

STATES OF JERSEY

OFFICIAL REPORT

MONDAY, 22nd SEPTEMBER 2014

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[9:31]

The Roll was called and the Greffier of the States led the Assembly in Prayer.

COMMUNICATIONS BY THE PRESIDING OFFICER

1. The Bailiff:

Well, on this the last meeting before the elections I am particularly pleased to welcome His Excellency to the sitting. **[Approbation]**

QUESTIONS

2. Written Questions

2.1 SENATOR A. BRECKON OF TO THE MINISTER FOR TREASURY AND RESOURCES REGARDING DWELLING HOUSES LOAN FUND WITHDRAWALS IN EACH OF THE LAST 10 YEARS:

Question

Will the Minister provide details of the payments in and out of the Dwelling Houses Loan Fund in each of the last 10 years and state what the funds that were withdrawn were used for?

Answer

The following is a summary of the receipts and payment transactions into and out of the Fund, as published in the States Annual Financial Statements for the financial years ending 31 December 2003 to 31 December 2013. There are many borrowers whose residential dwellings are partly financed by way of loans issued from the Dwelling Houses Loan Fund.

In this response to the question, the following assumptions have been made:-

1. It is assumed that the question does not require details shown for each individual borrower payment/receipt to be summarised at an individual borrower level due to the volume of these transactions.
2. Information provided has been prepared with the best information available, but may be not wholly accurate due to the ability to extract historic information in a short space of time.
3. This reflects cash receipts and payments but does not include investment returns which may be either realised or unrealised.

(£'000)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Loans Issued	0	0	(17)	(103)	0	0	0	0	0	(4)
Loans Receipts	977	1,189	1,129	945	3,017	2,473	2,793	3,162	3,549	3,985
General Fund expenditure	(36)	(38)	(41)	(60)	(51)	(43)	(126)	(131)	(120)	(122)
Transfer to Consolidated Fund - (P.131/2012 Pilot Starter Home Deposit Loan Scheme)	(2,000)									
Transfer to the Stabilisation Fund					(18,000)			(32,000)		

2.2 SENATOR A. BRECKON OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING WHEN PRESENTATIONS WERE MADE TO POTENTIAL INVESTORS REGARDING THE ISSUE OF A £250 MILLION BOND:

Question

On what dates were the presentations made to potential investors regarding the issue of a £250 million bond?

What advice had the Minister received on these dates and was he fully aware of the Island's financial position at that time?

Answer

The presentations were made to potential investors on 27th May 2014 to 30th May 2014 in Jersey, Edinburgh and London, based on the public prospectus published on 27th May 2014.

The presentations were organised by the appointed joint book runners. They arranged the bond issuance, which included the presentations, from start to finish and provided advice throughout the process. The Treasury was also supported by its appointed legal advisers and financial adviser throughout the process.

The Minister acts upon the advice of officials and takes no part in the formal income forecasting process.

The independent Income Tax Forecasting Group (ITFG) meets each year and agrees the income tax forecast which then informs that year's annual Budget. A report is issued by the Economics Unit to assist in formalising the forecast position as decided by the ITFG.

The report written to inform the Budget 2014 was issued in September 2013 and included a projected downgrade in income tax forecasts for 2014 of £13 million and £26 million for 2015 compared to the MTFP figure.

A copy of this report was issued to States Members prior to the debate on the draft Budget 2014.

As explained, whilst the discussions of the ITFG continued, the Minister was aware of the income forecasts now included in the Draft Budget 2015 at the time of the roadshows, although they had not been finalised at the end of May and were still subject to dissenting opinion and requests for more work, because of the previous year's outturn. Those forecasts were formally agreed at the ITFG meeting of 30th June 2014, which was chaired by the Chief Executive at the request of the Minister for Treasury and Resources.

The Ministerial team, of course, takes a personal and active interest in the whole range of available statistics, constantly published locally and internationally, which inform them, their advisors, the public and commentators on the broad trends of economic activity, which can affect growth, jobs and income.

The Minister has included numerous statements throughout his term of office that the Government and States continue to need to focus and deliver on reforms to make further savings and boost income, which limits the need for tax increases.

