going to send you to the gas chamber today, strap you into the electric chair this afternoon because we are worried if we give you a reprieve that the guy who is going to throw the switch is not going to do it next year if you are subsequently called back." The gearing-up and the money that has been spent and the people that have been trained up, it reminds me of Terminal 5. We are so prepared, everybody has been trained - well they forgot one thing, did they not, at Terminal 5, the same lesson they teach us in the armed forces: "Your plan does not survive contact with the enemy." In this case, in Terminal 5, the enemy was the customer because the customer did not know where they were going. The customer did not know where their bags were going and nor did the baggage handling people and nor did the people that said it was going to be a nightmare. They just ran on in blind corporate faith with the Queen unveiling it as a wonderful icon to British transport progress and look at it, what an absolute diabolical mess it has turned out to be. They introduced it without people being aware and ready for it. I do not think the people of Jersey and the businesses of Jersey are ready for G.S.T. and I am certain that the people of Jersey are not ready for G.S.T. The business owners and operators that I speak to are not ready for G.S.T. So what does it matter that the outside world may lose confidence in the government of Jersey? The last I heard they did not have any confidence in the government of Jersey in any event. To now suddenly say that they are going to gain some because we are going to introduce a tax at a time that we do not need to is laughable. All of the time that we have Deputy Southern regularly leaping to his feet questioning the Social Security Minister about issues regarding low income support which we have yet to understand. So to suggest that G.S.T. is being introduced to cover this all-Island rate that we have managed to introduce to get down our rates in the Parishes, is an absolute nonsense. To turn around, for example, and say we are not going to have to ask the ratepayer in Grouville to pay for the recycling scheme that other people are dropping off from other Parishes, is fine because we are going to give it to Transport and Technical Services now. Where does Transport and Technical Services get their money? From everybody. So now everybody is subsidising the Grouville Recycling Depot. I am almost tempted to put my hands together and applaud the speech of the Minister for Treasury and Resources if it was not so gut-wrenching to have lived through the last 9 years and witnessed time after time after time things going badly wrong because there was not the investment needed from the money that was available, and it has just been squirreled away. There is an "ill" in an economy called a "hoarding economy", the only people that that is serving are the people that are trading in those funds and in those stocks. It is not coming down to bear any real significance upon the people that are providing the cash in the first instance. We are notionally richer; as a society we are poorer. Look at the town park, where is that? Where are all the promises? We have got a temporary skateboard park coming, whoopee-whoop - permanently temporary. It will not be there for long; well the States have made a decision. Put this off for 12 months; let us get a better understanding of low income support. The money is not needed today.

The finance industry outside of Jersey will not care one jot. It has got other issues it is more concerned about than whether or not the States of Jersey introduces G.S.T. this month or next year. The financial services industry, on a global perspective, is in freefall. It is not listening-in intently as to what we are going to do today. A small vested group within Jersey may have a desire to see that we do not need to introduce new taxes which interfere with their profits in the future by implementing a G.S.T. early to give them the confidence to continue to invest free in the knowledge that bringing in their highly paid employees to continue to manage their immoral, in some circumstances, practices, can be buffered up by taking the money out of the poor person's pocket. I have been against G.S.T., I do not care if it does not get me re-elected, I am still against it and I will be against it until there is an equitable form of taxation in this Island. Senator Norman should be supported today. He has given us an opportunity to take a breathing space before implementing this. I ask Members to think about Terminal 5 and ask whether or not B.A. (British Airways) would not have liked just even one more month if they had thought about what they were doing before they implemented it. Income Support has not settled in and we have people reporting to Members about their personal problems and their personal issues. £30 a week may not sound like a great deal of money to remove from somebody's pocket but if that is all that they have got after they have paid the rent and paid their bills, that is the food - that is the food. I am visiting people who are telling me they are trying to get things sorted out, they have had a reduction of £28 a week and that is the food.

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

We have had the G.S.T. debate on more than one occasion and I have no intention of going over old ground. I am vehemently against G.S.T. on food; 19,000 people signed a petition and said they were against G.S.T., full stop, and like Deputy Le Claire, I was slightly intrigued by Senator Le Sueur's assertion that if we do not introduce G.S.T. the public will lose trust in us. I think if we do introduce G.S.T. at this time the public will probably lose trust in us. Also, there tends to be a general assertion that just because the tax is unpopular it must be right. Well, just because something is unpopular does not mean it is right, in fact, very often it is because it is wrong. I am going to keep my speech extremely short. I will just quote from the paper yesterday: "Global food prices, based on United Nations records, rose 35 per cent in the year to the end of January, markedly accelerating in an upturn that began in 2002. Since then prices have risen by 65 per cent. In 2007 alone, according to the U.N. (United Nations) Food and Agriculture Organisation's world food index, dairy prices rose nearly 80 per cent and grain by 42 per cent." So, all I would say to you is that even if you think that G.S.T. is the right tax ask yourself whether at this time of very, very high food inflation it is the right time to introduce it. I think that it is not and we should defer it.

### **3.2.4 Deputy K.C. Lewis of St. Saviour:**

I am in favour of delaying this Goods and Service Tax and to be perfectly honest, to answer the Minister's question, if I could kick it out all together I would do. Let us not forget the 19,000 people that have signed a petition against Goods and Service Tax. The people of Jersey do not want it; business in Jersey does not want it. It is an unfair tax. The economy is doing very well at the moment and we certainly do not need to burden the people of Jersey with this at the present time. As has been stated before by the Minister for Economic Development, it is basically in the future that people will go from bricks to clicks, which means they will stop shopping locally and start shopping online. There will be quite a few local businesses that maybe are marginal and people are due to retire and I think they will start to go early. I did try and bring in an amendment some time ago to exempt children's clothing but that was defeated around the same time as food. So, if States Members vote in favour of this amendment to delay Goods and Service Tax for one year a cheer will go up from the people of Jersey, the like of which we have not heard for some time. I will be supporting this amendment, Sir, and I urge Members to do likewise.

### **3.2.5 Deputy J.J. Huet of St. Helier:**

Dare I say, as one of my colleagues, in my previous life I used to be in the banking world and it was very interesting. I used to deal in buying and selling currencies. One day a gentleman rang up and said to me: "Jac, sell all my pounds and buy me dollars, the market is right for it." Fine, no problem I added all his accounts up and he was a very rich man, it was well over £1 million. One account had £400,000, another account had £550,000, another one had something else. Anyhow, I added it all up, did the deal, got it spot, which is 2 days, in case anybody does not know - no problem. I did not exactly get carried away for the rest of the day, in those days everything was not computerised, so I did not get round to putting in the vouchers or writing them up until later on in the afternoon come evening. And what had I done? I had read one of those balances wrong. I had put the comma in the wrong place. So, I was hundreds of thousands out on one account. Too late, I could not buy the dollars back at that time of night. I had to wait until the next day. Well, I have to say I really sweated it out that night because I thought: "My God, if the rates go the wrong way I am going to be out of a job tomorrow." As it happened they did not and I made money but I thought: "Well, you are going to have to cough to this, Huet, because if you do not it is going to be found out", you never can cover these things up. So, I trundled along and in the bank it is as bad to do it one way as it is to do it the other way because it still means you made a mistake. The bank maybe does not look at it quite so seriously if you have made them money but it is still a mistake. This is why I was so stunned because I remember that last year we went to all these workshops, or not all the workshops, a big workshop, to find out how we could raise the money for what we were going to need with this black hole. I think I was with Deputy Le Hérisier and I think the figure that was being bandied around was £47 million. We racked our brains and we thought of this and we thought of that and I was on about land tax and I think I spoke to Deputy Breckon and he said: "Well, yes, that is good but it is a one-off" and all these things, it cannot be a continuous £47 million... and we need £47 million every year. So at the end of the day we thought what else is there left? Okay, I had made the profit to the bank but that was a one-off. Our experts have told us we are looking to make a loss and somehow we have got £67 million profit. Now, are we still employing those experts that were so terribly wrong, or that firm? Because I have spent the last year arguing with people on the phone and face-to-face saying: "No, no, no, you have got to have G.S.T. You must have G.S.T. because we have got to fill this black hole and we need £47 million." Well, I had a couple of them that were really rude. I mean, one man slammed the phone down on me but did ring back and apologise afterwards. I kept saying: "If you can find a way that we can have £47 million year in, year out, in the kitty, we will not need to have the G.S.T." We still do not know if it is year in and year out whether £47 million can be found but we do know that it is there. So I think rather than jumping in, as we got it so terribly wrong that we were going to be in the red and we are not, we are in the black, we can afford to wait a year. Believe me, Sir, I am not a U-turn person, I do not think I have ever been a U-turn person in my life, but we got that wrong. I think we stood here on this floor and we tried to cut back nursery fees, we tried to cut back overseas aid fees, the town park, all those when we said we have not got enough money. Well, surely somebody must have known the £67 million was around even then, that was this year. What are we doing? I find it really bad because somebody is not telling us things that we should be told. I mean, when Deputy Fox stood up we were desperate for a site for our green waste. We could not get it. Why? Because we have not got enough money. Nobody will give it to us. This is ridiculous. We have got a hospital... sorry, I must not get too carried away. I went to the hospital and had an examination. I got this poor doctor apologising to me that he is having to give me an examination in a store cupboard because there is no spare money for a spare room with plugs. This is ridiculous! We have said we have got this money, this £67 million, and we are not using it? What are we thinking of? We are going to put it on food? Now, Sir, I am not going to U-turn and I am willing to say let it stand and let us see what is in the kitty next year and if - blessed be - there is another £60 million odd in there we will not need it next year either. But do not let us jump in to do it when we do not need it.



### 3.2.6 Deputy J.A. Martin of St. Helier:

Yes, again, we did hear a passionate speech from the Minister for Treasury and Resources defending his corner and he seems to be painting himself further and further back into that corner, to me. Nothing in his speech convinced me that we need this today. I am not doing a U-turn and I am the same as Deputy Lewis, if I could get rid of G.S.T. I would get rid of G.S.T. When Deputy Lewis spoke - and I hope I do not get the same reaction about 19,000 signing a petition - and from many people sitting on these benches there was a typical: "Oh, not again" sound. Please remember these people are people who look to us to run their government and put us in this House and do not pick petitions that suit you and petitions that do not suit you. These are the same people. Now, do we need it now? I think Senator Norman has demonstrated that we have found ourselves more money. Who will it hit? It will hit the people that we - just in the last debate - are going to build houses for in the countryside. They will not be able to afford them because we have got things coming and we are still hitting them again. We have had it mentioned I am on the chair of the Sub-Panel looking at the introduction - the implementation - of low income support; it is now Income Support. It is working in some places; we are not convinced it is working in other places. It is not just me; we have had a couple of Constables come to us for some very serious places where it is missing. But these are people who are working and these are people who are trying their best. I just want to go over the debate, Sir, if people would just... and I do not want to dig up the whole ground, but I really need to know where we are with this because Senator Shenton and Deputy Lewis brought the exemptions on food and the amendment on children's clothes from Deputy Lewis last year, it was because we had found ourselves some more money and we had the Minister for Social Security and Minister for Treasury and Resources absolutely running around like headless chickens over 21st and 22nd November promising us that they will come up with a solution. I have to read a bit from *Hansard*, Sir. On 21st November Senator Le Sueur said: "There must be a better solution than zero-rating food. Well, there is a better solution than zero-rating food, it is 2-pronged ... I think a better way is to reject this proposition now and for me to work with Senator Routier." At this time the Senator had promised that there was £400,000 that would be going to people who were not on Income Support and who did not reach tax exemptions that he had already written and, as he already said in his speech, appeared in the budget. Senator Routier says: "Of course, what has changed is that we now know that the Island has benefited from an uplift in our economy and our tax returns." They are still looking for some way to redistribute this money to the people and I would say this is the people who are missing on both of those but they are working, they are probably young families, or they are probably elderly with a pension and a bit of savings, and these are the people who we are missing. Then the Minister for Social Security went on to say: "I have to say I was delighted that the Minister for Treasury and Resources came forward with his suggestion; that he is prepared, if this proposition is rejected, to redistribute the funds to income tax payers. Of course, as some Members have said to me, they recognise that people on income support will also be protected. They also recognise the undoubted benefit of Senator Le Sueur's offer, not only in the additional significant financial benefit given to the taxpayers but, very importantly, they are not forgotten and we need to make sure that those who fall in between are also protected." He also goes on to say: "I am sure that Members looked...", no I did not want to say that. **[Laughter]** Sorry, Sir, it is just going on to emphasise why we should not support Senator Shenton's zero-rating because they are coming up with a better solution. Senator Routier goes on: "Of course, I, too, recognise the need to ensure that there are no gaps in the redistribution of the new funds that the taxman has received. I cannot just accept that that would be the position." Then he goes on to say that overnight he and the Minister for Treasury and Resources have basically sat down, and the people who will fall in between the 2 income supports and not receiving a tax break will have to somehow take their receipts... it is very "bank-and-stamp packet" stuff and they admit that themselves and they say that people will have to go down to the tax office, show what they have spent on G.S.T., prove who they are. It will not be means tested; simple as that, and then everybody in the... nearly £500,000 will be redistributed to these people. Lastly, Sir, just from *Hansard* again, in an answer to Deputy Celia Scott Warren, she says can she ask for clarification:

“Will there be more administrative costs and when will it happen?” How many people did he think this will envisage? Senator Le Sueur says: “This was hammered-out by the Minister for Social Security and myself yesterday evening and what we have at the moment is an outline framework. The outline framework will be a very simple one but anyone who falls within the gap, as you might call it, between income support and paying income tax would be entitled to claim a flat rate each year. That would make the administration very much simpler and very cheap and much more cost-effective [he is interrupted there]. If Members want more detail I would hope to be able to bring that in time for the budget in 2 weeks but at the present, Sir, I am just trying to give an outline to Members, an indication that it can be done in a simple, cost-effective way to deal with all those people in the gap between income support and paying tax.” Now, Sir, we are in March... **[Laughter]** no, Sir, I mean, April (I probably wish I was still in March, it seems to be flying by). We did have a very long speech from Senator Le Sueur and I was waiting to hear from Senator Routier but, as I did pick up this bit and it is Senator Le Sueur who was going to find the solution to the many people that we were worried about last year, which I think persuaded a lot of people not to vote for the exemption, especially on food, has not been delivered. Where are we ready to bring G.S.T.? Are we going to forget about these people? These people are all the people that are trying. Obviously they are above Income Support and maybe just below some tax thresholds, probably - again, as I say - first-time buyers with a couple of children. They would not be paying tax. They will have a mortgage. They will have to feed their children. None of these are protected. We have not got the solution. I am sorry, Sir, the Minister for Treasury and Resources keeps nodding his head, why did he not tell us about this when he spoke? He spoke at length. He told us international companies and I think our biggest economy is finance, well, have we not dealt with finance? We were quick enough to bring an exemption for them. It may be right and I have listened to Jersey Finance Limited explain to us why we need it and I could even be convinced that maybe it is easier done this way, but we have discussed it in the House and it has now been passed. Where is the solution for these people? It is somewhere in the air. It is certainly not ready. I am still not convinced that income support is helping everybody and it will be biting in October. Anyone who went to the budget report preview and listened to Ian Black said the biggest transition period will be in October 2008, and then after that it will not cost us much because basically what he was saying is that most people lose the most amount of money this year. Let us find out who they are. We have got the money and we have the time to do it. As for the local businesses, I certainly have not and I would like anyone to stand up and tell me if they have had anyone contact them and say: “Please do not support this amendment, I have got my tills ready, I have got my staff trained up. **[Laughter]** It really is very inconsiderate of you to change your mind at the last minute.” No, I have had no phone calls and I am certain that none of you have either. So let us think about these people in the middle. Let us think about our small business, but let us think: “All right the petition was not successful; it did not have a date on it.” Even Deputy Huet has said - and I have checked her, she has voted over the last time - she is not abandoning G.S.T. She is saying let us find out where we really stand. We know we have got a lot more money in the bank. There is money out there. There are a lot of changes happening this year. All the people, not just the 19,000 that signed who said: “I will give it a go” because I was there on the table. A lot of people did not sign; they would not sign. Do you know why they would not sign? “They never listen to us in there, whatever we do. I have signed petitions before. I have tried this before and they do not listen.” This is one of the most unpopular, unwanted, and at this moment in time according to our own Treasury, the most un-needed. It may be needed next year, but at this moment in time financially the Treasury Minister has not made the case and he has certainly not made the case for me for the people. Everybody must buy food and they are not protected. We will hear people stand up now and try and defend this position, but until something is passed in this House that I know how it is going to work, who it is going to affect, it is not in position and it is not ready. So I am going to support the amendment and I think if anyone who was wavering, and you do not hear the answers to where the people in the middle are going to be here, and you are not 100 per cent sure that the people on low incomes are going to be protected, I say support the amendment. Give it this year.

We will see everything else come in and then maybe next year. The retailers are not all ready. That is why they are not phoning and saying: "Please do not do this, do not support the amendment" because there are panic stations out there. The small retailers ask me: "Where do I go, who do I see, do I have to register? But can I not pass it on?" They do not understand it. Do something for once that really affects this Island. Do not believe that there are people out there waiting to see if the Government of Jersey and the international world think we are not going to bring in a new tax because they are not listening. They are not interested. This is about our Island and our people and it is about time we stood up and realised we have the money to give them a little bit of a break, and ourselves a break, and find out what is going on with all these new introductions, new income support and other things that are being bandied around all hitting everybody at once, and user pays charges coming in. Sir, I hope I have made the case and I really hope that one of the Ministers can stand up and tell me what is going to happen to this nearly half a million. It will not, as I say, make me change my mind. It is not States policy. It was all running around, like headless chickens, last November, 21st and 22nd, because they thought the Ministers might lose the vote and Senator Shenton might get the amendment passed and this is what the solution was and this is what people decided, that it was a simpler way. There is no way at all, so sorry, I will support the amendment and I look forward to the excuses and some more headless chickens.

### **3.2.7 Deputy G.P. Southern:**

It is always a great pleasure to stand up and address the Assembly when I agree with Senator Norman because not only do we share a wicked sense of humour - which I think even he will admit - but we do come, I believe, from opposite ends of the Jersey political spectrum. I think I am possibly an inch to the left of David Cameron and he is an inch to the right of Margaret Thatcher. So when we do agree on an issue [**Laughter**] what it means to me is: "By golly, we are right." I have to say that Senator Norman today gave us a little gem of a speech that contained the economic facts - not theories - relating to what is proposed. I will just rehearse it for people. I appreciate it very much; it was very succinct, it was very accurate and it was fact. It goes like this. It says either the credit crunch has struck or the increase in taxation we have seen in 2006 and 2007, substantial amounts of money - £30 million or £40 million in tax take - will cease and stop because the crunch bites and perhaps we are going into recession in 2008. If that is the case, and we are, then the last thing any government in the entire world would be doing is taking some more money out of the economy. It cannot be denied. You do not put a squeeze on in a recession. You just make it worse and the Minister for Treasury and Resources and the Minister for Economic Development know damn well because they say it time and time again, G.S.T. is not inflationary - it takes money out of the economy. They cannot deny it and I look forward to hearing one of the 2 of them try. The fact is there. If we are about to go into a quiet time - let us call it recession, use the R word - then the last thing we need is G.S.T. this year. If, however, it is win-win, the boom that we see, the additional profits - massive increases, 37 per cent increase in profits for 2006/2007, money coming out of our ears, tax revenues going up all the time - if we are sheltered by the credit crunch as suggested by Jersey Finance and other experts, if the credit crunch does not bite then by golly we have extra money and we do not need the £45 million from G.S.T. It is absolute and it is factual, and it is the economics, it works; either way we should not be imposing G.S.T. this year. We have a space before Zero/Ten hits so we do not have to impose it. We could very easily delay it by a year. The logic is impeccable. I congratulate Senator Norman, you summed it up perfectly. There is no counter argument. It is win-win. We do not have to and Senator Norman's proposition says we should not, and we will not. When the Minister for Treasury and Resources stood to respond to Senator Norman's speech he made no comment about that. Instead he talked about international finance and people looking at us from big business and saying it would appear we do not know what we are doing and he said if we change our minds at this stage we will be held in contempt. I am sorry, he got the tense of that statement wrong. The fact is on this Island now this Chamber is held in absolute and utter contempt by its voters. That is the fact. I believe Deputy Ferguson will have her own speech. I would be grateful if she did not take up my space. As Senator Norman

said, to charge the people of this Island a little tax at 3 per cent, which does not sound like very much, but it is substantial sums - for the average pensioner couple, as I keep telling Members, that is £600 a year. That is a lot of money. To charge them that and to put it away for a rainy day or a period of instability is an obscenity and the people out there know it. We should not be doing it and I will say it; 19,500 bothered to sign that petition and that is what they said: "Do not do it, defer it" and yet here we are attempting to ignore them. So the arguments that we have heard from the Treasury Minister are quite frankly trivial. "Oh, but we are almost ready, we are prepared. What do we do about this, what do we do about that?" Senator Perchard spoke to me earlier on this morning and he said: "What are we going to do with the 10 extra bodies that we have got to administer it?" By golly, that would stop you in your tracks, would it not? We are employing 10 extra people to administer this tax which we think we do not need and which could have been raised in other ways; we already employ people to raise tax which is income tax or social security charges. We have already got bodies, but we have got 10 extra bodies, £1 million worth a year. What are you going to do with them? Well, the answer to that is, hold your breath, employ them doing something more productive. One of them could be a secretary. Senator Norman, as I say, is absolutely correct. I wait to hear any argument. I do not think there is one in any of the 12 chapters of the economic textbook that says he is wrong; he is not. In the meantime I just want to talk about what is happening in terms of 2008, 2009 and 2010. I looked at the 2008 Business Plan and I saw the following: "Provision for pay and prices 2008, 5.1 per cent" which amounts to, in real numbers, £24 million. A 5 per cent pay and prices increase in 2008 is going to amount to £24 million. The figures for 2009 - what do we put for the impact of G.S.T. in the year in which it bites - is 3.2 per cent impact pay and prices, £16.4 million. What is going to happen in that period? We are going to impose G.S.T. at 3 per cent on an underlying inflation rate of around 4-5 per cent. Do the maths. It ends up as something like 7 per cent and that is if what we get charged in the shops, in businesses, is just the 3 per cent. Already I hear about business men saying: "I have got to administer this, that will cost me, I cannot swallow that cost." We are talking about, as a rough and ready and I think it is fairly commonplace, 3 per cent means 5 per cent more or less. So we are going to see locally it is around 5 per cent coming. With 5 per cent on top of 4 per cent, where are we at? Damn nigh 10 per cent. We are talking about raising £45 million, and unless we successfully impose a very stringent and very strict wage restraint policy and make sure it works and screw our workers, our employees in particular, then we are talking of the order of £20 million-plus going out in our own expenses for staff and inflation. Does that make sense? Shall we make a decision to do that next year? Roll up our sleeves, have the fight and see if we can stem the tide. I do not believe we should be. The economic case has been made. There is no counter-argument. Let us vote for this deferment and let us at least respect the wishes of our electorate.

### **3.2.8 Deputy R.C. Duhamel of St. Saviour:**

Over a number of years I have noticed this House plays the same game year in, year out. That game starts after the budget, then we roll our sleeves up and attempt to work out what is going to happen for the next year and we call it financial forecasting. Every year, so far for a number of years, the outcome has been very much the same thing. We are told early on in the process that there is not enough money, that any black holes that we are predicting will get bigger or cannot be filled because we are not making enough so we have got to pull in our belts, and then lo and behold as we progress through the financial planning period and come closer to the next year's budget we appear to be better than we thought we were going to do. Financial forecasting is not a science, it is not exact, it is more like an art, and I wondered about this for a while. We had some Annual Business Plan meetings just recently for States Members and I asked the Treasurer how come at the end of every period we find ourselves in the position where there is an extra £28 million here or an extra £30 million there or whatever, and everybody breathes a collective sigh of relief and we all go on a spending spree or squirrel the money away into other pots for future use when the rainy days start to happen. I was told this time around by the Minister for Treasury and Resources that, of course, financial forecasting is not a science so we cannot be exact. But that said, I think we can be

in the position of knowing the accuracy or the significance of the figures that are being put forward and at least be told an estimate of how real we think they are. We have not done this and this is the nature of the debate this morning. Senator Norman has discovered this particular point and helpfully appended 2 schedules of where we thought we were in September last year and where we are now in March, and lo and behold miracles have occurred. We think we are going to have more money in the future, so much so that the black hole that was being predicted by the Minister for Treasury and Resources - and perhaps he is the best person to be predicting black holes with his physics degree, but they appear to be diminishing so he is on to something new - it does not appear to be as big as it was. More monies are going to be found. I am not really the type of politician who is in the business to be taxing and spending, and I think there is another whole argument that probably will not be rehearsed today, as to whether or not we should be adopting the policy that we have all agreed to which is in times of bounty or plenty we do squirrel away the monies and put them into our Stabilisation Fund which is something we all agreed to. So for Members to stand up at the moment and suggest that is an obscene policy or something that we should not be doing, they are missing the point and we have already agreed that we wish to do this in order to smooth out the peaks and troughs in our economic affairs. That said, I think the point I am trying to get to is that for more years than I care to remember we have found our way and the monies, while perhaps not exactly coming out of our ears, are coming out of other parts of the collective body and generally we are managing to fund everything that we need to fund, although we do hear from other Members that perhaps they would like to have a greater slice of the action than they perhaps are getting. I think when we come forward with this proposition, as we are doing now, I think the case is made for 2 things: first, to agree with Senator Norman and set aside the Appointed Day Act which will put off for another year the collection of these funds because we do not need them and we should not be in the business of raising taxes if we do not particularly have a requirement for them; secondly, I think there is a hidden point - an implied point - that we should be asking the Minister for Treasury and Resources in future to try and come up with a more satisfactory process of telling us how good his estimates are so that we can do away with all the wringing of hands and the searching of budgets and the tightening of belts that happens year in, year out, and for probably not much effect. I will support the proposition and I think, for those reasons, all other Members should do the same.

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

I have been listening to the debate very closely so far and I must say that I came to the Chamber about 18 months ago absolutely against G.S.T., but I changed my mind because I was encouraged or convinced that the vulnerable members of society would be protected. I was particularly thinking about, in those days, our welfare clients and nowadays, income support. During the subsequent debates I have been assured that the vulnerable members of society receiving income support will be protected, that people who are just outside income support but not taxpayers will be protected. The low or the middle earners paying tax will be protected by the raising of personal allowances. I am also a member of the Income Support Sub-Panel so I am doing work in checking the early delivery of income support and, in fact, I spoke to the Parish's contact at Social Security only 2 weeks ago asking the question: "What is going to happen on 1st May reference the introduction of G.S.T.?" I was told unequivocally that income support will be going up on 6th or 7th May by 3 per cent on the introduction of G.S.T. I would hope that the Minister for Social Security will rise today and confirm that. I am quite happy that the vulnerable part of our Island will be protected from the effects of G.S.T. I am reassured that the middle to lower income taxpayers will be protected by an increase in personal allowances and that the people who fall between will also be protected against the effect of G.S.T.. I am not absolutely convinced at the present moment of how that latter section will be delivered as Deputy Martin said it did seem a little bit rushed and on the back of a fag packet, but I would expect the Minister for Treasury and Resources to come up with an absolute assurance that this will be delivered. Having switched horses once at the beginning of these debates, I am not going to switch again. I do believe in

consistency. I do believe that the House should be consistent and carry this introduction of G.S.T. forward. I have listened to Members on both sides of the proposition. I believe that we have got to be steady and carry forward. I think if we have excess surplus in the reserve fund, or wherever it is, I do not think this is a situation where we can say we do not need to have G.S.T. If we introduce G.S.T. with all the work we have put into it, let us go ahead and look at it again in another year's time or another 2 year's time. It can be rescinded if we have a situation where we have money coming out of our ears, but at the present moment I do not think we have.

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

It is often that I agree with many of the ideas that Senator Norman brings forward. Today is not one of those days. He has spoken well, he has spoken seductively and with a silken tongue, as have others. To use his own words in a previous debate, I have not been seduced and I will not be supporting this proposition. The amendment to the proposition purports to defer G.S.T. by one year but in reality this is a last minute attempt to destroy it, to wreck the sound step-by-step principles that the fiscal strategy has been built upon; and remember that fiscal strategy is a package and that G.S.T. is part of that package that has been approved time and time again by this and previous Assemblies. I am in favour of a rigorous approach to the review of States expenditure. I have not changed on that and that is why I am highly supportive of the Comptroller and Auditor General and look forward to the outcome of his investigations. I do agree that taxpayer's money is best left in the hands of the taxpayer and it is, therefore, beholden upon us as the guardians of that money to ensure that best value is achieved whenever possible. However, the public also expect us to manage our finances wisely, to plan for the future in a sound and prudent way. That does not mean taking a £45 million bet that the economy is going to carry on the way we expect or that unforeseen expenditure is not going to arise. We all know that existing public infrastructure needs investment and we are already aware of the demands that are being placed on our budgets to achieve this. Unless we have all been living in a dark cave somewhere, possibly in Guernsey, we should also be fully aware of the rather large and gloomy clouds on the economic horizon bearing the general title of credit crunch. We still do not know the impact that this is going to have, whether in terms of duration or intensity. I think there will be an impact. I think it will be within the next 12 to 18 months and I cannot envisage it being remotely positive. Senator Norman has referred to this and in an interesting interpretation of economics has conveniently mixed cost of living and inflation, and they are not the same. All this seems to me to be populist politicking in a particular year. The fiscal strategy, and indeed the reputation of this government, for sound and prudent management of its finances has been built upon certainty as to its plans. The Minister for Treasury and Resources was recently requested by business to consider deferring implementation of G.S.T. by a few days in order to assist the implementation of G.S.T., to allow re-pricing to take place over a weekend rather than midweek. This was a late request and the Minister agreed to listen to this request and agreed to bring this request to this Assembly, a deferment of 5 days to assist in some small way the traders both large and small of this Island. Given that businesses and individuals are fully aware that G.S.T. is coming, they have been busily finalising their arrangements to implement that G.S.T., and given that individuals are properly working extra hours at the moment to set up their systems for G.S.T., have been attending the training courses and the seminars being run, are gearing-up for (let us call it) G-Day, what message does it send out as to our competence and commitment to properly and soundly govern this Island by deferring G.S.T. for a year, and potentially to wreck it 5 weeks before implementation? This all started 10 years ago in 1998 and after years of consideration I am extremely disappointed that yet again, at the very last second before midnight, we are having another debate as to whether to bring in G.S.T. We should not be playing around with something of this importance for the fiscal well-being and the fiscal strength of this Island just for the sake of good headlines. Yes, we have to be operating at the best level of efficiency we can achieve, and that is not a quick process, and given all of the various challenges ahead it is not directly relevant to whether we should have G.S.T. or not. We should be seeking to save money, to have that corporate culture of being open to change, to seeking ever

better ways of doing things. In that regard I do look forward to Senator Norman's imaginative suggestions as to balancing the books, but that is and continues to be a medium-term project. It is not a reason for rejecting G.S.T. Yet again, I have had members of the public saying to me: "Why can the States not make a decision and stick to it? For goodness sake, get on with it, this debate has been going on for too long." A decision has been made time and time again by this Assembly. Let us get on and implement that decision and get some certainty into the process. Senator Norman makes great play that forecasts have improved from September of last year. Yes, they have. Take a look at the figures he is using. The ones for September 2007 showed a large surplus for next year and then very large deficits from 2010 onwards of £20 million plus and rising - £22 million, £26 million and £28 million deficit. The forecast for March 2008 shows a large surplus but then broadly balanced budgets turning into deficits going forward.

**Senator L. Norman:**

Sorry, I do not want to interrupt the Deputy, but is he looking at the right figures? We have a large surplus, I think, 2007, 2008, 2009 and then we become in balance.

**Deputy J.A.N. Le Fondré:**

I think I said if you look at page 5 of your own report, Senator, 2009 has £75 million surplus, 2010 has £1 million and then it goes into deficits. It does not take account, as was made very clear by the Treasurer in his presentation to States Members, and the Minister in his presentation to States Members very recently on 25th March, of the impact of the credit crunch, of Health's New Directions or of potential infrastructure costs. They were all in the slides that we were given and shown on that day. We do not yet have reports from the finance industry; those are being collated in June and I believe will be reported in early July by the Statistics Department. We do not yet know the impact of global financial events upon this small Island but it would be naïve to assume that there would not be any impact. Do not forget, what we have achieved is the target that was laid out quite a few years ago of successfully dealing with a forecast black hole of £80-100 million, i.e. we are now going forward with a roughly balanced budget. Well done, it appears to be working and that is no mean feat, but it is only working based on G.S.T. being in place, i.e. generating £45 million a year. If we do not have it in this year, we lose £30 million; if we do not have it in place for next year, that accumulates to £75 million. Do we really want to take that risk? Taking £45 million out of the fiscal strategy package does not, in my view, add up and I would call it irresponsible. Do not get me wrong, we need to look at savings still and we must continue to do so, but not at the cost of G.S.T. G.S.T. is parallel with, not instead of. I dug out part of my speech the last time we were debating this and at that time I referred to that dear friend, loved of all accountants, prudence. What I said is: "Taking millions of pounds out of our budget by deferring G.S.T. today is simply not prudent and while prudence may not be exciting she is by far the best option when dealing with these types of matters. We should not throw away the work of 10 years on the back of a political whim. Do not throw it away; keep up the pressure on expenditure, yes, but reject this amendment." Those words, to me, are just as relevant to me today as they were last year. Do not forget, this is a package, a fiscal strategy package. We have had a bit of a bumpy ride in getting here - 5 weeks away from the completion of 10 years' of work, of completing the fiscal strategy package, a package that overall is progressive, i.e. the rich will pay more than the middle earners, and the middle income band will pay more than the less well-off. That is as a result of a combination of all the ingredients of the entire fiscal strategy and, as with any recipe, we should not be taking out one of those ingredients when the mixture has been poured and has been placed in the oven. This is a half-baked amendment. It will give us significant indigestion if it is accepted and I therefore urge Members to reject it. **[Approbation]**

**3.2.11 Deputy S.C. Ferguson of St. Brelade:**

We have had a comment this morning on not being completely ready for G.S.T. I think it would be possible to make the comment that I had understood that we needed 18 people to get it up and

running and they were only allowed to employ 10, but that is a by-the-by. I am sorry, I have been a bit of an anorak and I have been looking at the figures on which Senator Norman is basing his arguments. He says the 6 financial years. Well, he is using 2007, but should he be using that year because that is last year? That is finished, that is over. As I understand it, if you go to the financial forecast on page 5 of his amendment, if you add up 40 plus 65 (the very bottom line: "Revised forecast surplus deficit"), 40 plus 65, plus 75, plus one, minus one, and minus 4, is £176 million alleged surplus. If you go to 2013 this drops to £168 million. However, if you look at the Goods and Services Tax line in 2012 we will have garnered £216 million. So, just a minute, Goods and Services Tax is giving us a surplus, but we are only getting £176 million out of it. I think there are lies, damned lies, statistics and accountants figures and I think we should be looking at them very much more carefully ourselves because we are looking over a spread of time. For 2008 we can probably be plus or minus 10 per cent or something like that, but then when you start forecasting into the future with all the stuff that is going on in the world financial markets, and I gather the Japanese are not yet unwinding all their particular foreign exchange deals as well, the situation really is nothing like as rosy as he says. He is very much more upbeat about the climate in the finance industry. I am getting feedback and I am not quite so optimistic. As I say, he is adding up a total of 6 years, 5 of which are in the future, to reach his surplus figure. I wonder if perhaps he is a prophet with a direct line to the future. As I say I am not so optimistic, but I would awfully grateful if he could tell me the level of the stock market at the end of next year. Warrant Buffet, the sage of Omaha, says that it is not yet time to buy. What does that imply? Yes, we have had an income bonus this year, but one bonus does not make a summer, so to speak. Can we expect the same high income next year? I am very cautious about this because the sub-prime melee is rumbling on. We had large write-offs by 2 large investment banks yesterday, but there are also less publicised problems with C.D.Os (collateralised debt obligations), and then there is an even more toxic variety known as C.D.O. squared where you take these rather noxious obligations and then combine them and the affect is to square the risk. We have heard comment this morning that we should be reducing tax in a time of possible recession, but you have got to distinguish between the taxes you reduce. G.S.T. is an indirect tax. The taxes that we should be reducing are the direct taxes, if we have to reduce taxes. If you notice, President Bush reduced personal taxes. The various States and the Federal Government did not reduce the sales taxes or the federal taxes. I have said it before and I will say it again, if the United States catches a cold the rest of the world catches pneumonia. We have a structural deficit looming in 2011, but I would sound a warning note. We have Ministers who appear to have made no effort to curtail spending. The recent paper on the £35 million savings by the Auditor General was extremely clear about the shortcomings in the system and I am waiting to hear from Ministers what efforts they are making in this respect, especially in the high spending departments. Last year we voted to hold overall spending levels as presented in the Business Plan and we now have a plethora of so-called spending pressures. For example, last year we threw out the education proposal for extra funding for a totally inequitable nursery school scheme. The people who have contacted me have said that charging everyone will be more equitable, but yet the Ministers again put this scheme into the Business Plan. The perception to the general public is that the take from G.S.T. will be immediately grabbed in order to fund increased States spending as demonstrated by the draft Business Plan. Is it any wonder that the public feels ignored and infuriated? "You can pay more, but we will not restrain spending." No wonder people are fed up - I do agree on that. The Auditor General's spending review is gathering momentum. I would have wished that this amendment had come later as this would have meant a more informed debate with the results of this review. I have also been very exercised over this. On the one hand I am aware of the problems looming in the global context, but it does sometimes seem to me that nothing short of an earthquake will spur various Ministers into action. I suppose the question I have to answer is, is this amendment the required earthquake? However - or but - I feel that we must look to the long term benefit of the Island and not be lured by the soft option. I would remind Members of Edmond Burke's words which I am fond of quoting: "That we owe the public our judgment." My judgment is that in the current world climate this proposition is



premature. We are short of the vital components, the information on the spending review, and as Members have said earlier this is a piecemeal approach. We have taken a decision. “Oh, well, yes, is it the right decision?” Well, the secret about taking decisions is to take them. Yes, you will not get it right all the time, but I think this decision we have got right. We do not have the extra information and we are working in the context of a rocky economic outlook. Frankly, I feel a vote for the proposition is an insult to the electorate in the current climate and I will not be voting for it. **[Approbation]**

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

I bet Senator Le Sueur is rueing the day he ever thought he would introduce an amendment to save G.S.T. being started for 4 or 5 days when he listened to Senator Ozouf. I bet he thinks now: “Goodness me, was it worth it?” I expect that people expect the sort of non-executive taxation guru of the States to make some kind of comment on this. **[Laughter]** To be honest, never mind the States being quorate. I should think the last 2 or 3 listeners to Radio Jersey if they are not already asleep with all the statistics that we have been hearing, then very soon they will be so I am not going to go into the statistics, I hope in any long way at all. Let me just look at Senator Norman’s report. He gives 2 reasons in his report for deferring G.S.T. for a year. One of them is the statistics are all wrong, or the forecasts are all wrong, and the second one is that we are going to have an election in 6 months’ time and then the new States may not want G.S.T. In his opening remarks, in his opening speech, Senator Norman introduced probably a much better and slightly more seductive argument when he started to talk about the global economy and how governments around the world were responding to it by injecting money into their economies. That is quite seductive when you first look at it. Whichever way round you look at it, G.S.T. is worth about £45 million in tax revenue a year for the States of Jersey. Let us just concentrate on that one, and I think everybody would be a lot happier and may even be able to stay awake. What Senator Norman is saying is that by not introducing G.S.T. for a year it is okay to inject £45 million into our economy over the next 12 months. Ignoring for a moment the fact that the next States Assembly might change its mind about G.S.T. anyway, in which case it will mean probably £45 million every year from thereafter injected into the economy unless we do something else. Let me just remind the States of a couple of decisions that we made, not to do with G.S.T. but to do with inflation, to do with the economy, to do with appointing our own 3 wise men or women and the creation of a stabilisation fund. I remember saying at the time, it is all very well creating these things but once you have created them that will lead to more difficult decisions: when you put money in, when you take money out of the economy, when is the right time to do it, when is it not the right time to do it, let us have some experts that will tell us and give us some sensible advice. We all thought that was a good idea because what we all said is, yes, in the past what we have done is sometimes we have taxed and added some tax, and other times we have decided we do not need to and we have got a bit more money this year, or we do have a bit more money this year, with complete disregard for what was going on in the real economy of the Island and the world. In rather the same way as the Chancellor of the Exchequer in the United Kingdom gave responsibility to the Bank of England for setting interest rates, the parallel in Jersey as far as we were able was to form a Stabilisation Fund and to appoint our 3 wise men, our Fiscal Policy Panel, to do the research and to advise on when was the right time to put money into the economy and when it was not. Here we are, unfortunately. Senator Norman is doing with this proposition almost exactly the kinds of things that the States have been doing for years and years and making mistakes with for years and years **[Approbation]** and it is time to stop. I will not be supporting this proposition.

### **3.2.13 Senator P.F. Routier:**

It gives me great pleasure to follow our finance guru with some very wise words he has just said. I think he has picked up on a very valid point. There has been obviously a rear guard action from a number of people who have never been fans of G.S.T. and see this as an opportunity to perhaps delay it for a year and then perhaps we will have another bash at delaying it again next year and

then we might never have it with a bit of luck. I think there are a few people who are plying that tack. The States have made a decision in the past to introduce this tax and it is recognised as being the way forward for the Island; we have done that democratically in the proper manner. Senator Norman in his opening comments wanted to ensure that we protected everybody. He wanted to be sure that we protected our residents; he wanted to be sure we protected our business community. With regard to the business community, we have heard various versions, whether some businesses are ready and some businesses are not ready. What I can say is that I am very aware of those businesses that are ready. They have invested; they have gone to lots of seminars and been in touch with the tax office. I have to say the information the tax office has been giving to businesses has been superb. They have been very supportive of those businesses that have been in touch with them and I know that from personal experience. They have been in a position to advise people and to dispel a lot of the fears that some businesses who have not made that approach have had. Once they speak to the tax office they are fine, that it is not such a big ogre to implement and to organise within the business; it is quite simple. So with regard to protecting businesses that Senator Norman was after, we need to protect businesses by continuing with the plan to introduce G.S.T. this year. They have really committed to it. I am aware of one very large business within the Island who has put in systems in preparation for this that has cost them £500,000. For them to just put that to one side, and all the effort of training their staff and getting ready for this, would be a travesty. With regard to the protection of the community, obviously people have asked me about income support. The States have made the decision and have passed the Regulation that people who are receiving income support, the proportion of their income support which would attract G.S.T. will be increased. The States have made that decision. Deputy Martin has reminded us, and I am pleased she reminded us, of the commitment the States gave to protect those people who fall in between. We gave that commitment and that commitment is there and that will be delivered. The tax office are finalising those details now and it will be delivered. Those people will be protected. We have also increased the allowances for those people who do pay tax so that they will be protected from G.S.T. Those things are all there and ready to be implemented. With regard to the implementation of the operating of income support, you talk about the disruption to businesses. The mechanism for operating income support is in train; it is happening; it is there ready to go. For us to backtrack on all that now, at this short notice, will create even more work for the department. We have set a clear path for the introduction of G.S.T. and I believe that this late attempt to delay it is ill founded. There have been comments, both from the chairman of the Privileges and Procedures Committee and our finance guru who just spoke to us now, who have indicated there are things out in the big, wide world that we need to think about which could affect our income. We cannot be sure that we are going to continue to receive the same sort of level of funding from our business community, but we do know that by introducing G.S.T. we will have that income coming in. I would perhaps like to focus on one Member in the House who is Deputy Huet, who I know does have a very good sense of the way the business community works, and I implore her to really think about the thoughts that she has had about her position in this debate. I think deep down she would recognise that we need to bring G.S.T. in and we cannot be sure of what is going to happen within the business community within the Island, and I would hope that she would reconsider her position on this debate. I ask Members to reject this amendment, because it is ill-founded and will not do the Island any good at all.

**Deputy G.P. Southern:**

May I have a point of clarification? I believe Deputy Martin asked how this intermediate group were going to be covered. I did not hear from the Minister any detail about how. Firstly, can he say when the income tax officials are likely to bring something to the House and secondly, he must know - because it must be imminent - how are they going to deliver it? What is the mechanism by which this group requiring £400,000 will achieve that money in their pocket?

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

It is probably a matter for me. It will need to have a proposition brought to this House, but the idea is that there will be a simple one-off payment made once a year probably around the same time as benefit upgrading in October to cover the payment to those people who are in that group. The sum of £400,000 a year was inscribed in the budget and agreed in the budget proposal last December. The actual legislation for it will be brought to the House in good time for us to debate that and no doubt approve it, so that the payment can be made at the due date.

**Deputy G.P. Southern:**

May I ask again further clarification as to how those recipients will be identified?

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

That is a matter for the records of the departments concerned - the Social Security Department and the Income Tax Department - to see who is in that gap. That is a fairly straightforward matter.

**Deputy G.P. Southern:**

No, Sir, it is an important point of clarification I believe. Has that been clarified in terms of data protection, sharing that information between 2 separate departments? It is an important point, Sir. Time and time again we ignore the requisites of the Data Protection Law.

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

I am not aware of any difficulties caused by Data Protection Law.

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

Thank you. Does any other Member wish to speak on the amendment?

**3.2.14 Senator M.E. Vibert:**

I think a lot has been said. I listened with interest to Senator Norman's opening speech. I am afraid he did not manage to convince me that he only wanted to delay G.S.T. for a year. I do not think he managed to convince anybody that he only wanted to delay G.S.T. for a year. Senator Norman has been consistent. He does not want G.S.T. at all. It is political opportunism to use this opportunity to try and put it off for a year so that he can work on putting it off altogether. That is his right. His real objective is he is against G.S.T. full stop. I believe that was reflected in a number of the speeches. It is not about putting it off for a year. It is about doing away with G.S.T. although nobody has come with any alternative for the real problems we face. There are a number of things that have been said and I do not want to repeat them, Sir. But we, as an Island, are dependent on our economic prosperity that pays for the excellent social services we have and ensures we can offer the benefits that we do to those who need them. I believe that prosperity is based on a number of things. It certainly is not, in a way, our natural resources because we do not have oil, we do not have other natural resources. It is what our people do, and at the moment the dominant industry and the greatest contributor to our economic prosperity which pays for all the public services we need, which ensures a high quality of living in the Island, is finance. It has often been said what is one of the most important things to do with maintaining our healthy economy based on finance? Two of the things that are required are confidence and certainty. We have had a good reaction to the fact that as an Island we have looked ahead, we have embraced the need for Zero/Ten and we have said how we are going to fill the structural deficit through a whole host of measures that have been adopted and through the introduction of G.S.T. We have had that certainty and that has engendered confidence. What are we being asked to do today? To throw it all away. To introduce uncertainty, put it off for a year but all the speeches in favour of that have been about doing away with G.S.T. altogether so introduce uncertainty and shake that confidence. It may be argued many may believe that delaying G.S.T. or even doing away with it will not affect that certainty, will not affect that confidence, will not have an adverse impact on our economic position, our economic prosperity, which pays for our public services and provides the standard of living we have. It is arguable but should we take the risk? Should we take the risk of affecting that

confidence at a time when there is enough uncertainty in the financial services industries as there are already? Should we take that risk of adding more uncertainty? Should we play Russian roulette with the Island's possible future economic position just, if we believe Senator Norman, to put off G.S.T. for a year? Putting off the introduction of G.S.T. for a year will achieve nothing except introducing uncertainty and possibly affecting confidence and have yet another year of arguments about G.S.T. back and forth and everything else. We will be seen as a government who cannot make a decision and stick to it. Some 10 years we have been through this and at the last minute we are being asked delay, dither, put off yet again. I believe, Sir, we should act and look at what we believe is the future welfare of this Island. We should maintain that certainty, maintain that confidence and vote against this amendment.