2.3 DEPUTY S.S.P.A. POWER OF ST. BRELADE OF THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING WASTE DISPOSAL CHARGES APPLIED TO ALL THIRD SECTOR CHARITIES:

Question

Can the Minister inform members whether charges for the disposal of clinical waste, green waste and other waste disposal charges are applied evenly to all third sector charities and can he provide details of any charities that have exemptions for any or all of these charges?

Answer

There is no blanket exemption for disposal charges to charities. Some charges have been waived for charities and this has happened on a case by case basis following a request from the charity to the Minister for Transport and Technical Services.

The charges waived are:-

Jersey Battle of Flowers Green waste disposal following the Battle of Flowers.

Les Amis Green waste disposal for waste generated from domestic work on own houses.

Jersey Hospice Care Green waste disposal for Christmas tree initiative and inert waste disposal for crockery.

2.4 DEPUTY S.S.P.A. POWER OF ST. BRELADE OF THE MINISTER FOR PLANNING AND ENVIRONMENT REGARDING CHARGES FOR PLANING APPLICATIONS FOR ALL THIRD SECTOR CHARITIES:

Question

Can the Minister confirm if charges for planning applications are applied evenly to all third sector charities and can he provide details of any charities that have exemptions for any or all of these planning application charges?

Answer

I can confirm that charges for planning (and building) applications are applied consistently to all third sector charities and I have not approved any exemptions from these charges to any charities in my period of office.

2.5 DEPUTY S.S.P.A. POWER OF ST. BRELADE OF THE CHIEF MINISTER REGARDING THE PROMOTION OF THE EMPLOYMENT OF OLDER SKILLED LOCAL RESIDENTS:

Question

Does the Chief Minister share my view that the employment, part-time or otherwise, of the so called “silver skillset”, that is those people born here or living in Jersey who are of retirement age but who may wish to carry on some type of employment even in a part-time capacity, would help in

some employment sectors to control net inward migration and, if so, is he working with the Minister for Social Security to promote the employment of these skilled local residents?

Answer

Our older population has much to offer and we need to make the transition from full time employment to part-time self-employment or retirement as flexible as possible. This will help older Islanders to stay active and maintain their standard of living.

This issue is highlighted by the Skills Board, one of whose aims is to ensure that older residents have the current skills and opportunities necessary to continue to be productive members of the Island's workforce.

Social Security, through Back to Work, has been concentrating on younger and long term unemployed islanders during a period of high unemployment. However, as our society ages we will need to focus on developing programmes for older people who are seeking work.

I support these initiatives and will certainly work with the next Social Security Minister if I am re-elected as Chief Minister.

2.6 DEPUTY G.C.L. BAUDAINS OF ST CLEMENT OF THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING SPEED LIMITS ACROSS THE ISLAND:

Question

Given the number of different speed limits being introduced across the Island, would the Minister clarify the current policy and criteria used in calculating appropriate speed limits on roads under the department's control and further state whether the department monitors the success (or otherwise) of implementing 20 mph and 30 mph limits on those roads?

Answer

In accordance with the policy set out in P1/2004, the following broad speed limit categories are applied, subject to site specific reviews where lower limits could be deemed appropriate and applied due to site specific road safety improvements and / or collision history.

- A 40mph speed limit on all roads not subject to a lower speed limit
- A 30mph speed limit for all vehicles with a laden weight of 3.5t or over on all roads with a 40mph speed limit
- A 30mph speed limit on all roads in the urban / built-up area, as guided by the Island Plan, and not subject to a lower speed limit
- A 20mph speed limit, to be considered on a case by case basis, for primarily residential roads on non-main routes, where pedestrian and cyclist movements are high, such as around schools, shops, markets, playgrounds, residential estates, tourist areas and other areas
- A part time 20mph speed limit, electronically signed, around schools not subject to a permanent 20 mph
- A 15mph speed limit for all roads designated with Green Lane status

In addition, TTS has a programme of village centre improvements providing traffic calming and streetscape improvements such as is currently under construction in St Aubin. Further village centre treatments are in

development for St Mary, St John and St Lawrence. These schemes will make the areas safer, less car dominant and more pedestrian and cyclist friendly. Traffic speeds will be reduced principally through physical measures, rather than through enforcement and I have, as a complimentary measure, introduced 20 mph limits at St Aubin, St Mary and Ville es Renauds, Grouville as part of that process.