### **3.2.15 Deputy J.B. Fox of St. Helier:**

This was inevitably going to be one of those amendments for postponement that was going to cause a lot of discussion because by the very nature it is coming up for election time. None of us wanted G.S.T. and everybody has been looking at trying to find alternatives to fill the black hole that is due to come in 2 or 3 years' time. We are. We spent a lot of time with various outside sessions, listening to various other organisations, other individuals all coming up with various options and then when you start breaking them down they either hit too small a band margin and did not come up with the financial goods, if you like, or that it affected individuals in a very narrow band way and, therefore, gave an overburden or it did not provide the resourcing that government needs. Yes, there has been a lot of saying that we should be cutting-down on our States running costs and expenses and everything else unless of course it affects you. Of course that is the problem. Then if you do start doing other things that become unpopular then people start losing their jobs and there is no easy answer. No, we are not in the popularity game. If we were we would not be in the political game where we always have a brick bat for one way or the other. Yes, today it is very attractive to think we can postpone it for a year. It is going to save me some money for a year. It is going to save everyone else some money for a year. Then when you are the Assistant Minister for Education, Sport and Culture you quickly learn that when you are dealing with all the appeals including the appeals for university or for going to Highlands College or wherever, that you do need to have resources to be able to continue the skills base and the education from all walks of life, from the young people that are at school now, especially our disabled people that need extra support and extra help that go on from 16 to 19 and then go on to 25, all needing additional support, sometimes one to one for the skills base that we need. At the moment we do not have the money in this year's 2009 budget to be able to give that support. We are going to be looking to the States to see if we can get that support. Most of these youngsters are sitting at home and sometimes might get 2 or 3 hours a week support on a one to one. The rest of the time we have left them sitting at home. We have not come up with the resources yet. Then we had this huge period for Early Years. I stood up in front of the Town Hall as my Minister was out of the Island on official business somewhere. I am taking the flak from a very full Town Hall on Early Years. They were right. I could not argue with the people. They were right. There is injustice in the present system and some of them are paying huge amounts of money and that their children should be entitled the same way as any others. But the system is the system and we have not got round to getting it equalised. I am not going to go into the full debate on that subject here at this moment in time. But I just want to emphasise that the government has to provide stability. It has to provide a programme that moves forward. Moving forward is essential. If we just carry on a bit further when we are looking at providing facilities, it came up the other week to me about the facilities for older people within the community wanting to have swimming pool space. The problem being that with all the health and safety and everything you cannot just have someone going up there and saying: "I want to use your swimming pool because you deemed it to be a community pool when you built it at Haute Vallée." It has got to have some form of organisation, whether it is a local organisation that makes sure that the pool is booked at a given time and provides the safety that is required to be able to open the pool. That requires a community organisation. It needs to have the safety of lifeguards, *et*

*cetera*. I am sorry we do not have the money for it. So it goes on. Now if we find that we have got a bit of surplus now for 12 months, to me it might be to allow us to do those important things that the public are demanding of us, the essential things. There are a lot of senior citizens now that are very happily going down to the library and to Highlands and elsewhere. They are learning how to use the computer. Again it is bringing to them a better quality of life as they are being able to sit at home and talk to other people, not least their children or grandchildren in far away places where they might have gone to. It is giving them a lease of life. These are extra supports that are being demanded of us. That is why today I am sorry, Senator Norman, I cannot vote for your amendment as much as I would love to. It would be nice to be popular. **[Laughter]** **[Interruption]** A skateboard, yes, thank you. I did appreciate those who did vote for that because it is essential for our young people. But I think that we have to look beyond 12 months. We have to look to the further future. If we have not been burdened as much as we thought we were going to be and we have a little bonus that we can put away for a rainy day or to do those little things that we wanted to do but were not able to do then I think that the States, through its Council of Ministers, through its Ministries, should look at those priorities and let the States decide whether we can do some of those things with this little gain or can we put away that money for when it really hurts, when the pressures are such that people are looking especially for things like health, that might allow us to do something in health that we might not otherwise do in the time when it is really painful in, shall we say, 2010, 2011, 2012, *et cetera*. That might stave off some pain for the future that has not hit us yet. But it might give that extra support especially for those members of our community that we wish to especially support; that is the low income, the young and the old, and everybody else in between that could do with a helping hand.

**Deputy J.J. Huet:**

Could I just ask one question of the Minister for Treasury and Resources for clarification? Will we be allowed to use this money for the things we need this year or is it going to go into this big, never ending pot?

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

That is a matter for debate for another day when we come to debate the Business Plan.

**LUNCHEON ADJOURNMENT PROPOSED**

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

The adjournment was proposed by Senator Syvret. Members agree to adjourn and reconvene at 2.15 p.m.

**LUNCHEON ADJOURNMENT**

**PUBLIC BUSINESS (continued)**

**The Deputy Bailiff:**

Deputy de Faye, you indicated you wish to speak.

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

This morning we heard one of our colleagues deal with this, with what might be described as a military metaphor. It made me reflect on a well-known film called Zulu. Zulu was striking in many ways; a very stirring film about the British army in South Africa fighting the Zulu wars. It concentrated on one aspect which was the defence of a small outpost called Rorke's Drift. In actual fact there were 2 very significant battles around that time; one was that of Isandlwana where the British army suffered its worst ever defeat and the smaller battle of Rorke's Drift was in fact an occasion where more V.C.s (Victoria Crosses) were handed out for bravery than at any other

occasion. It strikes me that we are in a rather similar position because one of the features of the film Zulu was the extraordinary noise made by the warring Zulu tribesmen; (1) as they raced across the South African veldt; and (2) as they rattled their spears against their shields in an extremely threatening manner. By the same token we have heard by metaphor the 19,500 signatures rattling their spears against their shields from those members of our public who signed the petition against G.S.T. We have already obviously agreed as an Assembly to push ahead with G.S.T. but clearly the rattling sound of those petition signatures has lingered in the memory of some of our Members in the Assembly today. The question for us this afternoon is which side of history in effect are you going to fall down on? Will you hold firm like the Victoria Cross winners at Rorke's Drift or will you go down in disarray, slaughter and massacre like the worst defeat of the British army at Isandlwana? Those are the Members I think who will find themselves supporting Senator Norman. I have to say I am disappointed that a gentleman of such calibre as Senator Norman, in one of the few matters he has brought to the attention of the House, has proceeded to present us with a litany of delay and a failure to take decisions when decisions need to be taken. Let us face it, the petition was really what is more commonly in common parlance described as a "no brainer". Do you want to pay more tax, yes or no? I think all of us would have said: "No, thank you." Indeed many of us would rather we did not even have to contemplate bringing in new taxes, be they vehicle emission taxes, be they environmental taxes or indeed Goods and Services Tax itself. However, States Members, as a body, have had the benefit of attending numerous workshops, briefings, presentations, lectures from a variety of experts in the field. All those folk - the vast majority certainly - who signed the petition have not had any of that experience. I think it is entirely justifiable that they would simply say: "No, we do not wish to pay more tax." But that is the point of why we are here. As elected representatives we have the benefit of the experience of those workshops and the wider information brief upon which to base our decisions. We have made a decision. The decision is that in the interests of the Island we wish to bring forward Goods and Services Tax. We wish to bring it forward I suggest as soon as we can. It has only really been delayed in order to ensure that we had income support in place so that those people at the lower end of the income earning spectrum are protected from any disadvantage that G.S.T. might potentially cause. Why is now not a time for delay? I thank Deputy Le Claire for the kind words he said about the plight of the Transport and Technical Services Department. I do not know how many Members are familiar... I hope all of you are familiar with the green, orange and red arrows. This is a section of the Strategic Plan Initiatives Progress Report as dated 31st December 2007. I will not embarrass any other department. If Members have not seen this or are unaware of it, this will give you an insight into the internal workings of the Transport and Technical Services Department. But I just wish to give you a brief outline of why funding is important. Initiative: agree a rolling programme of funding that will secure improvements in the condition of Jersey's roads. The departmental comment: "A detailed review of the capital programme has shown that the infrastructure vote is now insufficient to meet demands." By 2008 secure adequate investment and implement a programme of maintenance to ensure waste management infrastructure is maintained to at least minimum standards. Departmental comment: "A detailed review of the capital programme shows that the infrastructure vote is now insufficient to meet demands." Initiative: Over the period 2006 to 2010 implement the Sea Defence Strategy to ensure that the Island does not suffer breaches resulting in flooding. Comment: "Detailed review of the capital programme shows that the infrastructure vote is now insufficient to meet demands." Initiative: Ensure that the physical infrastructure including the water supply and waste strategies is able to cope with any population increase. Comment: "Detailed review of the capital programme shows that the infrastructure vote is now insufficient to meet demands." But here is Senator Norman telling me that we have got bags of money and we can put off collecting any more until at least another year. He significantly made very little comment about the fact that we have this black hole. It will be at least £100 million deep. In fact I believe the latest estimate indicates that the black hole may be just a tad deeper than that. Quite simply here are 2 elements that I lay before the Assembly; one is the clear difficulties that my department has with the capital programme. Similarly, the looming black hole. Is it not a

matter of common sense to consider that if you are in a position to save some money in advance before you fall off the edge of the cliff that that might be a good thing to do as opposed to falling off the cliff and then finding out how badly you have hurt yourself? That really is what this all boils down to. But let no one in this Chamber be under any illusions whatsoever the picture is going to get worse. There is more than the black hole to come. That is going to be a result of our shift to what is called G.A.A.P. (Generally Accepted Accounting Principles) accounting. Now G.A.A.P. accounting, put quite simply, is a normal way of doing accounting as opposed to the very weird way of accounting that the States has indulged in over the last several decades. It will introduce some rather new concepts such as depreciation. I will be coming to the House in the not too distant future asking for a very significant amount of money to buy a new energy from waste plant. We will have to conjure that money up. The problem is that when we built the last one some 25 to 30 years ago what we should have been doing is putting a little bit of money on one side every year knowing that one day it was going to fall over and we would have to buy another one. Have we done that? No, we have not. We have not just done that for the incinerator. We have not done that for the whole of the properties owned by the States. There is no depreciation amount put aside for my now progressively failing sewerage treatment works. That is before we get over to the maintenance issues. I think we are all well aware of how badly behind on maintenance we are. I can tell Members that in respect of the roads improvement programme alone, the money that the Chamber so kindly allocated me has now been chipped into so much by other additional spending pressures that a programme that was designed to keep us just about standing still has now slipped so that we are effectively at a 40 per cent position instead of a 50 per cent position. This is no way to run this Island. Here we are contemplating putting off a mechanism that will bring some more badly needed revenue into the revenue pot on what grounds, quite frankly. This is not the time to start saying that we do not need the money now because let me assure Members, yes, we do. There have been a number of very interesting critiques but let us face a few facts. The Minister for Treasury and Resources has got the projections wrong. He has always admitted that he tends to fire low on the basis it is better to undershoot than overestimate. It is good news. We have some money in the bank ahead of expectations. It is much better to be in that position than to be the other way round where you overestimated what was going to be accrued and you discover that it is not there. Believe you me that is not a great position to be in. My department anticipated a certain level of tipping fees. We are £400,000 worth adrift. Massive problem. You do not want a situation where suddenly less is coming in. We are also hearing very brave words about how much money we can look forward to. Can we? Can we really look forward to increasing amounts of money coming in or even the same amount? Now I know that the credit crunch is upon us but I am sure those of you who are keeping up with local news will know that a very wise gentleman is here lecturing the financial service industry to assure us that in fact the credit crunch will not seriously affect the Island. That is because Jersey's financial services industry relies fairly heavily on savings and deposits rather than the lending business, which is the section of international finance that is in a mess at the moment. It is worth reflecting that, yes, while global governments are struggling, we do need to just consider the aspect of injecting money into economies. Our own financial guru is not with us at the moment. But in fact if you inject money into an economy it has a tendency to create inflation. What in fact is going on at the moment is that international governments are injecting liquidity into the banking sector of the economies because it is the banks that are having trouble finding cash. They are not putting money into the economies as a whole because that has a reverse and rather disastrous effect. One of the bonuses of G.S.T., apart from the fact that it is a tax that you can control yourself; if you do not like spending the extra 3 per cent, do not spend. Obviously there are things you have to buy but it is unusually unlike income tax where the Treasury will simply take your money, this is a tax that individuals have a level of control over. But the other thing about it that I think is a bonus is that it is an anti inflationary tax. It will help the Island balance the books over time. Why do we not just get on with it as we should? When all is said and done I think there are real dangers in sitting back here and assuming that future projections are going to somehow yield the amounts of money that we have seen arrive in the past.

There is absolutely zero evidence to suggest that. There is a credit crunch out there. The stock markets are down. I do not think anybody has the slightest idea of what sort of position the global economy or the Island's economy is going to be in either by this summer or by the end of the year, by which time - and it appears that Senator Norman is a visionary in this respect - if we follow Senator Norman's suggestion we will have delayed G.S.T. and we will not be looking at it coming again until next April or May. The amount of money that could be collected between now and then would be absolutely crucial to the sensible running of the government and administration in this Island. I see absolutely no reason why we should suddenly at the very last second deviate from the direction that this Assembly has been going down for - let us face it - not just months but now over years. I commend Senator Norman for his Custer's last stand - to continue the military metaphors - but we all know how that finished. Frankly I will not be joining him to stand by the standard of the 7th Cavalry this afternoon.

### **3.2.17 Deputy R.G. Le Hérisssier of St. Saviour:**

I start with those immortal words: "I did not intend to say anything." Thank you very much. Just feeding in, Sir, to Deputy de Faye I think as ever his analogy was utterly misplaced because the great battle of Rorke's Drift of course was the defence of an empire, albeit on the basis of the heroics of a very small group of people who were being overwhelmed. Of course if we are strictly to apply that analogy it was about the defence of an institution which was ultimately to enter a long decline and which could no longer morally defend itself. Secondly, Sir, it was about a group of people who could not see the big picture because they were so involved in defending the smaller picture.

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

I defer to Deputy Le Hérisssier's military history analysis.

### **Deputy R.G. Le Hérisssier:**

Thank you, Sir, very kind of him. **[Laughter]** The other thing, Sir, about this is quite interesting. I have been thinking about this of course. There was a reference... and like a lot of people I am still recovering from Deputy Southern's positioning of himself as being an interim David Cameron. But there was a reference to Margaret Thatcher. Of course it was quite interesting that Margaret Thatcher who whatever you may think of her politics was an immensely strong politician, visionary politician. But of course she had her poll tax moment. The interesting thing, Sir, about the poll tax, which is why it took me a lot of time to put my head around it, was that logically it was very defensible. It was in a sense very defensible logically. In a way, Sir, it could be argued - although he has got there a lot earlier in a sense than Margaret Thatcher - that Senator Le Sueur is experiencing his own poll tax moment. If you accept the assumptions from which he starts his argument he has logic on his side. The masses who are pressing in upon the British encampment at Rorke's Drift, which is the encampment occupied by Senator Le Sueur, against all that, Sir, he believes that his particular brand of logic - as did Margaret Thatcher with the poll tax - will win the day. Part of the bigger picture, Sir, behind G.S.T. was that the Jersey public entered upon in a sense an implicit covenant with the States of Jersey. Part of the covenant was they would take the pain of the various taxes. I think the Minister for Treasury and Resources, in a sense, has been very brave if foolhardy in the way he has pursued this. They would take the pain if 2 deals were done. The first deal would be that there would be realistic cutbacks to government provision. With deference to Deputy Gorst who feels I have been very unfair in this regard, although we did make some aborted attempts at this I do feel at long, long last through the good offices of the Comptroller and Auditor General we have perhaps got that programme on track, but it took a long time. The second thing, Sir, is the covenant covered the fact that for all its problems there would be viable exemptions. In a sense I do not think we have delivered on that one. We have tried. There were 2 major parts of the covenant that were entered into in order that we could experience the pain to have long term gain. As I said it was a pretty rocky start. The last comment I would make, Sir - no



the penultimate one - is much as I sympathise with Senator Norman, and indeed I may support him but I am still trying to struggle off the fence Deputy Southern will be glad to hear. Much as I support him, I do find his economics very strange because it strikes me that if we are entering more turbulent waters - and as Deputy de Faye said there is every possibility of that because of the unpredictability of the situation - it is not the time to introduce new taxes. To tell people: "Look, we have got a temporary respite. The money is flowing. Let us delay it", I think is the wrong reason. It sends out the wrong messages. **[Approbation]** Oddly enough I would have supported him or I will support him much more strongly were he to go for the view that in such a situation you do not introduce new taxes. The reason you do not, Sir, is partly to do with Deputy de Faye's misunderstanding - if I may be so bold - of economics because what States do do, and in the absence of our adviser, under control conditions - and the problem is most of them do not control the conditions - they follow the advice of Keynes, of course, and they introduce temporary public spending. The problem is of course when they do not put limits on it, and it just carries on and on and on. But even people like George Bush are contemplating these particular approaches at the moment. So the idea that you just bring public spending to an end, you cut it off and you deliberately remove money from the economy, is I would say a total misunderstanding. There may in fact be a case for that. The very last point, Sir, which is another random point. The Minister for Treasury and Resources is doing his very good impression of the people at Rorke's Drift. I will take them as they come. I will take the thousands who sign the petition because essentially they are very nice people but essentially misguided according to Deputy de Faye. I would ask him to contemplate the fact that he did put the Jersey Telecom decision on ice for 3 years. We have had a lot of to-ing and fro-ing on that particular decision. Why is he being so dogmatic about the G.S.T. decision?

### **3.2.18 Deputy A. Breckon of St. Saviour:**

Just a couple of points, Sir. A number of speakers - Deputy de Faye and Deputy Le Hérisier - have made reference to the G.S.T. petition and said in effect people have signed not to pay tax. In actual fact that is not what the petition said. In general terms people were not content to instigate a funding mechanism for government without some safeguards. That is really what it was about. They wanted to look at some transparency, value for money issues and something like that. I do not have the petition in front of me, Sir, but in general terms it was about public finances being independently examined before it was done. I think the Comptroller and Auditor General perhaps is doing some of this now, and I should say I am a member of the Public Accounts Committee. Also, Sir, the petition was talking about delay until other funding mechanisms had been examined and explored. I think the Treasury Minister said in effect that had been exhausted but we still do not have the stamp duty one on share transfer of property, so in fact everything has not been done. That does not seem to be being done on the hurry-up either. So in general terms, Sir, the petition was not against G.S.T. It was qualified in the wording of it and that is what people signed for.

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

Much has been said about G.S.T., much of which we have heard before in previous debates. I was outside this House when G.S.T. was first talked about and I have always been a supporter of it. There are other Members of this House that have always stood against the principle of G.S.T. I guess this is another opportunity for them to air those views once again today. That is not to say that those who were always for diversification of our taxes should not have a few words too. Some of those have been spoken today already. The things I would like to say - and I am going to try not to repeat some of the things that have been said already - is it has all been agreed pretty much already. We have an Appointed Day Act to get through yet. Businesses are ready. Some are more ready than others. Computer programmes have been purchased, systems have been set up. They are ready to go. Delaying it now I am afraid with some businesses will be almost as difficult as having it in the first place. It has gone too far. We do need to get it in for all sorts of good reasons; good fiscal reasons and businesses have to plan. Businesses have made plans and now the plan is

coming to an end and they are ready to go. I think it will be sending out exactly the wrong signal to businesses, having already agreed and decided. Some did not like it but they accepted - even the Chamber of Commerce accepted in the end - that G.S.T. was a necessary evil. To now turn round to those businesses and say: "By the way, we are going to put it off for a year now." I know businesses that have already written to all of their clients explaining how they are going to process all this. They have prepared all their stationery. They are ready to go. I think it is sending the wrong signal out to business. It makes us look daft at this stage to make a delay. The other thing I would like to mention is that we have a Strategic Reserve. It has barely got enough money in it for one year's funds, for one year's public expenditure. I am sorry, that is simply not good enough. We have had good times in Jersey in the past and we simply have not put enough away. We are now saying when we have got a surplus: "Let us stop this process." What we should be doing if there is surplus is putting it away in a Consolidated Fund, putting it away in the Strategic Reserve, so we have got just about one year's revenue expenses in that reserve. For an Island economy that has done so well for so long that is a poor reflection of our success and here we are saying: "Well, we will kiss goodbye to another £45 million for a year." I think it sends out really bad messages of our own financial management. We simply just need to get on with it. Deputy Le Hérissier mentioned Margaret Thatcher. I cannot quite imagine Margaret Thatcher rolling over on this one having come so far with it. If she had not had indirect taxes in her economy during her time of office she would not have had the economic success in the U.K. that she had under her government. Diversification of taxes in our economy - in any economy - are important. We have relied too long on income tax and corporate tax. We must diversify our tax base and this is a sure way of doing it. Delay, I am afraid... and I like Senator Norman and I admire Senator Norman. I think he is an honourable States Member. He is quite often very Statesman-like. He is very Statesman-like. He has been of great help to me on occasions as a new Member in this House. He is very Statesman-like which is why I am so disappointed that on this occasion with an election coming up - sorry, I am going to say it, Sir - to come out with such a populist issue I am afraid is not as Statesman-like as I have known Senator Norman to be. I am very disappointed in that because I hold him up as a great Statesman and this is populist politics of the worst sort. I am very disappointed and surprised at the Senator. Had he been on the Council of Ministers - he nearly was - would he be doing this? I am not so sure because we all had the information. This is not the back of a fag packet calculation. This has been in the planning for over 5 years and possibly longer. To change it at this stage sends out all the wrong signals. It almost looks like we have calculated on the back of a fag packet. We have not. We have been working on this. We have had experts from accounting firms, from other governments from all over the world looking at our tax base. We took that advice. Now we should act upon it. Delay makes us look foolish. I cannot support this proposition and I am disappointed in the Senator.

### **3.2.20 Deputy P.N. Troy:**

When Members have said that Senator Norman's amendment is rather late in the day it is worth pointing out that the financial forecast is from March 2008 and it has only just been officially released. Senator Norman could not have brought these figures forward any earlier because they have just been released. There is no way he could have done this. That criticism really should be thrown out of the window. It is interesting to think that we have got these surpluses arriving now. When one looks at the figures for 2008, we have a £27 million figure at the bottom of the column of table 3.1. Then when you look on the next page at the financial forecast for March 2008, the probable in 2008 is £65 million. So we are probably banking £38 million already in that regard. We have got a £38 million surplus there. Then when we move on to 2009 we see that we will now have £75 million instead of £49 million which is another £26 million. So when you add £38 million and £26 million, we have banked an extra £64 million over the last 2 years which is pretty handy, is it not? Senator Norman is saying basically: "We are giving the public all pain but no gain." It is obvious that our black hole which we have been advised previously is at certain figures, that black hole is smaller than we had previously been advised but it is not said anywhere.

If we look out into the future I think everything will not be as disastrous as some might maintain. In fact the stock market in America went up yesterday on the basis that banks there were getting more support and things are not looking as disastrous in many ways. Then I come to my next little pet favourite which I have been saying to the Minister for Treasury and Resources for the last 3 or 4 years is that I think that our G.S.T. will raise more than £45 million. Sorry, my voice is going. I have had laryngitis [**Approbation**] and I had to stop speaking for 6 days [**Laughter**] but my voice is back. Sorry about that everybody but my voice is a little bit hoarse. [**Interruption**] The thing is I have always maintained that we will raise more than £45 million. If we look in the Isle of Man their tax raised in 2005 to 2006 from V.A.T. (Value Added Tax) was £320 million. In 2006 to 2007, in 2007 it is projected as £376 million. That is a figure released. If you take £376 million that the Isle of Man produce from V.A.T. divide it by 17.5, every 1 per cent of V.A.T. that the Isle of Man obtains is producing £21.5 million for every 1 per cent. That means if we were to match those figures at 3 per cent we would have an income of just over £64 million from our G.S.T. I have taken from 17.5 per cent, I have gone down to what every 1 per cent produces. On the same basis ours would produce around £64 million. Let us say that is wrong. Let us say it is only £60 million. Let us say it is only £55 million. Let us go lower. Let us go to £50 million. [**Interruption**] [**Laughter**] But the margin for error there is... what I am saying is I have always maintained that our G.S.T. will raise more. We have a larger economy. We have a larger population. We all spend more over here because we are a thriving economy. We have a lot of people spending money over here. I personally do think that G.S.T. will raise more than we are being told. Yes, my point is that there may be room to manoeuvre here. There may be room to give something back to the public. We have collected £64 million over the last 2 years. When we do bring in G.S.T., I claim that we will bring in more than the £45 million. I think I might have said once that I would eat my hat if we did not but I do not have a hat. I would have to go out and buy one. I have got a hat. It has got an Arsenal logo on it but I would eat that. [**Interruption**] I think that I am going to support Senator Norman today. I am not saying that we have got money coming out of our ears but what I am saying is that the position that has been given to the public over the last 4 or 5 years is wrong. It is different to what we have today. Maybe the Minister for Treasury and Resources out in the corridor might say: "There is more money sloshing around. All the calculations were a little bit out. The black hole is not as big as we expected it to be." Yet we have 20 means 20 coming through. We have more businesses going to pay through, the public pay through G.S.T. I think there is room to manoeuvre here. There is room to give something back to the public because we have collected extra from the public.

### **3.2.21 Deputy G.C.L. Baudains of St. Clement:**

I was intrigued by some of the speeches this afternoon. The Deputy of St. John I believe - if I assume correctly - suggested that those seeking a delay of the Goods and Services Tax were working from the back of a fag packet, I think he called it. I have always thought, Sir, that the way the Goods and Services Tax has been modified by the Treasury and continues to be modified even today demonstrates it is possibly the Minister who is working from a fag packet and not those who oppose him. I would also just like to express my gratitude, Sir, to our African correspondents for reminding us of the Zulu wars. However, our luck was in because they were probably limited to 30 miles an hour. [**Laughter**] On the matter in hand, Sir, I think we need to reflect that in the private sector it is competition which ensures financial discipline. A government is not subject to such pressure. In the public sector indeed the only pressure is the lack of cash. We have seen, Sir, from the recent plan for spending in 2009, what financial pressure can achieve. Unfortunately, Sir, and this is one of the reasons why I am philosophically opposed to Goods and Services Tax, is that that particular tax in a stroke removes that pressure. You can basically do whatever you want to do. All you have to do is raise the tax another 0.5 per cent or 1 per cent or whatever. Senator Norman has in his opening speech already demonstrated that we do not need the income from the Goods and Services Tax. It is, therefore, fairly obvious that its imminent introduction can only encourage spending that otherwise would not take place. If you add to that not only the damage that we will

do to our economy as people seek to buy goods from elsewhere instead of locally, the damage it will do to tourism because we already have an over-priced economy, shall I say, which will go up another 3 per cent as a result of this tax. But also the continuing uncertainty surrounding the tax, by which I mean even the Treasury cannot answer questions posed by businesses simply because they do not know the answers. It really is a wait and see. A year's break would give businesses and the Treasury a chance to work out the details which they are hoping will work but they are not quite sure how they will. I think to introduce the Goods and Services Tax now instead of in a year's time is manifestly immoral. It is the public's money not ours. I think we too easily forget that.

**3.2.22 Senator F.H. Walker:**

I will try and keep my speech as brief possible because many of the arguments have already been rehearsed but we should remind ourselves why we are in this position, why we are having this debate today at all. The only reason is that the States having previously agreed to introduce G.S.T. from 1st May this year, the Treasury and Resources Minister having taken the advice of the Chamber of Commerce and listened to their concerns, is recommending a deferment of 5 days to 6th May. What has happened here is we have an opportunist politician - an opportunist proposition - who seized on that to try and defer the whole shebang for a year. Were it not for the Minister for Treasury and Resources seeking to accommodate the wishes of the economy - of business in Jersey - we would not be in this position at all and Senator Norman would not have had the opportunity to bring this amendment. Senator Norman has based his amendment on 2 principal issues and they are both wrong. Both wrong. Both flawed. I would say they are both fraudulent. **[Members: Oh!]**

**The Bailiff:**

They are both what?

**Senator F.H. Walker:**

Sorry, Sir, fraudulent. **[Laughter]**. I am not suggesting that Senator Norman is a fraud, Sir. I am suggesting his arguments are fraudulent.

**The Bailiff:**

Fundamentally mistaken might be better.

**Senator F.H. Walker:**

Well, fundamentally mistaken. **[Laughter]** I love that description I have to say. Sir, he bases it first of all on the figures and the fact that his argument is we do not need the money or we do not need the money this year. But the fact is that the forecast has not materially changed since the States last took its decision to introduce G.S.T. on 1st May. It changed a bit but it has not changed materially; only a small increase. So that argument that we needed the money when we last took the decision but we do not need it now does not hold water at all. There is no reason based on that for delaying the introduction of G.S.T. That one is gone. The other argument is it is only deferring it for a year. Sorry, that is not what Senator Norman wants to do. It is not what his report says he wants to do. His report very clearly says we should be looking for innovative and more imaginative measures, which clearly suggests this is a device. It is a device to get G.S.T. allegedly deferred for a year so that the whole argument can come back to the States again next time around in the new States. It is nothing to do with deferment; everything to do with 'do not introduce G.S.T.' without any clues at all about what the alternatives may be. There is nothing in his proposition, in his speech, in his report which says what these more imaginative measures might be. The States have already rejected payroll tax. They have already rejected increasing income tax. So what are these imaginative alternatives? If we knew what they were then maybe we could give them some consideration. But no-one has come forward and suggested these imaginative alternatives. Frankly after 10 years and 6 debates you would have thought if those imaginative alternatives existed they might just have seen the light of day before now rather than at the 11th

hour 55th minute which is very much where we are at today. So that is shot as well. So his 2 principal reasons: (1) we do not need the money; (2) this is only a deferment, just do not hold water at all. Let us look at the forecast. There has been a lot of discussion about the forecast and Deputy Ferguson was absolutely right. In Senator Norman's figures he has included 2007. His calculation at the surface includes 2007, which is done, gone and dusted. Let us look a little bit further ahead, and we will see that the surpluses, and/or deficits, that our balance, our financial balance, hangs on a thread. If we look forward to 2010 and further, it hangs on a thread and those forecasts were put together before we knew anything about the credit crunch, and Senator Norman himself has said: "There is a new world out there." Well, there is a new world out there, and it is a lot tougher than the one that existed when the forecasts were put together, so no one can claim that the forecasts are conservative. They may well now - we do not know - but they may well now turn out to be very optimistic. We just do not know, but we are risking our financial stability if we do not introduce G.S.T, and I have said already, let us make no mistake, that is what really lies behind this proposition. It is not a deferment for a year, it is: "Let us not do G.S.T." and that is very clear from the report. What if we do not? If we do not introduce G.S.T, we have a choice then. We either introduce a payroll tax, which we previously rejected; we either increase the basic rate of income tax, which we have previously rejected, or we come up with an imaginative alternative, which nobody has a clue what it might be, or we go into £45 million a year deficit from 2010 onwards - or very close to £45 million a year - or we severely reduce the services we offer to the public, and we have already heard from Deputy de Faye, and he is quite right, that we are not investing enough in our infrastructure already; we cannot recycle to the extent we would like to recycle; we cannot introduce early years education and we are falling short on property maintenance, and that is with our existing financial forecast, so if we go into a deficit, then those things have no chance and nor do a lot of other things as well. A lot has been said also about business confidence, and I cannot over-emphasise the shockwaves that would go out if, after having gone through all the debates we have gone through, assessed all the arguments, chosen to stay with G.S.T. - despite the signatures on the petition - the shockwaves that would go out now that we, the States, have wavered, wobbled and given in to populist arguments at the very last minute. The shockwaves would be massive, and they would extend far beyond the shores of Jersey. Deputy Southern, in his speech, mentioned big business as though that was something to be sneered at. The fact is that everyone in Jersey relies on the contribution from big business; if by big business, you mean the finance industry, every single person in Jersey relies on that industry for much of the service that we provide, be it health, be it education, be it pensions or whatever. So we should not be sneering at big business, we should be thanking our lucky stars that we have enough of it to be able to afford the very high level of services that we have at the moment. Now, if we do anything which deters that big business, which rocks their confidence in our ability to run Jersey, rocks their confidence in Jersey's economy, we are taking a risk; nay, we are putting the people of Jersey at risk, not ourselves. It is not the risk we are taking, we are taking a risk on behalf of the people of Jersey, and our reputation, our credibility, would be completely and totally shot. There are those who say it is already, but if we want to make sure it is, this is the way we go, we go down this populist route, or after having debated and agreed that G.S.T. is the right answer or the least unattractive answer, no fewer than 6 times. We have also heard, Sir, that now is not the time to take money out of the economy, we should be putting it into the economy. Well, we are, not with G.S.T., but Senator Norman mentioned a reduction in interest rates. Well, that applies to the Jersey economy in exactly the same way that applies to the U.K. economy, so that in effect is injecting more money into the Jersey economy, and look at what we are doing in other forms of taxation. I do not think enough has been made of this in any shape or form. Look at the fact, the 20 per cent increase in child allowance; increase in tax thresholds way above inflation; income support plus to meet the cost of G.S.T. for those who cannot afford it, and then, in addition to that, additional money to fund the gap between those on income support and those who pay tax. So we are putting considerably more money into the economy, but what we are doing here is striking the right balance, and Deputy Ferguson was again quite right when she said if you want to reduce tax, you reduce direct taxation,

certainly not indirect taxation. Briefly, I could just refer to the election, I think it is possible that some Members may be thinking: "Phew, if I vote against G.S.T. now, then that might be good news for me when I stand for election." Well, I think they might want to reconsider that a bit, because if G.S.T. does not come in this year, it will be the hottest election issue at the end of the year, because candidates, one after the other, will be asked: "Do you support G.S.T. or not? Do you want it introduced in May 2009 or not? If not, what are your alternatives, and oh, by the way, those who have supported it so far but change their minds now, why did you change your mind and what are your alternatives?" So it is going to be an election issue anyway. In my view, it will be a much, much hotter, more tougher election for Members to deal with, candidates to deal with if it does not come in this May than if it does, because it will not be the ogre that many people think it will be coming in at the rate of 3 per cent. We have heard much about business not being ready and I think that has been adequately answered by other people. It has been suggested that the delay would be welcomed by business. Well, I am sure it would be welcomed by some, but it will certainly not be welcomed by others who have invested massive amounts of time and money in systems and getting prepared for this year. It would certainly not be welcomed by them. They would be anything but welcoming. Basically, Senator Norman has 2 arguments: one is we do not need the money, which is absolutely not the case, and if we look forward to the forecast, ignoring 2007 - which he should never have included in his figures in the first place - if we look forward on the forecast, they are delicately balanced before the effect of the credit crunch, and we are just playing - somebody said it earlier - Russian roulette with our finances if we do not introduce G.S.T. now. Certainly, as Senator Norman would want us to do, if we do not introduce it at all, then we really are up a gum tree in terms of our finances, our reputation for financial management will be completely shot and our reputation for leadership will have gone in the same direction, and the credibility of the States, the credibility of the Island, will also be shot with it. So there is no basis for delay based on the financial figures that Senator Norman has used, and there is certainly no truth, I have to say, in the suggestion that this is only a deferral for a year. This is an attempt to undo G.S.T. completely, without coming up with any alternatives whatsoever. Now, in his favour, to his credit, Senator Norman has, as the Minister for Treasury and Resources said, at least been consistent, but that is all you can say about his proposition, and he does come from the point of: "I do not want G.S.T." If it was accompanied, or if it had been accompanied in any of the previous 6 debates by: "I do not want G.S.T., let us have this instead" maybe he would have won the argument, but he has never done that and is not doing it today, so there is no credibility in that argument at all and Members should not be fooled into believing this is only a deferment for a year. It is not. This is the last minute, last gasp attempt to get rid of G.S.T. without having any credible alternative whatsoever. So there is no substance to Senator Norman's amendment, no substance to his arguments whatsoever, no legitimate reason for the House to change their minds, which they have made up now on so many occasions, every reason not to do so, and I would say, Sir, for the sake of our reputation, our integrity and confidence in Jersey, we must vote this amendment out.

#### **The Deputy Bailiff:**

Does any other Member wish to speak? Very well, I call upon Senator Norman to reply.

#### **3.2.23 Senator L. Norman:**

Deputy de Faye referred to some battles of the past. I do not recall from my history of it that Custer took part in the Zulu wars, but I may have that wrong, but if I am Custer, who I believe had certainly more hair than I do... as Deputy de Faye, sitting bald, who probably had a similar amount of hair at the time. But the speeches that bothered me most... I heard the speeches from the Chief Minister, from the Minister for Treasury and Resources; exactly what I would have expected, but there are some that bothered me, and to use the Chief Minister's much-used words, made me a bit sad. There was Deputy de Faye, there was Deputy Le Fondré, and there was Deputy Fox; because they seemed to have joined the band of tax and spend States Ministers. You see, let me explain why, because the figures that have been produced by the Treasury and the Minister for Treasury

and Resources do show quite clearly a surplus over the next 6 years, from 2007 to 2012, of £177 million. It was my belief, the belief in the Business Plan, the advice that we have been given that the intention was that that money was to go into reserve, into the Stabilisation Fund and into the Strategic Reserve, but we hear from those Ministers and Assistant Ministers that: “No, what we want to do is to spend that money on our pet projects”, their Transport and Technical Services, at Education, all worthy things we want to do, but it is quite clear that the worry that some of us have that G.S.T. will be this tap to make it easy to increase the spending is reality, according to those minutes. Instead of focusing on efficiencies, on savings and prioritising, no, it is: “Let us turn the tap on and let us spend it” and that is the reality and that is the message the public are going to get. I would say to Deputy Le Fondré my proposition is not a £45 million gamble, as he suggests. It is an absolute certainty, no gamble at all, because the money is already in the bank. The gamble will be rejecting my amendment, because we will then be gambling with our economic stability; we will be gambling with our economic future; we will be gambling with jobs and gambling with future tax revenue. Now, he criticised my figures, he said: “Talking about big deficits in 2010, 2011, 2012.” My amendment does not affect those years one iota. The Chief Minister and Deputy Ferguson also criticised my figures because I had used 2007. I was very, very careful with my figures. I used the exact figures, I copied them from the Business Plan of 2008 and the draft Business Plan of 2009. They are not my figures; I have not spun them; I have not censored them; I have not changed them. They are the figures produced by the Treasury, and I will not be criticised for using the exact figures from the Treasury. Now, Deputy Ferguson spoke of C.D.s (Compact Discs) and D.V.D.s (Digital Video Discs), I think, but I could not quite understand what the relevance of that was, but what she did say was that she accepted the principle of reducing tax, but it should be reducing income tax. Now, I do not go along with that, because in my view, income tax is the fairest form of tax we have, simply because - for all its faults, and it is not perfect - but at least it is based on the ability to pay. Goods and Services Tax, impôts duty and other indirect taxations are unfair by comparison, because they are non-discriminatory, no matter what your income. In fact, whether you have no income or whether you are the richest person in the Island, it affects you, it affects you equally. We were getting one or 2 bits of spin, were we not? Deputy Ryan spoke about: “I am proposing injecting £45 million into the economy.” Absolute nonsense. What the proposition does, the main proposition is to take £45 million out of the economy. My proposition says: “Let people keep this small amount of money out of £177 million we are going to be taking from them over the 6 years to 2012, let them keep just a bit of that instead of squirreling it away into the reserve or spending it on Deputy de Faye and Deputy Fox’s pet projects.” Senator Routier and the Deputy of St. Ouen were very concerned about the money that businesses have already spent on their administration systems. Of course, those administration systems will work just as well next year as they will this year, so that money has not been wasted. While I do have concerns about business, especially those who are going to have to go to great expense in the Channel Islands and have different prices in Guernsey and different prices in Jersey, I do have sympathy for them. I will be honest with you, I have more sympathy for the consumer, who is being absolutely hammered by a whole raft of tax measures which I described in my opening speech, the I.T.I.S., the all-Island Rate, the 20 means 20; the V.R.D. (Vehicle Registration Duty); the V.E.D. (Vehicle Emissions Duty) and the other taxes which the Environment Minister has promised will come. I have much more sympathy for the taxpayer than the tax collector, and of course many of these businesses, when Zero/Ten comes in fully, will not be paying tax anyway, because their ownership is outside of the Island. So less sympathy for them, much more sympathy for the consumer and taxpayer of Jersey. Now, both Senator Vibert and the Chief Minister said: “Do not be fooled, this is a proposition to get rid of G.S.T. all together.” My views are well known on this, but the fact is my proposition fixes a date for the introduction of G.S.T.; the proposition is absolutely clear, and if nothing else happens between now and 5th May 2009, the tax will come into place, but I cannot make that decision, even the Chief Minister cannot make that decision, that is totally a matter for the States. I do accept and always have done the democratic process and I recognise - and I have often said this - that G.S.T. is almost inevitable. All I am saying, and will continue to say, that it is

not needed now. All I am saying is a delay of one year, and to have a delay of one year, according to Senator Vibert, would be to shake confidence. What nonsense. To have a delay of one year, to get rid of this dogmatic idea that we cannot change will create confidence among the electorate, among the voters, among the people of Jersey to say: "Hey, look, the States do listen when they have a reason, when circumstances change, where the financial position improves, they can listen and they can do something about it." Deputy Southern did make a couple of interesting points. He did point out that is going to increase the cost of living and therefore is going to have an impact on wage demands next year, and that will no doubt have an impact on settlements that are made, so some of the G.S.T. we are going to be collecting next year will be going straight out in wage packets, and of course, the savings are even greater, because we have heard about the 10 staff that will not be needed for a year, they can be redeployed doing constructive work somewhere else; there will be a saving on income support, because it will not be necessary to take money from people and then give it back to them in a different way, and saving on the money that is going to be paid out for those people who are in between the threshold for income support and the tax threshold, so the saving is quite a lot more than we might anticipate. But that is by the by. Senator Le Sueur said he would be ashamed if the States accepted my amendment. I would say to the Minister there is nothing to be ashamed about when you are flexible. There is nothing to be ashamed about by reacting to changed circumstances, nothing wrong with changing your mind for the right reasons, because I emphasise to him that this proposition, this amendment, is not opposing the financial strategy that he brings forward. It is not even challenging or opposing his policy. It is not even opposing the need for this tax. All it is doing is saying: "We do not need it now." I accept that there is going to be a need for some sort of taxation if our spending plans are to continue and we do not reduce spending, but the figures I have produced and given to the States are accurate. They are the Treasury's own figures. In September last year, the surplus predicted for the 6 years, 2007 to 2012, was £4 million. When we debated the budget in December, they were £145 million and in March of this year, 25th March, about a week or 10 days ago, they had gone up to £177 million. The Minister would say they have not changed very much: from £14 million to £145 million is a huge change, but even if we just take from December to March, £145 million to £177 million, accepting that is erring on the side of caution, that is a huge change as well in just a few months. There is no way anyone can argue, based on those figures, that we need the money now. They talked about confidence and respect for the States. The States will not gain confidence and respect by being dogmatic and taxing unnecessarily, but the States will gain confidence and respect by being flexible and reacting to changing circumstances, both local and globally. He spoke about dithering. There is nothing in here about dithering. This amendment will give absolute certainty that the tax will come into force next year on 5th May, absolute certainty and clarity. **[Laughter]** Well, people laugh, but if it is not going to come into force, there is going to be a very good reason why it is not going to come into force: the States are going to have to make a decision. There are only 3 questions I think that we need to ask when we make our decision and have a vote on this amendment: (1) do we need G.S.T.? Answer: yes. If our spending plans, according to the Business Plan that we agreed last year and will probably agree this year - and we stick to those - there is no doubt that G.S.T. or similar tax raising measures will be needed, unless we can find efficiencies and savings of some description. That is why my proposition does not get rid of G.S.T., it accepts some sort of inevitability, if we are going to stick to those spending plans, G.S.T. will be required or taxation measures to make up for that. Do we need the new tax now? The answer is clearly and obviously no. Even from the budget time of £145 million surplus predicted, we are now at £177 million and growing. It clearly is not needed now. We can give some relief to those taxpayers, who have had all these measures imposed on them, from I.T.I.S., the all-Island Rate, 20 means 20, V.R.D., V.E.D., stamp duty on transfer of property, it is all there. It is not needed and there could be no argument about that at all. Is it wise to introduce it now? Well, clearly not. I mean, we all agree that the world situation has changed. Senator Walker, in his speech just a few moments ago, one of the last speeches, said: "Look what we are doing. Base rates are coming down" and says: "Oh, in America, they have been slashed; in the United



Kingdom, they have come down and are likely to be cut quite severely this month or later this month. They have come down.” What benefit is that to the consumer, because mortgage rates are going up. The natural order of things has changed and we have to recognise that and not take the risk with our economy. The United States, the United Kingdom and other places are putting liquidity back into the market, making liquidity available to the banks. What do you think the banks are doing with it, just hoarding it away? Of course not. It is finding its way back into the economy. Taxation is being reduced in the United States and deferred in the United Kingdom. We are in a changing world. We have to face up to that. This should no longer be about dogma, it is about doing what is right for the benefit of the taxpayers of this Island and I maintain the amendment, Sir.

**The Deputy Bailiff:**

Do you ask for the appel? The appel is called for in relation to the amendment. I invite Members to return to their seats, and the Greffier will open the voting.

<b>POUR: 17</b>	<b>CONTRE: 27</b>	<b>ABSTAIN: 0</b>
Senator S. Syvret	Senator F.H. Walker	
Senator L. Norman	Senator T.A. Le Sueur	
Connétable of St. Mary	Senator P.F. Routier	
Connétable of St. Clement	Senator M.E. Vibert	
Connétable of St. John	Senator P.F.C. Ozouf	
Deputy R.C. Duhamel (S)	Senator T.J. Le Main	
Deputy A. Breckon (S)	Senator J.L. Perchard	
Deputy G.C.L. Baudains (C)	Connétable of St. Ouen	
Deputy P.N. Troy (B)	Connétable of Trinity	
Deputy R.G. Le Hérisssier (S)	Connétable of St. Lawrence	
Deputy J.A. Martin (H)	Connétable of Grouville	
Deputy G.P. Southern (H)	Connétable of St. Brelade	
Deputy J.A. Hilton (H)	Connétable of St. Martin	
Deputy P.V.F. Le Claire (H)	Connétable of St. Saviour	
Deputy D.W. Mezbourian (L)	Deputy J.J. Huet (H)	
Deputy S.S.P.A. Power (B)	Deputy J.B. Fox (H)	
Deputy K.C. Lewis (S)	Deputy S.C. Ferguson (B)	
	Deputy of St. Ouen	
	Deputy P.J.D. Ryan (H)	
	Deputy of Grouville	
	Deputy G.W.J. de Faye (H)	
	Deputy J.A.N. Le Fondré (L)	
	Deputy of Trinity	
	Deputy A.J.D. Maclean (H)	
	Deputy of St. John	
	Deputy I.J. Gorst (C)	
	Deputy of St. Mary	

**The Deputy Bailiff:**

Very well. So we return to the Act, and does any Member wish to speak on the Act as amended? Deputy Ryan.

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

Now that Senator Le Sueur has successfully fended off that particular amendment, I am afraid I am going to give him a little bit of trouble over the original amendment delaying G.S.T. - was it for 5 days - and in particular, the fact that that will cost us £500,000, and I cannot really see any good reason. To be fair, the Senator does say, or has said - I think verbally, not necessarily in this

forum - that some businesses will find 6th May more difficult than 1st May. He says, not in the original report, but in his comments on Senator Norman's amendment that has just been defeated, he does say that he is doing this to: "Effect the minimum of disruption to both consumers and retailers." But I would say to the Senator that there are other businesses besides retailers. There are a whole raft of businesses that are not necessarily direct retailers and I think by "retailers" he means generally food retailers. I think that is his main concern, but I would point out that food retailers are coping with price changes on a daily and weekly basis. What about all of those businesses that work on monthly accounts? I would suggest that there is probably a larger number of businesses dealing with a larger turnover than food retailers, for example, or all retailers even, and I believe that those businesses will find it extremely difficult to change their price structures on 6th May, and I wonder how many of those businesses, like mine, might well be considering, particularly where they provide a service on a monthly basis, will be thinking about doing a lot of invoicing on 5th May, and still with no cash flow disadvantage, because you will get paid by the end of June in the same way as if you invoiced on 5th May or 31st May. The difference will be that one will be without G.S.T. and one will be with G.S.T. and I would suspect that the financial implications could be considerably more than £500,000, considerably more, and that is something that I think the Minister for Treasury and Resources needs to think about. So although I do not know which way Senator Norman will vote on this particular one - I suspect against as well, just because he will vote against anything that is G.S.T. related anyway - but I do need to have a conversation with him about how double-negatives work, and in fact, that when you do not impose a tax which is part of an overall financial strategy, you know, it is a double-negative and you are in effect putting money back into the economy and it is not a spin. Nevertheless, that conversation apart; no, I think Senator Norman will probably vote for this, strangely, because even 5 days delay to G.S.T. will probably be what he would prefer. So I do not know where Senator Norman is on it, but certainly, I am finding it very difficult to support the Minister for Treasury and Resources on this, and I would strongly urge other Members to think about this again. I think there will be a certain amount of disruption because it is not a weekend, but I do not think it is that significant, and I think it is more than offset by the problems that you create when you do not use the end of the month or the first day of the following month to start G.S.T.; that is my view. So I am afraid at the moment, unless I get some very strong arguments - I suspect from Senator Ozouf, who I know is the instigator of this one - I will not be supporting it.

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

I had hoped that the Deputy could give way, because I wanted just to clarify something he was explaining. Is the Deputy saying to us that one of the issues we should be considering that small businesses like his own will in fact have to send out 2 sets of invoices in one month, and was that the major issue that he sees? I was not quite clear on whether he was either offering a benefit to his customers of non-G.S.T. invoices or whether he was trying to tell us that this was going to be a major additional burden for all businesses to have to do double-invoicing in one month.

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

The Deputy is correct on both counts. Yes, there will be needed to be for small business double-invoicing in one month; and secondly, you may well find that if you are servicing someone's premises - a house once a month - you might choose to do those particular houses where you are only going once a month on 5th May. You would do as much of that as you could up until 5th May and it will make no difference to your cash flow. It will make no difference to your cash flow. I think that is significant. I do not know how big, but it could be significant. Certainly in terms of double-invoicing, yes, that will be the case for many small businesses.

**The Deputy Bailiff:**

Does any other Member wish to speak? Deputy Ferguson.

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

Yes, I would just support that, Sir. I was buttonholed in the supermarket the other day by somebody from the building industry, who was complaining that they work on a monthly basis and they really would prefer to have the handover, the changeover on 1st May. I suppose, yes, the hotel industry also works on the monthly business. I just wonder about the rationale for this particular change and I would like the Treasury Minister to explain a little more about how and why and who proposed this particular amendment.

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

I would be interested to know from the Treasury Minister who he consulted, which businesses and what feedback he received back on this, because I agree with what Deputy Ryan was saying, in that most businesses invoice monthly and have some invoices in that monthly period with G.S.T. and some not. This seems a bit daft. I do not quite understand why he is wanting to do this and who he has consulted with and why he wants to do it this way. I cannot really see any benefit to anybody, not least the Treasury, who will lose in effect £500,000 as well. So I find it very difficult to support this, Sir.

### **3.6 Deputy G.P. Southern:**

Just briefly, Sir, what we are seeing here - and it does not matter whether it is 5th May or 1st May or 29th February or the 5th of never, really - this is a nasty, regressive tax. It should be voted out, and I will be voting against it again the introduction this week, next week, any time ever.

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

I have taken some advice, Sir, from some of my more leftward leaning colleagues, and I understand that 1st May is in fact International Labour Day, and given the potential likelihood of large numbers of red flags being paraded down the pedestrian precinct it may be that in the interests of security, the Minister for Treasury and Resources is advised to move the introduction of this particular tax from that date. However, it is clear that by moving the date, as always, there are unintended consequences, and I am disturbed to hear from Deputy Ryan that a large number of businesses are clearly going to be faced with this double-invoicing problem, so I would be grateful when he comes to his summing-up, which I imagine will be quite shortly, if the Minister for Treasury and resources could give us a very clear indication as to the genuine reasons behind this one month shift, because there does appear to be a significant body of opinion to indicate that it is causing more trouble than the Minister for Treasury and Resources intended, and I am sure he only intended to move in order to be helpful.

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

I call on the Minister to reply.

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

Yes, as the last speaker says, I was trying to be helpful, and in my opening speech, I said I know that there are some business which find it more convenient to implement G.S.T. from the 1st of the month, and I can never please all of the people all of the time, and having just proved that in the quarter of an hour. So if I cannot please all of the people all of the time, my next best option is to see who will get the most benefit from one date or another. Now, it strikes me that the introduction of G.S.T. is going to affect all businesses. It affects businesses dealing with products, with goods far more than it affects those business dealing with services, but then it is far easier to adjust the price of invoicing on services, which just means effectively changing your labour rates or changing your service cost. The pricing of goods is a more difficult issue and given that the majority of businesses may have a dozen or 2 prices to change, but retailers may have several hundred or even thousands of prices to change, I felt that the balance of sympathy lay with retailers, but as I say, I have an open mind on that, and I was merely trying to be helpful. Now, Deputy Ryan this morning was a very successful economic guru and over the past couple of years, he has been one of the

States Members with a greater understanding than most of the U.K. V.A.T. system and the potential impact of Goods and Services Tax in Jersey. So I was fully surprised when he is concerned about double-invoicing, because if he refers to the Goods and Services Tax Law, and I cannot remember the precise article dealing with the time and place of supply, then clearly some supplies will be made before 5th May and some supplies will be made after 5th May, and I see he is nodding his head, because those supplies made after 5th May or after the implementation date will be liable to Goods and Services Tax; those supplies made before 5th May will not, as a broad rule of thumb, anyway. So I think it is really maybe the question that the monthly statement will include some mixture of invoices containing G.S.T. and some invoices perhaps not containing G.S.T. That will be a one-off, relatively small problem, I would say, for those businesses who invoice several times in a month. I have more sympathy with building contractors, but again, only marginally. Deputy Southern, implacably opposed to Goods and Services Tax, will oppose anything with the name of G.S.T. on it, whether he thinks it is right or wrong, just out of principle. I remind him that if he opposes this amendment, he will bring Goods and Services Tax in 5 days earlier and deprive all those consumers out in the Island of bank holiday free G.S.T. shopping, but maybe that is a good thing he would like to achieve, and that is certainly what he will achieve by opposing this amendment. So I think the general comment I can make, Sir, is simply as I said in my comments to Senator Norman's amendment. Whether the Members wish to approve that date change from 1st May to 6th May is a matter of choice. I have relatively not particularly strong feelings. I was merely trying to be helpful to those retailers with the greatest burden, and also for those consumers who might be faced with the confusion which such a change would cause. But I am totally in the hands of Members, and if Members believe that the balance is wrong and will be supporting other people rather than the retailers, then they can vote against my amendment, but I believe, Sir, that I have the balance right, and I maintain the amendment.

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

Yes, the appel is called for, so I invite Members to return to their designated seats. The vote is for or against the proposition, the amendment to the Appointed Day Act in the name of the Treasury Resources Minister, and the Greffier will open the voting.

<b>POUR: 30</b>		<b>CONTRE: 7</b>		<b>ABSTAIN: 1</b>
Senator F.H. Walker		Deputy A. Breckon (S)		Deputy G.C.L. Baudains (C)
Senator T.A. Le Sueur		Deputy J.A. Martin (H)		
Senator P.F. Routier		Deputy G.P. Southern (H)		
Senator M.E. Vibert		Deputy S.C. Ferguson (B)		
Senator P.F.C. Ozouf		Deputy P.J.D. Ryan (H)		
Senator T.J. Le Main		Deputy P.V.F. Le Claire (H)		
Senator J.L. Perchard		Deputy of St. John		
Connétable of St. Ouen				
Connétable of St. Mary				
Connétable of St. Clement				
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 P.N. Troy (B)				
Deputy R.G. Le Hérisier (S)				
Deputy J.B. Fox (H)				
Deputy of St. Ouen				

Deputy J.A. Hilton (H)				
Deputy G.W.J. de Faye (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy D.W. Mezbourian (L)				
Deputy S.S.P.A. Power (B)				
Deputy A.J.D. Maclean (H)				
Deputy I.J. Gorst (C)				
Deputy of St. Mary				

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

Yesterday, due to my absence from the Assembly because of fog, matter P.29 was deferred to further on down the list. May I ask Members if they would be willing to take this matter next, please, Sir.

**4. Draft Proceeds of Crime (Supervisory Bodies) (Jersey) Law 200- (P.29/2008)**

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

This is the Draft Proceeds of Crime (Supervisory Bodies) (Jersey) Law. Are Members content to take that item as the next item of business? Very well, I will ask the Greffier to read the citation to the Law.

**The Deputy Greffier of the States:**

Draft Proceeds of Crime (Supervisory Bodies) (Jersey) Law: a Law to make provision for the supervision of compliance by certain businesses with anti-money laundering and anti-terrorist financing requirements. The States, subject to the sanction of Her Most Excellent Majesty in Council, have adopted the following Law.

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

I am grateful to Members. This is the latest in a series of laws which give effect to recommendations of the Financial Action Task Force. This is the international body charged with establishing best practice for anti-money laundering and the counteracting of the financing of terrorism. I will refer to this, for the sake of brevity, simply as A.M.L. (Anti-Money Laundering) in the rest of my remarks. To meet these recommendations, Jersey needs to ensure that certain categories of persons, which I will describe later, are subject to supervision in relation to anti-money laundering compliance matters. At present, persons who are already subject to the prudential supervision of the J.F.S.C. (Jersey Financial Services Commission) are currently overseen for these purposes by the Commission; in other words, those persons who are subject to it: (1) banking business; (2) collective investment funds; (3) financial services and insurance business. This means that all high risk potential sectors are already subject to supervision against A.M.L. matters by the Commission. However, the F.A.T.F. (Financial Action Task Force) recommendations go beyond these 4 areas, and include, for example, other areas such as other businesses that deal with high value matters, estate agents and high value goods dealers. These are currently not supervised for anti-money laundering matters, and now must, according to the F.A.T.F. regulation, be supervised. Jersey is committed to playing its full role in the fight against money laundering. Members will know that there are all sorts of undesirable and criminal activity, including terrorist activity that unfortunately we are at risk from. We are conscious that living in an increasingly globalised world that the reality is that Jersey cannot be complacent against this fight. Members will of course be aware that the I.M.F. (International Monetary Fund) will be visiting Jersey in October. This Assembly will be aware of the importance of this visit, and the importance that the finance industry is favourably assessed during this visit. I would say that this is not simply a matter of maintaining our reputation for its own sake, important though that is. We need to ensure that Jersey maintains its position as an equivalent jurisdiction by the E.U. (European Union) and our ability to get that is dependent on the I.M.F. assessment. Such international recognition is

crucial to ensure the continuing good flow of business to Jersey, and that we are all aware, I do not think I need to overplay the importance of the finance industry to Members. As Members will recall, one of the criteria on which we will be assessed by the I.M.F. is compliance with F.A.T.F. recommendation. This Law is, I must say to Members, extremely important - together with all of the other I.M.F. laws - to ensure that Jersey receives that best possible assessment, and thereby ensuring continued success of our finance industry. I should also tell Members that the timing of this Law is also critical. The I.M.F. assessment is not simply a compliance, a tick box that the Law is on the statute book. We need to do more than that. We need to ensure that there is also implementation of this Law, being that the visit is in October, we need to ensure that this Law, subject to Privy Council approval, is in force ahead of that visit, and that means that if Members pass this Law today, we will be able to hopefully get approval by the Privy Council and work can start on compliance as soon as possible. The persons that will be subject to this Law are those listed in schedule 2 of the Proceeds of Crime Law. Members will recall that schedule 2 of the Proceeds of Crime Law was amended by regulations earlier on this year. This included new categories to be covered by those F.A.T.F. regulations and they are all set out in the amendment of the Money Laundering Order. The schedule, as amended by the Assembly, includes persons in addition to those financial services of the community: estate agents who are regularly involved in transactions for their clients concerning the buying and selling of real estate; high value goods dealers, when accepting payments in cash of more than 15,000 euros or the equivalent international figure; lawyers, notaries and other independent legal professionals when participating in or assisting in the planning or execution of financial or property transaction, and also, for the first time, external accountants, auditors, tax advisers and insolvency practitioners; also the unregulated funds business; also a number of...

**Deputy S. Power:**

Sorry, Sir, I am not sure we are quorate.

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

Indeed, we are not. If the usher could ask Members to be summoned to the Chamber. Thank you, Minister.

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

Not obviously the most riveting subject to Members, but nevertheless... **[Interruption]** This Law extends the rules... the Commission's oversight in relation to the A.M.L. rules. These persons are already obliged to comply with A.M.L., but there is no supervisory body in place. As I have already indicated, the Law provides for new supervisory bodies to oversee the compliance of these new business areas that were set out in schedule 2. In relation to the prudentially supervised financial services community, the supervisory body will continue to be the Commission. The supervisory body in relation to other of the new areas will be designated by Order of the Minister for Economic Development. It is my intention to designate the Commission as the supervisory body for all of these new areas, certainly for the time being. However, it may well be the case that in time, there will be another supervisory body set up for some of the professions, certainly the legal and accounting sectors. I can inform Members that there has been some dialogue with the legal services sector about the supervisory body. There is, I think, an acceptance there is some sensitivity about the supervisory body being the Commission, but in due course, I am hopeful that we will be able to designate an alternative supervisory body to the Commission, but certainly for the first 18 months, it will be - if the States approve and we make the Order - the Commission. The Law contains various transitional provisions to give persons conducting a business or activity who will be supervised 3 months in which to apply for registration. Such persons will be permitted to lawfully continue their business while the application is considered. The Law permits supervisory bodies to also levy a fee on whom they supervise. However, before a fee is set, consultation must take place, and there are also provisions in the Law for an appeal to be made to a panel of Jurats to

the Royal Court for arbitration. The Island's A.M.L. C.F.F. (Central Facility for Funds) statutory group has consulted widely on this Law. In May 2007, a consultation paper was issued, and in January 2008, detailed text of the Law was put out to consultation. A number of the points were taken into account. However, the industry and all of these sectors did not understand the importance of the putting in place of the F.A.T.F. matters concerning money laundering and the financing of terrorism. I make the preamble.

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

Does any Member wish to speak on the principles to the Bill?

**4.1.1 Deputy J.A. Hilton:**

I just have a question for the Minister. On page 5 in the main body of the report, I may have missed something there, but it talks about persons subject to oversight under the Law, and it mentions high value goods dealers when accepting payment in cash of 15,000 euros or more. I was just curious as to why we were using euros and not sterling.

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

Just a couple of questions for the Minister. On page 6 of the main body of the report, it refers to a consultation process and the fact that respondents were supportive of the proposed legislation and I would like the Minister to advise whether any were not supportive of it, and if so, in what way. Just another minor point, on page 7, there is a reference to the fact that the Law will be funded from the Criminal Offences Confiscation Fund, and I would like the Minister to explain the process behind that decision, please.

**4.1.3 Connétable M.K. Jackson of St. Brelade:**

Would the Minister be kind enough just to confirm that the Estate Agents Association were supportive and agreed to comply with these Regulations?

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

I call on the Minister to reply.

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

I am grateful for Members' questions. In relation to the question concerning euros, my understanding is that is the amount which is the common currency value in relation to the amount of high value goods that needed to be complying with the F.A.T.F. regulation, and that is an international figure. I am not sure why euros are used, but certainly that is, as I understand it, the reason why it is euros opposed to sterling, and of course, with the up and down level of the euro, perhaps I might need to change the report in relation to the sterling value equivalent. In relation to the question on consultation, the area of principle concern has been, I have to say, in relation to the legal services sector. There has been some concern from the legal services sector about having the J.F.S.C. as the oversight supervisory body. I have been engaging in some considerable correspondence. I have to say, sadly, I did attempt to engage with the legal services sector and wrote, I think, 3 or 4 letters to them about this issue, and I have to say, I did not get a response from them, and we are at the situation where I think I will have no alternative but to designate the Financial Services Commission as the supervisory body for a period of 18 months. The reason why there is sensitivity is because there are sensitivities about the Commission effectively being able to go into law firms and have the powers, that we will go on to discuss later in relation to accessing of information, and they would prefer there to be an alternative body to keep the independence of legal privilege of lawyers and their clients. I am hopeful, as I say, that we will be able to find a solution. In England and Wales, my understanding is there is a solicitors' association or equivalent body that carries out the supervisory body. It may well be that the Law Society, together with a group of Jurats, eventually could be taking up that, but I said very clearly to the legal services sector - and I think they do accept that - that we simply must have this Law in place, and lawyers,

according to the F.A.T.F. regulation, are covered and the need to have a supervisory body is there, and I think that there is an acceptance of that by the legal services industry. That is the only, I have to say, substantive bit of consultation that I have received in relation to any of the bodies that are covered. I cannot stand here and say that the Estate Agents' Association...

**Deputy A.J.H Maclean:**

If the Minister can give way, I can perhaps help out with this one.

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

He is going to have to declare an interest then.

**Deputy A.J.H Maclean:**

I am happily going to declare an interest, but I can say that the association was fully consulted and had every involvement in the process.

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

I am grateful for my Assistant Minister in being honest. The difficulty is, I have to say to the Connétable of St. Brelade is that not all estate agents are sadly members of the Estate Agents' Association. Not all are signed-up to the Code of Practice of estate agents, but let there be no doubt, it is absolutely important, estate agents are engaged in putting together deals in relation to very high value amounts of money, and it is something that is absolutely critical. It is at the heart of the F.A.T.F., and even if - I have to say - estate agents came forward and said that they were not happy... that there were certain non-association members of the association who were not, I would have to say to them that we must do this, and this Assembly must do that. In relation to the criminal asset confiscations, the fact is that we do not know really what the costs incurred are. A lot of these I.M.F. regulations... a lot of the compliance of F.A.T.F. matters and other I.M.F. matters have come at, I will not say the last minute, but they are evolving issues, and it has been judged that certainly in order to get the supervisory bodies in place, and the cost association with that, that there was a strong case in order to use the Criminal Asset Confiscation Fund to do that. I do not have the figures of exactly how much money is on that, because we simply do not know, but it is not a huge amount of money. It is intended that fees will be levied after the first year in relation to do that. I have to say, on balance - I know that Members would be uncomfortable in sometime sanctioning such things like that, or Ministers being seen to sanction things from that - but on balance, the overall most important issue is that we get a compliance, or not be non-compliant in relation to this important matter for the I.M.F. assessment, and if that means a debit from the Criminal Asset Confiscation Fund, then so be it. But I know that the Attorney General may wish to make a couple of remarks in relation to that. I think that that covered all of the questions. I can say, just on that issue of consultation, no responses which were not supported of the arrangements were made. I would just make the observation that there was certainly a discussion with the legal services sector. I do not know whether the Attorney General wishes to deal with the asset...

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

Perhaps briefly. The Law requires that before monies are paid out of the Criminal Offences Confiscation Fund, there should be consultation with the Attorney General. I confirm to Members that consultation has taken place. The fund can only be used for the purposes of tackling the consequences of crime or for the reduction of crime: crime-related matters. These Regulations seem to me to be for the purposes of preventing money laundering, which is a crime, and therefore it is an appropriate application of the monies, although in the future, as I understand it, the funding will take place by a fees charge.

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



Well, I put the principles of the Law. Those Members in favour of adopting them, kindly show; and against. The principles are adopted. This is a Law which falls within the remit of the Economic Affairs Scrutiny Panel. Is there a member of the Panel? Very well, thank you. Now, Minister, you have tabled a number of amendments to the articles. Are Members content for the Minister to propose the articles as amended by the Minister's own amendments? Very well. How do you wish to propose the articles, Minister?

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

Well, I think, Sir, that I am happy to speak to the articles in detail, but perhaps I think Members have indicated their general understanding, and dare I say, acceptance of these important changes, so I would propose them *en bloc* and seek to answer any questions Members that may have on any of the particular articles that they may wish to draw their attention to.

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

The articles are proposed and seconded? **[Seconded]** Does any Member wish to speak on any of the articles as amended?

**4.2.1 Deputy R.G. Le Hérissier:**

6.3, Sir, where it says: "The governance body shall have the appropriate government skills and resources" who will define these appropriate governance skills and resources?

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

Does any other Member wish to speak? I call on the Minister to reply.

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

In relation to the supervisory body for the Commission, then that is going to be a matter for the Commission in relation to when I am asked, or any subsequent Minister is asked to deal with these supervisory bodies in relation to other matters, then I am going to have to be satisfied that the supervisory body is able to deal with all of the issues that are set out according to the requirements. The issue is that the Law Society, for example, is not seen to be sufficiently able to carry out, for example, inspections of their own members, so basically I am going to have to take a judgment call, upon advice of course from the Attorney General and other individuals. There is obviously an oversight committee put in place in order to deal with all of these I.M.F. issues, and I will take advice as to the fit and proper nature in relation to any supervisory body. But at the moment, I have indicated that it is my intention to designate the J.F.S.C. as the supervisory body for all matters. I hope that answers the Deputy's question.

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

I put the articles as amended. Those Members in favour of adopting them, kindly show; and against. The articles are adopted. Do you propose the Bill in Third Reading, Minister?

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

Yes, please.

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

Seconded? **[Seconded]** Does any Member wish to speak? I put the Bill in Third Reading. Those Members in favour of adopting it, kindly show; and those against. The Bill is adopted in Third Reading.

**5. Draft Customs and Excise (Amendment No. 5) (Jersey) Law 200- (P.31/2008)**

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

We come now to the Draft Customs and Excise (Amendment No. 5) (Jersey) Law 200- and I ask the Greffier to read the citation.

**The Deputy Greffier of the States:**

Draft Customs and Excise (Amendment No. 5) (Jersey) Law: a Law to amend further the Customs and Excise (Jersey) Law 1999. The States, subject to the sanction of Her Most Excellent Majesty in Council, have adopted the following Law.

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

I feel there has been a degree of misunderstanding perhaps over the past few years regarding the treatment of vehicle registration duty or V.R.D. when the Goods and Services Tax is introduced into Jersey. At the time of the consultation process I made it quite clear that with the introduction of the G.S.T. I would expect V.R.D. to be withdrawn. However, I also made it clear that we would need to generate some other form of revenue to replace the £4 million a year or so which V.R.D. contributed to States finances. G.S.T. was estimated to bring in a net sum of between £40-45 million a year and this was the amount of money we needed to deal with part of the problem caused by the move to Zero/Ten. Clearly if we did not replace the V.R.D. with something else it would still be an ongoing deficit of £4 million per annum. So in looking for a replacement for V.R.D. I was conscious of the need, if possible, to deliver certain key objectives. Firstly, conscious of the problems with the introduction of V.R.D. my aim was that there should be as little disruption as possible within the motor trade and its trading patterns. This meant that ideally any replacement for V.R.D. should come in at the same time as V.R.D. itself was withdrawn. Any new tax expected to yield the relatively small sum of £4 million a year should be relatively simple to administer and not require a new organisational structure. Thirdly, I was conscious of the fact that bringing in a further new tax at the same as G.S.T. could lead taxpayers to a feeling of overload and confusion. I accept that it would have been easier for me just to do nothing and to leave V.R.D. in place; however I felt that that would not be consistent with the message I have previously given which is that of a replacement for V.R.D. Putting those 3 principles together I have therefore come up with a proposal of a one-off vehicle emissions duty based, for simplicity, on the emissions data produced by motor manufacturers. This data is available for all light passenger vehicles produced since 1st March 2001 and it is based on something called mass emission figures of carbon dioxide measured in grams per kilometre driven. The old V.R.D. was in some respects the environmental tax itself in that it penalised vehicles with a high cubic capacity, which in many cases was synonymous with fuel consumption. However, not all big engine cars are high consumers of fuel and not all small cars are fuel efficient. I believe that with the introduction of vehicle emissions duty the principle of taxing the so called gas guzzlers has been enhanced. At the same time it is possible to discriminate positively in favour of vehicles such as hybrid vehicles or those with really low emissions, such that they would pay no duty at all. Sir, in recognising the environmental benefits of an emissions based vehicle duty one has to accept that changes in behavioural patterns may result in a reduction of revenue. It is clearly not possible for me at this stage to estimate how much or how little that change would be. If everyone were to buy low emission vehicles our revenues would drop but the Island would be extremely environmentally friendly. If nobody bought low emission vehicles our environment would not improve but we could get more revenue and that additional duty could be applied and would be applied for environmental benefits. So either way the environment seems to benefit. My guess is that neither of those 2 extremes will happen and in fact spending patterns will change quite slowly so that certainly in the earlier years there will be additional revenue and I have undertaken that any additional extra revenue will be used strictly for environmental purposes and I know that the Minister for Transport and Technical Services, and indeed the Minister for Planning and Environment, both want to get their hands on any surplus money there is available. Sir, finally I have to point out that this vehicle emissions duty will primarily apply to light passenger vehicles, which is to say those vehicles for which emissions data is widely available. For other vehicles such as lorries, vans, motorbikes and tractors, unfortunately there are no emissions figures available, the

duty will still be based on cubic capacity. As a matter of interest, for the year 2006 of the V.R.D. that we raised in that year roughly £3.3 million or 80 per cent of it came from light passenger vehicles and £700,000 or 20 per cent came from commercial vehicles. In 2007 the revenue increased and again the majority of that was from passenger vehicles. Sir, I am aware that there is an amendment in the name of the Deputy of St. Ouen and I will speak to that in due course, but for the present I propose the principles of this amendment to the Customs and Excise (Jersey) Law.

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

Are the principles seconded? [**Seconded**] Does any Member wish to speak on the principles to the Law?

**5.1.1 Deputy J.G. Reed of St. Ouen:**

Just to give notice to Members that I have introduced amendments to this Law with the aim of allowing Members to have 3 options which are that Members could choose to abolish V.R.D. from 6th May as proposed by the Treasury Minister and have no vehicle emissions duty at all in its place; alternatively to abolish V.R.D. from 6th May, enact the legislation relating to the vehicle emissions duty but not to introduce it until the States determine by an Appointed Day Act; and finally the third option is to abolish V.R.D. and basically follow the proposal as stated by the Minister. So I will reserve other comments for the amendments. Thank you.

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

I have not yet made up my mind which way I will go on the entire proposition. I am concerned in general terms about the way we are rushing into environmental taxes without a proper debate on the entire issue. We assume that environmental taxes are necessary as a government tool to address such issues as climate change and global warming when there is also evidence that proves the alternative, that man is not responsible for these things. That is a wider debate. But my chief concern is a lot of information is missing here. It assumes, for example, that a vehicle with a low exhaust emission is less polluting than a vehicle with a higher exhaust emission. It makes no reference to the carbon footprint over the cradle to grave of the vehicle, in fact it is the case that electric vehicles or multi vehicles, those that have electric power as well as diesel or petrol internal combustion engines, are higher with their lifetime carbon footprint than a normal car as we know it simply because the need to replace the batteries on - think it is about a 10 year cycle, I would rather suspect it somewhat lower - a shorter period of time. The actual energy used in producing these vehicles and maintaining them and then disposing of them means that from the total carbon footprint of the manufacture to destruction and the operation during its lifetime is higher for these vehicles than for other vehicles. So quite what the purpose is of charging them less tax is unclear. I think the taxes in that regard are a crude instrument and, as I say, I am not altogether sure that I will be supporting the principle of it.

**5.1.3 Deputy R.G. Le Hérisier:**

Just a quickie, Sir. Can I assume it applies only to vehicles with 4 plus wheels and not to motorcycles?

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

I am very much in favour of environmental taxes, Sir. I was disappointed that the proposal that came out of environment did not go any further at this stage. However, I am only in favour of environmental taxes if the revenue generated from them is used for environmental purposes. Maybe this is the wrong moment to bring this up, Sir, but it is mentioned in the amendment from the Deputy of St. Ouen where he says: "How will the income generated from this duty be used to benefit the environment?" He does say in that that it does not say what that money will be used for and how it will be used in the Minister's projet and that causes me great concern. If this is just a switch from V.R.D. to something new with a different name, I am sorry I cannot go with that and effectively hoodwink the public by changing the name of a tax. But if it is going to be a genuine

environmental tax we should be welcoming that, applauding that, but it is only a genuine environmental tax if we use it for environmental purposes such as subsidising residents to put solar heating in their homes, putting in under floor heating that generates its own heat from underground pipes and so on, and recycling initiatives, that sort of thing. If the Minister can tell me that a larger portion, if not all, of this money is going to be used for real environmental purposes it has my support but I suspect that it will not all go into that. So I would like some reassurance from the Minister that at least the majority of it will go into direct environmental measures to the benefit of our community and the greater global community. Thank you, Sir.

#### **5.1.5 Deputy G.P. Southern:**

I too, like Deputy Baudains, have some reservations that this is not part of a wider scheme for environmental taxes, not only for a discussion of the principles - and I will come to that in a minute - but also in ensuring that as many aspects as possible of our carbon footprint are addressed and that we are clearly seen, as we could be, to be leading the way with such a healthy economy, which according to the previous debates we had possibly we should be leading the way on green issues. But taking it a stage further from the Deputy of St. John, my worry is about the idea of and the concept delivery of hypothecation. It seems to me in previous debates about taxation the Minister for Treasury and Resources has been adamant that we cannot hypothecate, that we cannot allocate a tax to a particular destination. He has said in the past when I have tried to do that: "You cannot do that, it is against the Law. It is against the States of Jersey Finances Law." I cannot do it. So I seek not just reassurance, because we get reassurances on a 5 minute basis from Ministers, we get assurances all the time that things can be done and will be done, we are never told how. I am waiting to hear the Minister say: "Yes, I have fixed that bit of the Law, I can hypothecate anything I want and if you want something hypothecated to jellybeans, then that is what I can do." I think that the Minister might not be able to do that and failing that, because it is almost self evident - and certainly I think it has been demonstrated in other places - that provided people know that a new tax is going to the right place and they can see the justification and they are confident that £500,000 here will go to deliver this benefit, £500,000 worth of that benefit there, then they are perfectly happy to pay it. As long as they are assured that that is going to happen. What they do not want to be doing is: "Oh, this is a green tax." Green taxes are another form of stealth tax. They get pretty words put around them but we know they will just go into the pot and disappear and they will be off on some, as we say, pet schemes in whatever Ministry or other. Sir, I want an absolute categorical assurance that not only can I have assurance that is going to happen but that mechanism is in place and I want to know how it is going to happen and where that tweak has been or will be. Then finally, again we are jumping into some sort of green taxes and the question comes to mind: "The research says?" So is there any evidence that anybody was consulted, people were asked if this sort of tax comes in are you likely to buy a smaller car, one with smaller taxation on it? To what extent has that happened elsewhere, where these methods have been adopted? What is the attitude among the great Jersey public out there for doing exactly that? So will this work? Will this deliver additional money for green functions? I am pleased to hear, though, that the Minister has some equanimity about whether this raises more money or changes the behaviour, because the essence of green taxes has to be not about raising a bit extra to stick in the pot, it has to be about changing behaviours, and that is the key. So I am glad to hear that the Minister is not that bothered if he does not raise some more money but instead changes behaviours because that is the intention. But the essential question is: where is that link between the taxes that is going to go to green and what it is delivering? That is the only way to get this sort of thing accepted. Thank you.

#### **5.1.6 Senator J.L. Perchard:**

I was voting then, Sir, contre as it turned out. I concur with the previous speakers. We are getting mixed messages on this subject from the Council of Ministers. It was only last year that the Minister for Planning and Environment withdrew his proposals for environmental taxes. I think he got cold feet and he dressed it up as having to consult further. We have got this one slid in under

the radar by the Minister for Treasury and Resources without any hypothecation proposals and I think if we are going to tax - and I think generally there is a desire to tax for environmental benefits - these taxes must be hypothecated, they must be targeted towards environmental improvements and this is not. This is just a money raising tax, an alternative to V.R.D. as I see it. Being that it is a genuine carbon tax according to the report of the Minister - a tax on carbon emissions - why is it only vehicles on the roads emit carbon? Do boat engines not emit carbon? Do aeroplanes not emit carbon? This is a little slight of hand, I think, by the Minister for Treasury and Resources and unfortunately unless he can come up with some pretty good answers I will be voting against it.

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

I am very disappointed with the speeches I have heard up until now. They seem to come from people who wave one particular flag - a green one - at election time but when push comes to shove we hear a rather different story. Senator Perchard's stance is going to be most fascinating. It appears he is saying that if we are serious about carbon taxes let us get on and tax all fuels. This small start is not nearly good enough; we should go much, much further. I do not really think that is what he wants to sell to the electorate but it appears to be what he is saying. I will give way if you would like to correct that position.

**Senator J.L. Perchard:**

Yes. No, I think what I said was - and I would rather not be misquoted on this very important subject - that there needs to be a policy in the round that is considered, not just a piecemeal attempt to slide this in under the radar. A policy in the round that is considered an environmental tax and hypothecated tax that can be put back into environmental benefits to reduce carbon emissions. It is a serious subject.

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

Indeed it is, Senator. I can assure you that the policy in the round has been considered and the consideration was that it really would be extremely upsetting for the public as a whole to have all of a sudden switching to a massive taxation on a carbon base premise. In other words, yes, do we think that taxation on aviation gas, on marine diesel, on red diesel, on household heating... yes, it is of course in environmental terms a good idea. Do we think it is a good idea to bring it all in at once? No, I do not think that was the conclusion. But this is something that should be progressed and it should be progressed progressively one step at a time. So let us just see how we got here because if there is one thing I am absolutely delighted about, and I think other Members of the Assembly should be as equally ecstatic about it as I am, is it is goodbye to vehicle registration duty, which was a form of revenue accrument that I found was deeply flawed. It was essentially fuel tax in disguise. It was just another way of avoiding putting a penny on a litre of petrol because you basically pay the tax on new vehicles according to the cubic capacity of the engine. It also went on for many years bizarrely recognising just about every vehicle as a new vehicle, even though that vehicle may be being registered when it was 5, 10 or 15 years old. That got corrected after time but it was not a great idea, and frankly goodbye and it was not that nice knowing you. We now have something I think much more useful, much more exciting and of greater benefit to the Island before us. A vehicle emissions duty. Now it is not perfect and it is very difficult to come up with the perfect solutions. As Members may have noted, those keen enthusiasts of reading and indulging in local media reports, I have recently offered some encouragement for people who use scratch cards around the Island and have vehicles that come into a low emissions category. I had to make some quite difficult decisions there. One of which was to include hybrid vehicles under category B. It is true to say, and Deputy Baudains was quite right to point this out, that in some respects a hybrid vehicle with its sophisticated batteries can be considered to represent a higher carbon footprint over its lifetime. Nevertheless I decided to press ahead and give particular types of vehicle a similar exemption to all electric vehicles, primarily because one of the features of a hybrid vehicle,

irrespective of its lifetime carbon footprint is that at low rev, and essentially we are talking about urban driving, those are the times when these vehicles will switch to electric power as opposed to using their fuelled engine abilities. That, of course, has quite a significant implication... **[Interruption]** Clearly some emissions concerns. **[Laughter]** The issue around St. Helier was that those types of hybrid vehicle would be on electric power and not emitting exhaust emissions whatsoever. It seemed to me, apart from anything else, in terms of air quality around our town, that is the type of vehicle that we should encourage, albeit there are issues about its long term carbon footprint. So, yes, what you are looking at is an attempt by the government to work in a holistic way. The Transport and Technical Services capacity to offer discount scratch cards is now being supported by a move from Treasury and Resources to again vary the taxation arrangements for vehicles being registered in respect of their emissions. Now, yes, true, depending on how you run your vehicle into the ground over time clearly its exhaust emission will vary as it ages from the original brand new spec. Should we take note of that? Probably in an ideal world, yes you would. How do you do that? Well, you would obviously have to institute some mechanism to call vehicles in every so many years and inspect them all, and that means additional cost and frankly is it really worthwhile given the level of variation you are likely to find? Possibly we may say over time, yes it is but I think right now we need to keep things simple, this is early days in how this particular mode of revenue accumulation - notice I am avoiding the word "tax" - is going to work. Now, the Minister has given me assurances that we are looking at an issue of hypothecation here, but conditional. It seems to me it is a reasonable condition; the Minister for Treasury and Resources enjoyed a level of income from the previous vehicle registration duty, it totalled a reasonably significant donation to government funds and he does not want to lose any money. But if it turns out that this particular duty accrues additional benefits over and above the monies he is used to he is perfectly happy to see those hypothecated towards environmental expenditure. I think that is something of a concession from the Treasury and Resources Department, which I am very grateful for. It might be expected that Members would say: "Well the hypothecation should clearly go from a motor vehicle arena and stay within say general transport issues." I have to say to Members that in discussions with the Minister for Treasury and Resources and also with the Minister for Planning and Environment I have, as it were, made a concession on that front. I have for some time been insisting that a hypothecation should be made primarily into public transport services which may be the obvious and logical approach to this, but I have to say in the roundness of an energy policy which is currently being formulated - and I am sure many Members have all seen early drafts of that - I think that it would be wrong of me to insist on that particular type of hypothecation when the Island does face other quite serious environmental energy issues. So I have specifically asked that public transport will not be the first priority and, indeed, I have requested that the major priority for how such hypothecated funds will be spent will be on sensible things like insulating people's properties so that very early on we can tackle some of the very serious wastes of revenue which is throwing winter fuel allowances to people who live in properties that are not properly insulated. To me it is quite clear that is a far more important use of this money than chucking on another couple of bus routes. So I do want Members to understand the position. We have a concession from the Treasury and Resources Department in respect of hypothecation, it is not something that they would normally consider. I have quite specifically asked from the department's point of view that the most obvious priority of turning money accrued from motor vehicles into public transport be directed in what I think Members will agree is a more sensible way. So I wholly support this move. I think this is the right way forward. Senator Perchard is, of course, right. If you are serious about carbon taxes you tax carbon, but this is tackling carbon dioxide, it is just as serious an issue and I think this should be regarded as a very useful step forward and the first step of many steps. Like so many things it is important, I believe, to do these things progressively and not simply dump it on the Island as some massive change of direction. No, it is important, particularly in an area like this, environmental taxes are a form of social engineering, it is important that we bring the public with us on this rather than find ourselves in an

antagonistic position. I think this is a very useful first step and I really would encourage Members to support it.

#### **5.1.8 Deputy R.C. Duhamel:**

Well I think I generally disagree with a lot of the statements made by the previous speaker. I think we are... yes, that may be a surprise to some Members but it is not to the Member behind me. If we read the report, and I am not sure that many Members that have already spoken have done that, because we are commenting that this is supposedly - and I reckon we have to be reading between the lines from the way people are going at the moment - not what it says on the box, which is a vehicle registration duty replacement but an environmental tax and with the environmental taxes hypothecated into various areas over which we will have some control or no control as the case may be. Now the previous speaker said that he may well have come to some behind-closed-doors arrangement or agreement with the Treasury Minister as to how the monies that are generated by this tax replacement are spent but that is not what it says on the tin, or on the can, or even in the proposition. The previous paper that we were given, Sir, did mention or begin to mention how such a proportioning of the monies that were raised would come about. It was precisely for that reason, Sir, that the previous paper is not before us this afternoon but we do have the paper that we have got. If you read the report quite closely it does say on page 4 that due to the discussions with the Minister for Planning and Environment on environmental taxes that the decision was taken because of the inadequacy... it does not quite say that but the implication is there if you read the previous report, about the rights and whys and wherefores of reapportioning monies that are raised in one particular area and put into a completely different area and given a green label, to gain acceptance by this Chamber. That work has not been done satisfactorily and it says in black and white on page 5 that this quite clearly is a V.R.D. replacement tax, nothing else. It is not an environmental tax, should not be thought of as being one and, indeed, Sir, if we go on to discuss some of the issues that the previous speaker made there are deficiencies. This is an extremely crude attempt to move the Island along the road towards environmental taxes which I would wholeheartedly agree might well be a useful adjunct to tax raising initiatives which would encourage sensible environmental behaviour into the long term to curb excesses and to save the planet and all of that. But if we look at the tables and the suggestions Deputy de Faye mentioned about hybrid vehicles and his department's initiative of charging less or not at all for parking within car parks and that is all to the good. But if we look at what is being proposed, if for the sake of example you buy yourself a 3,000cc engined vehicle which is a hybrid vehicle, as he was describing to us, and there is an opportunity to run it in its normal mode at low speed in its electric capacity then you will not be generating the carbon dioxide which the tax is seeking to be charged upon. So it strikes me as somewhat ludicrous that we always... we said in the past that the polluter should pay but in this particular case, if you do have a large car and you are not using it in the mode that is polluting that raises a question as to why you should be paying at the outset. Now it may well be that there is the philanthropic kind of touch in all of us when we are buying vehicles and we would wish, in order to give credence to our green principles when we are buying kind of oversized vehicles for use in the Island, to be up front in paying a big charge. But it somewhat gets away from the principle of charging people in the first place. If it is going to be based on polluter pays then it should really be based on the pollution that is being caused and by just charging on the engine capacity irrespective of the use, you do not get that. Likewise in table 1 for the L.P.V.s (Low Price Vehicles) again there is similarity with buying washing machines at the moment and they are graded. In fact, it has even gone as far as labels on aircraft these days, you can get on to your aircraft and know how much carbon you are going to be generating as a passenger on that vehicle. If, however, you do not use the vehicle or the washing machine, or whatever, in the capacity that it says on the label then, in fact, you will be generating emissions but being charged for them. So these measures are incredibly crude, they do not do what a number of Members have suggested we think they should be doing. They are not a green tax; they are not an environmental tax. Let us be up front about these measures, if it is going to be a green environmental tax based on carbon, tax the fuel. That is

the simple way of doing it and the fuel could be for any vehicle that uses that particular fuel so boats and boat use and, you know, tractors and whatever will all be equally affected. This is not the right bundle of measures to be delivering what is, in effect, just a replacement for an unpopular registration duty. On that basis, Sir, I think that I cannot support the measures that are put forward and I would prefer to wait, and indeed the amendments that are coming forward by the Deputy of St. Ouen gives us an opportunity to do so, for a whole bundle of proper environmental taxes to be brought forward, sensibly thought out, in the right time frame rather than putting something forward to the House which does not really do what it purports to do. Thank you, Sir.

**5.1.9 Deputy S. Power:**

I will be very brief. I would like to ask the Minister as to the reason for the differentiation between table 1 and table 2. All society motor manufacturers now produce tables of the gram emission figure of carbon dioxide per kilometre. I will give a specific example as to why I query this. If you look at table 1 and look at the box, column 1, 121 to 150 kilograms it is £100 if it is first registered in Jersey. I will give the Minister a specific example. Citroen produce a vehicle called the Berlingo, which is a 5 door glazed car which would fit into that category, 121 to 150 grams. Now they also produce a Berlingo which is a panel van...

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

I am sorry, Deputy, to interrupt but the States are not quorate. Very well, Deputy, you may continue.

**Deputy S. Power:**

I will be very brief, Sir, because I know everyone is tired. I was describing a theoretical situation where a vehicle with an engine that emits 121 to 150 grams is marketed as a full light passenger vehicle but a sister vehicle is also sold as a panel van but without seats but under table 2 its engine capacity is 1,600cc so it fits in the third box down and it would come into Jersey at £625. These are identical vehicles. I wonder if the Minister would seriously consider extending the CO<sub>2</sub> (carbon dioxide) columns on table 1 into table 2 to make it more equitable as the Society of Motor Manufacturers produce emission figures for every vehicle produced in the E.U. and imported into the E.U. and the U.K. Thank you, Sir.

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

I call on the Minister to reply.

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

I think I can sense the mood of the House, which is one of frustration that we are looking at one aspect of environmental taxes here in isolation and that many would like to see us look at them in the round. I do not disagree with that but I said in my opening speech that I had given an undertaking that I would bring a replacement for V.R.D. to the House before the introduction of G.S.T. I am honouring the undertaking which I gave at that time. It may not be what Members decide is a better solution than V.R.D. and that is for Members to choose. I felt that I would be failing in my duty if I did not honour that undertaking to bring the option to this House. It was an option to raise a tax which would generate at least the £4 million currently yielded by V.R.D. It would be a tax that was simple to administer and not require any particular organisational structure, but I was also conscious of the fact that at the time of introducing GST and other tax measures there was a feeling that the public could get an overload of new taxes. So I think I am faced here with what is the inevitable compromise and compromise, I suppose, never suits everybody perfectly and maybe in this case suits nobody. But I think this particular compromise does have some benefits. I think that leads me on to the second area of concern that Members have and that is one about hypothecation. There is a feeling that any additional revenue over and above the £4 million that is raised should be hypothecated for environmental purposes and I have no problem with that principle. My problem, just like G.S.T. or income tax or duty on petrol is that I have no idea until



after the end of the year how much tax this particular duty would raise but we do have, in the Business Plan, to allocate the spending before the end of the year. So in saying to any Minister you can have the surplus over £4 million hypothecated to your spending, that is not much use if I cannot guarantee to that Minister whether it will be £100,000 or £1 million that they will have. I am conscious of this and the Council of Ministers have come up with a proposed solution, which is to use that terrible word of a forecast. I have suggested that in a full year of vehicle emissions duty if spending patterns do not change the forecast revenue in 2009 would be £5.2 million. Because I said I needed £4 million to make good the V.R.D. shortfall, that means I will be prepared to hypothecate or to allocate to spending £1.2 million in 2009 and equally for 2008 there will be 6 or 7 months worth of it, it will be about £600,000, £700,000 worth for 2008 available as well. That I think is one of the benefits of this new Law, it would enable us to make an immediate start on environmental tax measures or environmental measures. Only a small start, £700,000, but many things start with small beginnings and I think not only will it start with small beginnings, it would be a signal that we as States Members acknowledge the importance of environmental tax measures. So how can we do this? Well the solution to doing it is that in the Business Plan, either for the Minister for Transport and Technical Services or the Minister for Planning and Environment - depending on who would do things like home insulation - we would add a further £1.2 million to that spending and I would assume that would come from additional tax revenue. If the V.E.D. only generated say £4.5 million I would forego the shortfall or the States would have a shortfall in its revenues. If the revenue is £5.5 million well the States would have an extra £300,000 revenue. It is not an ideal solution perhaps but if any Member can think of a better one I would be glad to hear it. I think the danger in saying: "Well, this is not the ideal measure so let us wait until we can look environmental taxes in the round" is it delays any chance of environmental benefits until 2009 or 2010. That may be technically a superior solution but it does not do much for the environment or for the people of Jersey. So I believe that this option, flawed though it maybe to some extent, incomplete though it may be, does make a step or several steps in the right direction. As Deputy Duhamel says, it may be a crude solution or a crude partial solution, I am sorry I cannot help that. It is a crude partial solution but it is better than no solution at all. Can we do anything immediately? Well, I am sure it is no secret that the Council of Ministers will be bringing forward a wider package of environmental taxes for discussion in the very near future. But they will not take effect until 2009 at the earliest and we do not know what they would be. Meanwhile, as of next month, I need either V.R.D. or a replacement for it. So what are we going to do? If we reject the principles we will still have V.R.D., I will still collect my £4 million or so but there will be no environmental benefits. If we accept these principles we can get some revenue and we can potentially get some environmental benefits, which, by the mechanism I have indicated, can be ring fenced, hypothecated, call it what you may, to particular environmental uses. I think Deputy Southern was one of those who said: "I want a categorical assurance in Regulations that there are these arrangements." I cannot today give that categorical assurance but what I can say to Members is that they have the option in the Business Plan where those proposals will be put in to either approve or reject them. If Members are serious about producing some environmental benefits they will approve those proposals in the Business Plan. What this Law at this stage does is enable that to happen. To reject the principles of this Law today would be to deny us the ability for that to happen would have us back to the *status quo*. I will give way to the Deputy if he wishes.

**Deputy G.P. Southern:**

Yes, I was pressing the point, and I was pressing it quite strongly because hypothecation is a very strict definition and we know that within a department's budget there is a tremendous amount of flexibility to say: "Oh hang on, we have got some pressures over here so we have flipped that money into something else, we could not help it. God help us, we had to." That is not hypothecation, that is from the big pot - the Treasury pot - into the smaller pot belonging to the department over which they have tremendous flexibility. Is that the situation that you are saying? If there is no change to the Regulation can we get hypothecation in its strictest sense or is it just that

general into your pot and, with a bit of luck, you will deliver it but perhaps not. I have used “you” all the way through and I should not, I do apologise.

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

I take the Deputy’s point and at this stage clearly there is nothing in here which says there will hypothecation written into the Law. It will be a matter for that Minister and that department. Any more than at the present time the Minister for Education, Sport and Culture may have a pot of money for university fees and a pot of money for primary education fees. If he chooses to spread it from one to another that is his right but he will run the risk of being accused by this House of not following the wishes of the House. If we are going to have strict hypothecation, that is fine, all well and good, but this Law at this stage does not achieve it. So if Members are not satisfied with a second best compromise solution but they want to be adamant it is the best or nothing, then I fear at the present time the answer would be nothing. In fact I think it would be disappointing. So, for those reasons, Sir, even though this is perhaps not ideal, I think it is a step or 2 steps forward. Picking up some of the particular points of individual Members, the Deputy of St. Ouen mentioned his amendments which we may or may not come to depending on whether this reaches the first hurdle. Deputy Baudains, I think, has already made the point, yes, certainly emissions data is only one way of measuring and it is by no means an ideal method of doing it, it does achieve my objective of simplicity and ease and no extra staff and no complications. Apart from simplicity it may not have all that many environmental credentials in terms of overall carbon footprint and long life. So, yes, it is a compromise. Deputy Le Hérissier asked: “Does it only apply to 4 wheel vehicles?” and Deputy Power was asking about the difference between a panel van and a windowed van, both of the same cubic capacity and both the same identity otherwise. All I would say is for any vehicle, any vehicle which has carbon dioxide emission data available they will be taxed in accordance with table 1. But table 1 effectively only applies to passenger vehicles and it may well be that because of the nature of that particular vehicle there is an overlap, if there needs to be any clarification on that one then certainly we can look at that, but my simple proposal would be that if there are CO2 emissions available for a Citroen Berlingo of one sort we could use that whether it has got windows in or not. I do not think it is going to have that much of a difference. I think the Deputy of St. John was asking about hypothecation, which I have spoken about. Deputy Southern, I hope I have dealt with his questions even though I have not necessarily been able to satisfy him. Senator Perchard, I think is really saying why can we not go a stage further and not just look at vehicles, why not look at the whole environmental issues. Yes, in due course I think we do need to. This is just the first step and that is why I think all I can say - repeating what I said earlier at the risk of annoying Members - is that this is only a first step, it is maybe an imperfect first step, but it is a step going forwards as opposed to the alternative option which is to sit back and do nothing. If Members want to sit back and do nothing they reject the principles, if Members want to move forward they adopt the principles. Sir, I propose the principles and ask for the appel.

**The Deputy of St. Ouen:**

Could the Minister just clarify something for me, if nobody else. That if Members vote against the principle what in reality will be the case is that V.R.D. will still remain in place?

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

Absolutely.

**The Deputy of St. John:**

If I may. I am still slightly confused as to what amounts of money the Minister is talking about putting into environmental initiatives. Maybe I missed it in his summing-up, but that is fairly crucial in my decision making process here in that I am firmly of the belief that a reasonable proportion of this money must go into environmental initiatives of some kind if we are going to call it an environmental tax. I just need to know what those figures are likely to be.

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

I thought I made it clear that in full year I would expect £1.2 million to go into environmental taxes but for the current year it would be about £600,000 or £700,000 *pro rata*.

**The Deputy Bailiff:**

Very well, the matter before the Assembly is the principles. The appel has been asked for so I invite Members to return to their seats for the appel for or against the principles of the Bill. I invite the Greffier to open the voting.

<b>POUR: 28</b>		<b>CONTRE: 9</b>		<b>ABSTAIN: 0</b>
Senator L. Norman		Connétable of St. Mary		
Senator F.H. Walker		Connétable of St. Lawrence		
Senator T.A. Le Sueur		Connétable of Grouville		
Senator P.F. Routier		Deputy R.C. Duhamel (S)		
Senator M.E. Vibert		Deputy G.C.L. Baudains (C)		
Senator T.J. Le Main		Deputy J.A. Martin (H)		
Senator B.E. Shenton		Deputy G.P. Southern (H)		
Senator J.L. Perchard		Deputy S. Pitman (H)		
Connétable of St. Ouen		Deputy A.J.D. Maclean (H)		
Connétable of St. Clement				
Connétable of St. Brelade				
Connétable of St. Saviour				
Deputy P.N. Troy (B)				
Deputy R.G. Le Hérisier (S)				
Deputy J.B. Fox (H)				
Deputy S.C. Ferguson (B)				
Deputy of St. Ouen				
Deputy of Grouville				
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 of St. John				
Deputy I.J. Gorst (C)				
Deputy of St. Mary				

**The Deputy Bailiff:**

Now this is a matter I think for the Corporate Services Panel, Connétable, do you wish to have this referred to the Panel? **[Laughter]** Minister, I think because of the amendments you should propose Article 1 first of all.

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

Yes, Article 1 should not be too contentious. Article 1 refers to the Law and I propose it.

**The Deputy Bailiff:**

Very well, is Article 1 seconded? **[Seconded]** Does any Member wish to speak on Article 1? All those in favour of adopting Article 1 kindly show. Those against? Article 1 is adopted. So if you could now propose Article 2, Minister.

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

Article 2 deals with the schedule which divides vehicles into the sheeps and goats, in other words, those that have got environmental credentials or CO2 emission data, and those that have not. If they got emission data they fall into table one, if they have not got emission data they fall into table 2. As with V.R.D. there is a sliding scale for used vehicles paying a lower rate of duty and that, I think, is the general principle of it. Certainly for any vehicle which was first registered before March 2001 there is no emission data available so for those vehicles inevitably they also will fall into table 2. So I propose Article 2.

**The Deputy Bailiff:**

Is Article 2 seconded? [**Seconded**] Now, the Deputy of St. Ouen has launched amendments and he has very helpfully in his report set out the procedure on page 9 so I will now invite him, when the Greffier has read it out, to propose amendments 1 and 2, Deputy. So, I hope if Members agree I am going to ask the Greffier just to read the first amendment and the first few words of the second amendment but I hope Members will agree we can take the schedule as read. So, Greffier, if you would read that part.

**The Deputy Greffier of the States:**

Number one, on page 9, Article 2 for Article 2 substitute the following Article. Schedule 1 amended, abolition of vehicle registration duty, in part 2 of schedule 1 to the principle law paragraph 8 shall be deleted. Number 2, page 12, new Article, after Article 2 insert the following Article as described.

**5.3.1 The Deputy of St. Ouen:**

First of all I must say that all thanks must be directed to the Greffier of the States for helping me to determine the procedure for this debate and it is totally down to him and his words that we have this procedure at the end of the report. So please record my thanks to him. The Minister's proposition, as we have already heard, provides the States with little choice insofar as we are simply being asked to abolish one tax in favour of replacing it with another. The aim of my amendment is to allow Members not only to decide whether V.R.D., which is vehicle registration duty, should be abolished but also whether a new duty should be introduced and when. In my view 3 basic questions which need to be considered: does the proposed replacement duty meet the aims contained in the Strategic Plan, which this House approved and how will the duty benefit the environment? Finally, is there a need to introduce new additional taxes at this moment in time? A vehicle emissions duty, we are told, is designed to replace vehicle registration duty and while not being proposed as an environmental tax is, we are told, based on proposals from the Minister for Planning and Environment, requiring duty to be levied on carbon dioxide emissions. It is worth noting that the proposed duty is of limited impact, as carbon dioxide emission figures are only available for cars made after 2001. But for all, and I repeat, all other vehicles, including commercial vehicles, duty will continue to be levied using the current V.R.D. system, based on engine size. It is worth remembering that in June 2006, the States approved a number of environmental commitments made in the Strategic Plan. These placed a requirement on the Minister for Planning and Environment to deliver 2 particular objectives, or commitments, a package of environmental tax and spend initiatives by 2007 that will replace V.R.D. by 2008, and fund key deliverables as outlined in the sustainable travel and transport plan. The second commitment was to bring forward for consultation and debate in 2007 a package of environmental tax and spend measures. It is clear that there has been a certain amount of delay in the delivery of these objectives, to say the least. In the Minister for Treasury and Resources' report we read that although detailed work was undertaken by the Environment Department, the Council of Ministers preferred to consult on a single environmental tax in the form of an annual motor vehicle duty capable of raising sufficient revenue to fund both the replacement of V.R.D. and the stated environmental objectives programme. As a result of many objections being received in response to the consultation document, the Minister for Planning and Environment came to the conclusion that

linking an environmental tax to the replacement of V.R.D. had led to confusion, and suggested that the 2 issues be dealt with separately. Notwithstanding this view, the Minister for Treasury and Resources has chosen to propose a replacement to V.R.D. which is based, for the most part, on proposals contained in the initial consultation paper which, as I stated earlier, received a relatively negative response from the majority of respondents. What is not clear from the report is why the Minister for Treasury and Resources specifically requested that attention should be given not only to finding a replacement to V.R.D., but that the new duty should be brought into operation to coincide with the introduction of G.S.T. Perhaps the Minister in his response would care to explain to the Assembly the reasoning behind this request and why he felt that it was inappropriate at that time to introduce environmental taxes in the 2008 budget as a replacement for V.R.D. As a direct result of decisions taken by both the Council of Ministers and the Minister for Treasury and Resources, the States have as yet to be given the opportunity to properly consider the principle of introducing environmental taxes or what form they should take. This must be rectified. Furthermore, we are now presented with what I would call a take-it-or-leave-it proposition which I do not believe satisfies the criteria for good government, or allows sufficient ability for the States to consider the wider implications. One of the main concerns raised by respondents in the consultation on environmental taxes and the proposed annual tax based on vehicle emissions was that if new forms of environmental tax are to be introduced, there must be a clear and transparent link between revenues raised and the spend measures from an environmental fund. The point was also made that if such a fund was established, then it was essential that the objectives and the long-term management of the funds are properly structured and secured from the beginning. To my knowledge, this is not the case, and I think we have already heard the Minister explaining that fact, as this Assembly seems unable to ring-fence monies and ensure that specific funds are used for a particular purpose under the existing financial control mechanisms. The second question I would like to pose is, do we need to introduce additional taxes, especially at the same time as we are introducing G.S.T.? The Minister for Treasury and Resources would claim, and has claimed, that the new duty is a replacement and not an additional tax. However, if one looks closely, one will see that in this instance G.S.T. has the ability to replace the existing V.R.D. as it will capture additional tax from the same group of vehicles covered by the proposed vehicle emissions duty. Many would suggest that this combination of taxes could be classed as a form of double-taxation, which might be viewed as inequitable in some quarters. My report contains some rough calculations aimed at demonstrating the contribution G.S.T. will provide as applied to all first-registered vehicles. This is the same group, as I have said before, that is targeted by the present V.R.D. and the proposed vehicle emissions duty. Members will see that the G.S.T. contribution is similar to the present vehicle registration duty. Following the consultation which took place last year, I have obtained a copy of the summary of responses which confirms that, as I have said before, although some respondents favoured environmental taxes, others believe now is the wrong time to introduce more taxes, especially as fuel duty is already levied on petrol and diesel oil. For the States' information, the duty levied on motor fuel is estimated to total over £20 million for 2008. In addition, G.S.T. levied on fuel will contribute a further £50,000 a month, or the equivalent of £600,000 a year, and it is possible that further increases in fuel duty may be proposed in the 2009 budget later this year. One could argue that motorists are therefore already making a substantial contribution to the income of the States, and one must question the need for replacing V.R.D. at this time. It is also true to say that all residents will be affected as the cost of transport and goods, by their very nature, reflect the cost of fuel and vehicle replacement. There are other considerations which need to be taken into account. It should be recognised that second-hand vehicles imported from the U.K. and elsewhere are included within the category of first-registered vehicles. It is therefore not only the better-off who will be affected by these changes. Where is the information on the possible effect the combination of G.S.T. and the new duty will have on the replacement of new and second-hand vehicles? It could be the case that by increasing the cost of vehicle replacement, the average age of vehicles on Island roads would increase. There is already information available showing that, since the introduction of V.R.D., the sale of vehicles has

reduced. It should be borne in mind that vehicles constructed in recent times are far more efficient and designed to produce less carbon dioxide emissions. This is applicable to commercial vehicles as well as cars. So if, as a result of the double tax, vehicles are changed less often, the Island may not benefit in the way that the Minister for Planning and Environment anticipated. We are not presented with any information on existing or target levels for carbon dioxide emissions, and currently there are no comparisons between the private car and other commercial vehicles in order that we can properly judge whether the replacement duty, as the saying goes: “does what it says on the tin.” As I have already indicated, taking into account the additional cost of G.S.T., the Minister for Treasury and Resources’ proposition would not only double the cost of purchasing a vehicle from outside of the Island, but also double the present income derived from all first-registered vehicles. No one seems to have considered, also, the effect that this additional cost will have on businesses and residents alike, or whether it will meet the environmental aims that this Assembly signed-up to in the Strategic Plan. Abolishing V.R.D. without agreeing to the proposed replacement would allow time for the Environment Minister to deliver the approved commitments made in the Strategic Plan and allow a full debate on the issues of environmental taxes. It would also enable the Treasury Minister to consider how an environmental fund could be established while insuring that the long-term management of that fund is properly structured and secure from the beginning. Alternatively, if Members support the principle of vehicle emissions duty, it is possible with my amendment to delay the introduction until such time as this Assembly determines. There are, as the Minister has already stated, obvious financial implications if the States decide to abolish vehicle registration duty and not replace it with vehicle emissions duty. I have been unable to fully identify all costs or savings as detailed information was not available, however, the income expected to be generated from V.R.D. and/or vehicle emissions duty is estimated to be approximately £4.3 million. It follows that if vehicle registration duty is abolished and not replaced, then this year’s estimated income would be reduced by roughly £2.9 million, or £258,000 a month. The Minister was quite keen to say, and mentioned about the Business Plan and budget and the consequence of delaying or deferring a decision to accept vehicle emissions duty. I would suggest to that Minister that the opportunity is there for both the Minister for Planning and Environment and the Minister for Treasury and Resources in the time available to go back, look at how you construct an environmental fund, bring back proper proposals which could be included in the Business Plan, or alternatively bring forward proposals that could be included in the 2009 budget to be debated later this year. I do believe, and already Members have highlighted the fact, that there is inadequate supporting evidence which enables us to be assured that the vehicle emissions duty will produce the benefits as described, and therefore I believe that in the present climate this Assembly is able to support my amendment and allow time for the Minister for Planning and Environment to deliver on the commitments made in that Strategic Plan. Thank you.

**The Deputy Bailiff:**

Are the amendments seconded? [**Seconded**]

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

Just very briefly, I would like to speak. I know the Minister is going to rise to speak, but as I have seconded it. I supported the principle that the Minister brought so that we could get to this amendment, and this amendment, which has been well worked on by the Deputy of St. Ouen, allows us, for the first time, to commit as a government, which you very rarely get a chance to do these days, to do what was promised when V.R.D. was such a thorn in the side when G.S.T. was first mooted. G.S.T. was going to be brought in and V.R.D. was going to be abolished, and as is ever the case, as they did with the old people in St. Thomas’s: “Do you want dental or do you want foot care or do you want eye care, and do you want colour televisions?” I was at the first meeting and they promised them everything, and then they came back for the second meeting and said: “Well, which would you prefer?” I was there. I was there when they said the same thing about V.R.D. “It is going to go when G.S.T. comes.” So, we have seen, as the Deputy Bailiff pointed

out, the words he used this afternoon, that there are more people here that are fundamentally incorrect with their promises, or at least not as...

**Senator J.L. Perchard:**

Point of order, Sir. Who is “they” that the Deputy refers to?

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

The Government, the Council of Ministers, the Minister for Treasury and Resources, the Assistant Minister, the people that are supporting introducing a V.E.D., the Members that will vote for a V.E.D., the people that signed-up to agreeing that G.S.T. would be introduced and V.R.D. would be removed. They are “they”. Those are the people that stood up and said those words, not me. I am referring to them because I cannot remember exactly who else, or I do not have the ability to know who else will be supporting it, but the principle was “they” is him. The Minister for Treasury and Resources did say that V.R.D. was going to go when G.S.T. was going to be introduced. So here is an opportunity for us to do something unique. We can get rid of it. We can come back and we can say: “Based upon the actual emissions and the operation of the vehicle within our society, and you can do it through petrol, you can do it through something else. We can allocate that money towards the environment.” None of that is happening at the moment. There is just some notional issue about some environmental tax, which is nonsense. There is not an environmental tax. It is just a tax. It is a replacement tax. So, if you are going to do something for the environment, then do something for the environment, but do not just grab another £4 million. The 12 months has not occurred, the delay that Senator Norman proposed. The money is there. The V.R.D. was promised to be abolished. Here is an opportunity for us to abolish it. G.S.T. is coming in. We are told, and we all know, environmental taxes are coming. So let us have some sensible environmental taxes, when we need them, and let us have the money from those taxes allocated to the environment. But at the moment, for example, you can run your vehicle with X mile or something, and the emissions on that vehicle will be better than if they were not run on that kind of fuel, from the evidence we have seen in Scrutiny. So, it makes nonsense out of these calculations, in my view. Here is an opportunity. Vote for the first amendment the Deputy reads, and we throw out V.R.D. At the very least, support both. But here is an opportunity for us to get rid of V.R.D. and say to the Minister, if he wants another £4.2 million out of the taxpayer in Jersey, then let him come up with something that does address the environment, rather than just another grab at the money.

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

Could I raise a point of order, Sir? Perhaps a bit of clarification from the Chair would be helpful. Despite the Greffier’s very useful notes on procedure for debate, I do find myself at something of a loss. Is the current position that we have effectively approved the Minister for Treasury and Resources’ version of V.E.D. and we also have V.R.D. on the statute book not abolished? In other words, we currently have 2 tax streams. If we do not, why are we seeking to abolish V.R.D. if we already have?

**The Deputy Bailiff:**

No, because the Assembly has only approved the principles, so nothing in fact happens until the Assembly approves particular articles which achieve that which was set out in the principles.

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

Thank you, Sir.

**The Deputy Bailiff:**

So, at the moment, as of this instant, we still have V.R.D. and we do not have V.E.D.

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

My confusion is, I was not understanding why we needed to amend in order to abolish V.R.D. because that surely was going to happen anyway. I just think we seem to be talking excessively, in my view.

### **5.3.3 Connétable G.F. Butcher of St. John:**

I definitely will not be talking excessively, Sir. In a former life I used to be in the motor trade, and still have a number of contacts in the motor trade. I wanted to bring to light to the Members the disastrous effect that the V.R.D. tax had on the motor trade in that time. In 2002, prior to V.R.D. coming in, new vehicle sales were 10,429. The following year it dropped by nearly 20 per cent to 8,465. In 2004, it dropped another 13 per cent. Some might say that is great, there are less vehicles on the road. What it means is there are more older vehicles on the road, pumping out a lot of emissions, Sir. We used to import a lot of vehicles from Guernsey at that time. That has dropped by 50 per cent in terms of the numbers that come over from Guernsey. I also believe that V.R.D. was a contributory factor in the demise of a large Channel Island group of companies putting 250 employees out of work at the time. The introduction of V.R.D. was such a disaster for Treasury that they had to raise the rate by 25 per cent to achieve the numbers that they wanted to achieve. I can only assume that Treasury had not anticipated the drop in sales. Replacing V.R.D. with V.E.D. is nothing more than just trying to sneak an environmental tax in through the back door, and it is certainly not what the Jersey public were expecting. They anticipated that V.R.D. was going when G.S.T. came in. Obviously we know the Minister for Planning and Environment recently tried to bring some environmental taxes in, and backed down from that due to public pressure. The Minister for Treasury and Resources recently sent me an e-mail. In that e-mail it stated that at least with V.E.D. it would make people think green. I thought we wanted people to go green. If we do want people to go green, if the environmental Minister for Treasury and Resources wants to reduce emissions, they should reduce the duty on diesel fuel, because at the moment diesel fuel is far more expensive than petrol, and so are the vehicles, so that is not helping the situation at all. There may well be an argument, Sir, I believe, for environmental taxes, but what I think is the Ministers for Treasury and Resources, and Planning and Environment should go away and come up with a package of environmental taxes that are acceptable to the public and this House, Sir. With that, I urge Members to support Deputy Reed's amendment, Sir.

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

I think I need to begin by reiterating my correction of a message which clearly is understood by Deputy Le Claire and the Connétable of St. John, and possibly by other Members. Yes, I did say that when G.S.T. was brought in I would propose that V.R.D. be abolished. But, I went on to say: "And it would be replaced by some other means of raising revenue to make up the shortfall." That seems to have been conveniently forgotten by people such as those last 2 speakers.

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

An important point, if the Minister will give way, in reference to my recollection of what was said. There was never that end bit that was added on the end. I was never cognisant... I am just saying what I remember. I do not recall ever hearing the end of that which has been tagged on so conveniently, in my view, at this stage.

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

I do not think we are going to solve that situation because my recollection is clear and it is supported by some other Ministers, but then Deputy de Faye seems to think differently. I am not going to argue at this stage, because that is not what we wanted to do today, I think. What we need to do is to consider the effects of these amendments and, like the Deputy of Ouen, I must begin by thanking the Greffier for the way in which he has helped lay out these options which are before us. Of course, technically there are not just 3 options, there is a fourth option, which is, if we reject all these amendments and reject my proposal, then we are still back with V.R.D. but having it is maybe



something one too far. I think the Deputy, both in his report to the amendment and his opening speech, makes much of the objectives set out in the Strategic Plan. I do not quarrel with those objectives, but they also have to be set against the equally clear objectives in relation to the agreed fiscal strategy, which was that there would be a package of measures raising enough to make good the shortfall caused by the move to Zero/Ten. As I indicated in my opening speech, part of that shortfall was to be met by the introduction of a goods and services tax aimed to raise about £45 million a year. It was implicit in that decision that no existing tax revenues were to be withdrawn, otherwise that figure would need to be higher. In other words, if we were to withdraw V.R.D., we would have needed to raise £49 million from G.S.T. With one removed, the other has to go up. But the States did not say: "Raise £49 million from G.S.T." They said: "Raise £45 million from G.S.T. and find a replacement for V.R.D." That is what this proposal does. So, at that stage, that was not linked specifically to any environmental or any other objectives other than that of raising £4 million. That was its clear, simple primary purpose. However, the fact remains that what I have proposed is a measure which also provides some environmental benefits. It generates the revenue that I need to make good, but it provides the opportunity for some environmental benefits, because I felt that was something that we needed to look at. Sir, I make these comments because in his report the Deputy makes an estimate of the potential G.S.T. revenue which could be generated from new and used car sales. I do not dispute his figures. I merely point out to him that those figures... that revenue is already contained in my £45 million estimate. In other words, if the Deputy wishes to use the G.S.T. from these vehicle sales to replace the lost revenue from V.R.D., our annual take is still £4.5 million short. I know that the Deputy understands this, because he says in his report that there would be a monthly loss of just over £350,000 which equates to an annual shortfall of just over £4 million. But perhaps he is hoping, having failed in the last Business Plan debate that we could cut spending by £12 million, maybe he suggests that this time if he sets the smaller target of £4.2 million, Ministers would be persuaded to cut their spending by £4.2 million. I suggest to the Deputy that that would be wishful thinking. In reality, the end result of what the Deputy is saying, if we do not replace V.R.D. revenue and if we never replace V.R.D. revenue, we would be creating a structural deficit in 2010, in 2011, in 2012, and every year thereafter, because already the financial forecast is on the knife-edge, and as the Deputy himself, as a member of the P.A.C. (Public Accounts Committee) well knows, the prognosis is that potential structural deficit, if that were to happen, would just increase. That is not a suggestion which I would have expected from a member of the Public Accounts Committee.

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

Can I ask the Minister just to wait for a second, Sir? Did the Minister not, in his explanation there to me, which I do not recall - I will accept the fact that he may have made it, but I certainly do not recall it - say that the premise was getting rid of V.R.D. would have to be replaced by something else. Is not G.S.T., and G.S.T. on the fuel, and the duty on fuel, a replacement for V.R.D., and what would that raise?

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

I think, Sir, the Deputy is trying to have a second speech. But certainly the sentence was quite clear, that in introducing the G.S.T., V.R.D. would be removed and replaced by something else. Now, I cannot make it much clearer than that. If the Members do not understand that, well, I am sorry, but it is quite clear to me. V.R.D. would be removed and replaced by something else. It may, as Senator Perchard said, it may be an environmental tax, it may be any other tax. At that stage, all I was interested in was replacing that £4 million by another form of revenue. But going back to the Deputy of St. Ouen and his amendments and his suggestion which I must say I regard with some amazement of deferring the introduction of V.E.D. to a later date is, I think, rather like the debate we had earlier this morning. Maybe we hope that, in a year's time, things might change. That, to me, is the argument of the indecisive. Those who cannot make up their minds but hope, maybe like Mr. Micawber, that something will turn up. It is not the sort of argument I expect to

hear from the Deputy of St. Ouen. But can I also go back to the comments of the Constable of St. John and remind Members of one of the principles behind my proposition, that of ensuring continuity of business within the motor trade. What the Deputy, in his amendment, is suggesting is having V.R.D. one month then nothing for a few months and then V.E.D. a few months later. That strikes me, Sir, of being a recipe for total confusion. That is why I am proposing that V.E.D. should come in simultaneously with the withdrawal of V.R.D. That will mean the minimum of disruption to the motor trade. It will ensure the minimum of confusion to consumers' minds and it will ensure that we will continue to generate the revenue we require. The Deputy's suggestion fails on all 3 of those grounds. In proposing the immediate introduction of V.E.D. to replace V.R.D., I have done so recognising environmental benefits, however small, that this would give to the Island. Firstly, it gives a clear message to prospective purchasers of new vehicles that if they buy environmentally friendly vehicles they will benefit by paying little or no vehicle emission duty. Secondly, to the extent that vehicle emission duty generates income in excess of V.R.D. I have committed to using those funds only for environmental purposes. So, if we abolish V.R.D. and do not introduce V.E.D. we will not have that revenue. We will not have the environmental benefits and we will not have the money to do the things that the Minister for Transport and Technical Services and the Minister for Planning and Environment and this House would like to do and, by voting half an hour ago for the principles of this Law, have signalled that they believe we ought to do. So, if we fail to introduce the V.E.D. those initiatives cannot go forward and we will be sending out a message, that we are paying lip service to the environment. Sir, in summary, I appreciate that the Deputy of St. Ouen is appearing to offer Members a wider choice. However, the reality, I suggest, is for different reasons. Both of the suggested options are flawed. Neither of them generates any environmental benefit this year and, in one case, never. That is in effect why I suggest that we go for his third option which is to reject his amendments and that is the option that I recommend to the Members. It is 5.35 p.m., Sir. I know this is the last item on the agenda but I suspect there may well be a few other Members wishing to speak. So, reluctantly I test the House and propose the adjournment.

**The Deputy Bailiff:**

Very well. It is 5.30 p.m. Do Members wish to continue or to adjourn?

**Senator M.E. Vibert:**

I was going to ask if you could ascertain whether any other Members wish to speak or whether we would move just to the summing-up.

**The Deputy Bailiff:**

Could Members indicate how many Members would wish to speak? Very well, Deputy Baudains.

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

The Treasury Minister has alleged that it was always understood that the vehicle registration duty would be replaced by another tax. Well, he may well be right, Sir, but I believe the public understood that the alternative would be the Goods and Services Tax. Instead, Sir, the Minister suggests replacing the vehicle registration duty with the V.E.D. and a G.S.T. and, Sir, if that was not bad enough, we find that as a consequence, we have a tax on a tax. People will be paying Goods and Services Tax on the V.E.D. component of their purchase. It does seem to me, Sir, that the Minister and the public are on a different wavelength. I think it was Deputy Duhamel, Sir, who when speaking on the opening speech of the main proposition, who raised the issue of the linkage between emission and ownership because this tax, depending on which amendment we choose, indeed has no relationship. A large engine car even with a high CO<sub>2</sub> output will produce far less emission than a low emission car if it is driven less. For example, I have 2 cars. The larger one does probably less than 50 miles a year. How does that emission compare with a hybrid car doing 5,000 miles a year? It does not. Sir, in my view, a tax wrapped in environmental pyjamas to

sleepwalk us into something like Goods and Services Tax, as Deputy de Faye let slip earlier Sir, some tax will be ratcheted-up over the future years, a thin edge of a wedge. Only, I think many of us agree, hiding behind an environmental label in an attempt to make it acceptable. I believe the tax is also self-defeating. The Constable of St. John raised the issue. It purports to raise the environmental bar but, as a consequence, it will encourage the purchase and use of older cars. I mean, frankly, I prefer some of the older cars myself. Preferably those of the perceived old type but that is another matter. The best answer to all these inequities would surely be to raise fuel duty by an amount that would offset the present income of V.R.D. It surely must be more equitable. But I would just conclude with one question, Sir. I presume, from my reading of table 1, column 6 that classic cars would not be exempt from this tax as they presently are under V.R.D. It would appear that unless they are first registered outside Jersey after 1st March 2001, they will be included as presumably this will fall into table 2, column 6. I would like clarification on that, Sir.

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

I rise principally to just remind Members and the Minister, for the record, and we would have to go back some 5 years now and the Minister may or may not remember this but when V.R.D. was originally proposed, I was quite strong in my criticism of it. As so often happens, rabbits are pulled out of hats at the last moment to get policies that are looking as if they are getting a bit iffy and may not get through: rabbits are pulled out of the hat to expedite matters at the last minute. We have had an example, not too long ago, with the zero-rating of food and G.S.T. when the Minister for Treasury and Resources and the Minister for Social Security devised a method for paying non-taxpayers and non-receipters of income support to give them the equivalent and we are going to hear more about that fairly soon because I know it is a spending pressure that is going to come up in the Business Plan for the money to pay for it. But that was an example of a rabbit that was pulled out of a hat and in the case of V.R.D. going back to that, I just remind the Minister that if it was not the V.R.D., it was to do with the taxing of second hand vehicles, sorry, I stand corrected. He agreed to initiate an inquiry and he invited me to participate in that inquiry and that was what eventually got that through the States. So I just remind him that during that debate he did say - and I am going back 5 years, that when G.S.T. came in and I cannot refer to Hansard because unfortunately it does not exist, fortunately for the Minister, at that time - but he did say that when G.S.T. came in, V.R.D. would fall away and, in fact I remember the words very well: "V.R.D. is an early form of G.S.T on cars alone because we need the money now." That was what was said. Now, to be fair to the Minister, as things tend to do, we get something called policy drift. I call it policy drift, others would call it changing circumstances and we therefore need to change our stance a little bit, we need to do a little bit of a body swerve, in football parlance. The Minister, about 2 years later - that would take us to about 3 years ago - started to say that: "Oh well, we could not afford to lose V.R.D., it is part of our fiscal strategy so we would need to replace it with and at that time it was an environmental tax." The Minister for Planning and Environment was looking at environmental taxes and, in fact, it was on my Corporate Services Scrutiny Panel's list of things to look at, was the environmental taxes that were to come that we would have a look at. It was on our list some 2½ to 3 years ago. The problem for the Minister is that when the environmental taxes were looked at more carefully and when the public consultation went out, it became apparent that the environmental tax to replace V.R.D. was going to be much more difficult or less acceptable than he realised so, I am afraid, he was left with a hole and he has had to change his mind now and say: "Look, I am sorry but we have got to put V.E.D." Let us be clear, it is not really an environmental tax at all, as various Members have said, but he has had no choice, but it is principally not his problem. It is because it is the absence of environmental taxes that has given him this problem. But I think for the sake of the record it is important because, time and again we get Ministers saying one thing to get something through the States and then slowly, over the years sometimes, it changes. Now, perhaps with Hansard, it is going to be a little bit more difficult for Ministers to be doing that in the future and I think that that is the healthy state of affairs if it becomes more difficult but it is important that when we get certain things committed by Ministers,

in the longer term, that as States Members we hold those Ministers to those statements in the longer term. That is a very important piece of parliamentary principle. With *Hansard*, hopefully, we are going to be able to do that more and more. The Minister is a bit lucky because in this instance *Hansard* was not around when he made that original commitment. Had it been, then I would be quoting him right now. But I cannot because it does not. I do blame other people than the Minister for the absence of environmental taxes. I would like him to tell me and I would like the Chief Minister, if he is going to speak, to tell us what is going on with these environmental taxes. That is really the problem. I will be supporting the Minister today, most reluctantly, because I know that otherwise, he does not have much choice, to be honest. The real blame for this lies in whoever is responsible for the absence of environmental taxes. Thank you, Sir.

**The Deputy Bailiff:**

Does any other Member wish to speak?

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

I must rise briefly in defence of the Minister for Treasury and Resources. I think there has been an awful lot of nit-picking going on about what he said or did not say. The fact of the matter is, and I am sorry, Deputy Ryan, if you are that concerned about what the Minister for Treasury and Resources said, you could have gone and got the tapes and listened to them and found out and written it down and known exactly. It seems that most of us do know what he said. It is only some that do not. As for references about classic cars, are they dealt with or not? Well, where is the amendment if they are not? At least give it to the Deputy of St. Ouen. He brought the amendment but I think it is pretty unfair to slate the Minister for things that he appears to have overlooked and then not do anything about it. It is an entirely unreasonable approach on behalf of Members. Let us just look at the facts as they are. Either we are going to get some money, this year, £700,000 to spend on environmental things, whatever they turn out to be, or not, and thereafter, £1.2 million. Now, either Members think that is a worthwhile proposal or they do not. I think it is.

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

Just as a matter of information, I advise Members that classic cars are exempt under a different part of the Law and they will still continue to be exempt.

**The Deputy Bailiff:**

Does any other Member wish to speak? Very well, I call upon the Deputy St. Ouen to respond.

**5.3.8 The Deputy of St. Ouen:**

Absolutely, I agree with Deputy Ryan when he says that we should hold Ministers to account. I would point him to the agreed commitments made in the Strategic Plan, which, quite clearly highlights what this Assembly required from the Minister for Planning and Environment and ultimately the Minister for Treasury and Resources and that was a package of environmental tax spend initiatives by 2007 that will replace V.R.D. This is what we signed up to by 2008 and some key deliverables, as outlined in the sustainable travel and transport plan. Well, I would say where is all of that? Secondly, to bring forward for consultation and debate, in 2007, a package of environmental tax and spend measures. How on earth are we supposed to make these sorts of decisions? *Ad hoc*-type bright ideas, half baked because, after consultation and the public saying no, we decide to do something anyway and we are expected to say that: "Oh well, it is all right, the Minister for Treasury and Resources needs the money so give it to him." Sorry Minister, it is not good enough. I believe that Deputy Baudains raised the issue of whether classic cars are included. I would say to him the way that classic cars can be totally excluded is to support not only the abolishment of V.R.D. but also not introducing vehicle emissions duty.

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

Deputy, just for a moment, my understanding is that they are presently exempt under V.R.D. but they seem to be included under V.E.D., as far as I can see.

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

I think all the amendments do is amend one schedule to the Law, it does not amend the Law itself.

**The Deputy of St. Ouen:**

I wish I could clarify that point. Unfortunately I cannot answer the Deputy regarding classic cars. I just know that obviously there are issues. The vehicle emissions duty is only focused on a certain group of vehicles that are first-registered so I would say it includes the second-hand vehicles. Classic cars, if imported into the Island, would fall, necessarily, under the old vehicle registration duty type system because obviously they are made prior to 2001. So perhaps the same conditions would then apply. Deputy Le Claire and others mentioned about promises made regarding V.R.D. I think that I have highlighted that in fact the States did sign up to specific commitments within the Strategic Plan that have dealt with that. I do think that the public are perhaps only just now waking up to the fact of not only having a form of vehicle emissions duty to pay on first-registered vehicles, but G.S.T. and I am aware that certainly businesses are concerned about how they are going to afford to replace their vehicles and the effects that that might have. I think I have dealt with that anyway in my speech. Senator Le Sueur suggests I have failed. Well, maybe the Senator protests too much. I think that, as I pointed out, we did have objectives in the Strategic Plan. They are obviously an accountability that the States collectively look to the Council of Ministers to deliver promises and agreements and commitments made. I am sorry, Senator, but unfortunately, in this case, I do not believe you have delivered on those commitments.

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

These are not my commitments. They are commitments given by the Minister for Planning and Environment and are endorsed by the House.

**The Deputy of St. Ouen:**

I am also not saying, Sir, that the Minister cannot bring forward additional taxes. I think I clearly spelt out the method that I would expect the Minister for Treasury and Resources and the Council of Ministers collectively to use if they were to introduce new taxes. I would suggest that that would be the proper way of doing it. I am not going to continue. I would just like to draw the Members' attention to my report and the procedure for the debate and I would direct you to the bottom of page 9. It clearly says there that in order to abolish V.R.D. from 6th May 2008 and have no vehicle emission duty at all in its place, then you vote in favour of my first amendment and against the second. It then goes on with options 2 and 3. I am sure that you can read for yourself. **[Laughter]**

**The Deputy Bailiff:**

The Members can read for themselves.

**The Deputy of St. Ouen:**

Themselves. Sorry, Sir, it is late in the day. I would like to now propose my amendment.

**The Deputy Bailiff:**

Very well, I invite Members to return to their seats.

**The Deputy of St. Ouen:**

Sorry, Sir, I call for the appel.

**The Deputy Bailiff:**

Yes, you have called for the appel and you want to vote separately on amendments 1 and 2. So the first one is amendment 1 and the Greffier will open the voting.

<b>POUR: 21</b>		<b>CONTRE: 19</b>		<b>ABSTAIN: 0</b>
Senator L. Norman		Senator F.H. Walker		
Senator J.L. Perchard		Senator T.A. Le Sueur		
Connétable of St. Mary		Senator P.F. Routier		
Connétable of St. Clement		Senator M.E. Vibert		
Connétable of St. Brelade		Senator T.J. Le Main		
Connétable of St. Martin		Senator B.E. Shenton		
Connétable of St. John		Connétable of St. Ouen		
Connétable of St. Saviour		Connétable of Trinity		
Deputy A. Breckon (S)		Connétable of Grouville		
Deputy G.C.L. Baudains (C)		Deputy R.C. Duhamel (S)		
Deputy P.N. Troy (B)		Deputy R.G. Le Hérisier (S)		
Deputy J.B. Fox (H)		Deputy P.J.D. Ryan (H)		
Deputy S.C. Ferguson (B)		Deputy J.A. Hilton (H)		
Deputy of St. Ouen		Deputy G.W.J. de Faye (H)		
Deputy of Grouville		Deputy J.A.N. Le Fondré (L)		
Deputy P.V.F. Le Claire (H)		Deputy of Trinity		
Deputy D.W. Mezbourian (L)		Deputy A.J.D. Maclean (H)		
Deputy S.S.P.A. Power (B)		Deputy of St. John		
Deputy S. Pitman (H)		Deputy I.J. Gorst (C)		
Deputy K.C. Lewis (S)				
Deputy of St. Mary				

### The Deputy Bailiff:

So then we come to the second amendment. The Greffier will open the voting.

<b>POUR: 7</b>		<b>CONTRE: 33</b>		<b>ABSTAIN: 0</b>
Connétable of St. Mary		Senator L. Norman		
Connétable of St. Clement		Senator F.H. Walker		
Deputy R.C. Duhamel (S)		Senator T.A. Le Sueur		
Deputy A. Breckon (S)		Senator P.F. Routier		
Deputy P.N. Troy (B)		Senator M.E. Vibert		
Deputy J.B. Fox (H)		Senator T.J. Le Main		
Deputy S.C. Ferguson (B)		Senator B.E. Shenton		
		Senator J.L. Perchard		
		Connétable of St. Ouen		
		Connétable of Trinity		
		Connétable of Grouville		
		Connétable of St. Brelade		
		Connétable of St. Martin		
		Connétable of St. John		
		Connétable of St. Saviour		
		Deputy G.C.L. Baudains (C)		
		Deputy R.G. Le Hérisier (S)		
		Deputy of St. Ouen		
		Deputy P.J.D. Ryan (H)		
		Deputy of Grouville		
		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 S. Pitman (H)		
		Deputy A.J.D. Maclean (H)		
		Deputy K.C. Lewis (S)		
		Deputy of St. John		
		Deputy I.J. Gorst (C)		
		Deputy of St. Mary		

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

I think, technically, Sir, having amended those articles, I probably have Article 3.

**The Deputy Bailiff:**

I think, technically, we return to the debate on Article 2 although I suppose there is a great deal more to be said.

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

I will put Article 2 as amended.

**The Deputy Bailiff:**

Yes, does any Member wish to speak on Article 2 in its amended form? No. All those in favour of adopting Article 2, kindly show. Those against? Article 2 is adopted. No, because Article 3 is the commencement.

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

Article 3 I asked to withdraw.

**The Deputy Bailiff:**

I think it falls away, does it not, Minister?

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

Yes.

**The Deputy Bailiff:**

No, wait a moment. No, that surely you still need. You need the citation clause and it will come into force on your amended date. I assume you move your amendment to 6th May. So, on that date V.R.D. will be abolished, full stop.

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

Yes, I agree Sir. It is late in the day but I move Article 3 as amended by my second amendment.

**The Deputy Bailiff:**

Yes, is it seconded? **[Seconded]** Yes, so just to be clear for Members, this is the citation clause and to say it will come into force on the amended date of 6th May. Does any Member wish to speak on Article 3? Very well, all those in favour of adopting Article 3, kindly show. Those against.

**Deputy J.A.N. Le Fondre:**

Can we have an appel Sir?

**The Deputy Bailiff:**

Are you serious, Deputy?

**Deputy J.A.N. Le Fondre:**

Because am I right, Sir, if we do not have the citation clause and vote against it, then the thing falls away?

**The Deputy Bailiff:**

The position at the moment is that the Assembly has adopted provisions of the articles which say that V.R.D. is to be abolished and that there will be no V.E.D. in its place. The citation clause is merely its name and the commencement, I suppose, if you vote against it then it never comes into force, I suppose.

**Deputy J.A.N. Le Fondre:**

Sorry, in which case, Sir, I withdraw. I was of the impression that the citation clause also included the date of enforcement. Sorry, Sir.

**The Deputy Bailiff:**

It does include the date. I am sorry, I was just going on to say it does include the commencement date, therefore, I suppose, that is right, if you vote against that there is nothing to say when it will come into force.

**Deputy J.A.N. Le Fondre:**

Thank you, Sir.

**The Deputy Bailiff:**

Where that would leave us, I am not sure but it would not come into force. So, you asked for the appel? Very well, the appel is called for in relation to Article 3. I invite Members to return to their seats and the Greffier will open the voting.

<b>POUR: 31</b>		<b>CONTRE: 8</b>		<b>ABSTAIN: 0</b>
Senator L. Norman		Senator P.F. Routier		
Senator F.H. Walker		Senator T.J. Le Main		
Senator T.A. Le Sueur		Connétable of St. Ouen		
Senator M.E. Vibert		Deputy G.W.J. de Faye (H)		
Senator B.E. Shenton		Deputy J.A.N. Le Fondré (L)		
Senator J.L. Perchard		Deputy of Trinity		
Connétable of St. Mary		Deputy S. Pitman (H)		
Connétable of St. Clement		Deputy I.J. Gorst (C)		
Connétable of Trinity				
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 R.G. Le Hérisier (S)				
Deputy S.C. Ferguson (B)				
Deputy of St. Ouen				
Deputy P.J.D. Ryan (H)				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy P.V.F. Le Claire (H)				
Deputy D.W. Mezbourian (L)				
Deputy S.S.P.A. Power (B)				



Deputy A.J.D. Maclean (H)				
Deputy K.C. Lewis (S)				
Deputy of St. John				
Deputy of St. Mary				

**The Deputy Bailiff:**

Do you propose the Bill in Third Reading, Minister?

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

Yes, Sir, I propose the Bill in Third Reading. While I am doing that, maybe the usher can wander around because regrettably there is an Acte Operatoire that we still have to debate to bring the Law into force by the due date. Meanwhile, while that is happening, Sir, I will move the Bill in Third Reading and thank Members for their patience.

**The Deputy Bailiff:**

Is it seconded? **[Seconded]** Does any Member wish to speak on Third Reading?

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

Yes, Sir, very briefly. As the record will show, I voted the wrong way so I offer my apologies to the Minister for Treasury and Resources. It was a matter of confusion rather than deliberation.

**The Deputy Bailiff:**

Very well. All those in favour of adopting the Bill in Third Reading, kindly show. Those against? The Bill is adopted in Third Reading. Now, as the Minister has indicated, because this is a fiscal measure, therefore there is provision for it to come into force immediately rather than having to wait for Privy Council assent.

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

Just to explain to Members, although V.E.D. will not come into force with immediate effect, the withdrawal of V.R.D. will come into effect from 6th May 2008. Now, since the amendments to the Law will not necessarily be back from Privy Council and registered in the Court by that time, the Acte Operatoire allows us to have this shortcut device, if you like, which will enable us to withdraw V.R.D. as of 5th May 2008, whether the Law is registered or not. For that reason, Sir, it is necessary to propose the Acte Operatoire and I do so.

**The Deputy Bailiff:**

Seconded? **[Seconded]** Does any Member wish to speak on the Acte Operatoire? All those in favour of adopting the Act, kindly show. Those against? The Act is adopted. That concludes Public Business.

**ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS**

**The Deputy Bailiff:**

That leaves only on the agenda Arrangement of Public Business for future meetings. Chairman, do you wish to propose the list?

**6. Connétable D.F. Gray of St. Clement (Chairman, Privileges and Procedures Committee):**

Yes, Sir, I propose the arrangement of public business as listed under M on the Consolidated Order Paper with the deletion of the first item on 29th April 2008, P18, which has been withdrawn. Thank you, Sir.

**The Deputy Bailiff:**

That concludes the business of the Assembly so we close the meeting and will reconvene on 29th April.

**ADJOURNMENT**