The above broad speed limit categories aim to ensure that speed limits are set in a consistent way that drivers understand and which promote road safety. It should however be noted that drivers have a responsibility to drive carefully and safely, in accordance with the prevailing conditions on any road, which can often mean travelling at speeds considerably lower than the posted maximum limit. A speed limit is not a target speed.

Guidance indicates that existing traffic speeds must be close to the proposed speed limit, to ensure compliance. If speeds are too high, then other measures may be considered to physically control speeds in exceptional cases where a speed limit reduction is recommended for safety reasons.

However, the desire for lower speeds has to be balanced against the need for reasonable journey times and the position of the road within the roads hierarchy. TTS aim to set speed limits that take the above factors into account and allow vehicles to travel at an appropriate speed for the main use of the road. Therefore in addition to the broad speed limit categories a number of site specific factors are taken into account in the assessment of a road or area for a speed limit as it is noted that broad categories are not appropriate for all roads. These factors include:

- General character of the road or area
- Type and extent of roadside development
- Traffic composition
- Accident history
- Current traffic speed
- Enforcement
- The frequency of junctions
- Presence of amenities that attract pedestrians and cyclists
- Environmental impact such as increased journey times, vehicles emissions, and the visual impact of the signing.

To be effective and influential a speed limit depends on drivers responding to these factors, particularly those with a visual impact. The speed limit should provide a key indication of the nature of the road or area and the activity of motorised and non-motorised road users. In this sense, the speed limit should fit the location so that the majority of drivers keep to the limit with minimal police attention.

Vehicle speed data is regularly collected for roads where concerns and issues are highlighted or where they form part of a specific improvement study enabling further detailed investigation and the determination of suitable speed limits and management features.

The department has an ad-hoc programme of vehicle speed and volume data collection and there are a number of examples whereby before and after surveys have been conducted to monitor the impact of speed changes.

A road safety strategy is nearing completion and a review of speed limit policy is to be included in that document. The speed limit policy will be subject to a separate public consultation in advance of the strategy being finalised.

2.7 DEPUTY G.C.L.BAUDAINS OF ST CLEMENT OF THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING SEA DEFENCES AND THE MONITORING OF SEA LEVELS:

Question

Given the recent fears that rising sea levels could require significant investment in sea defences, could the Minister state whether his department currently monitors sea levels and, if so, to what degree the sea has risen in the last 30 or so years?

Answer

Monitoring of sea levels on the Island is carried out by Jersey Harbours and not Transport and Technical Services. Since 1993 this information has been recorded digitally and shared with the UK National Oceanography Centre who collate this information on behalf of the UK.

Since 1993 sea levels have increased in Jersey by an average of 2.3mm/year. This equates to a 3.5cm rise in the period. These rises can be compared to other areas of the English Channel which have experienced sea level rises of between 0.8 to 2.3mm/ year and the global average for the Twentieth Century of 1.7mm/year.

2.8 DEPUTY G.C.L.BAUDAINS OF ST CLEMENT OF THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING THE DRAINAGE WORKS AT SNOW HILL:

Question

Would the Minister state when the drainage works at Snow Hill were initially due to be completed and advise of the current estimated completion date? Would he also state whether the contract for the work contained any contingency clauses (such as encountering unforeseen ground conditions) and, if so, whether that could have the potential to affect the fixed price he has alluded to in the past?

Answer

The works at Snow Hill were originally programmed to be complete at the end of October 2013 and are now programmed to be completed by the end of October 2014.

The Contract is a standard Engineering Contract for this type of work which includes Clauses which can be activated if unforeseen ground conditions are encountered. In this instance, these standard Clauses have been modified to be more definitive and remove potential for subjective interpretation by Contractors pursuing claims.

The construction of the below ground shafts and tunnels has been a highly technical and very challenging project which is now nearing completion with all works successfully completed and the project planned to be fully demobilised by the end of November.

Whilst the works have been prolonged, the Contractor has so far failed to provide any technically supported claims for additional monies due under the Contract and the fixed price Contract sum is currently unaffected.

2.9 DEPUTY G.C.L.BAUDAINS OF ST CLEMENT OF THE CHAIRMAN OF PRIVILEGES AND PROCEDURES REGARDING THE PUBLICATION OF MEMBERS' ATTENDANCE LEVELS:

Question

Does the Chairman consider that the publication of figures showing members' attendance levels is a useful guide for members of the public seeking to determine the conscientiousness of their representatives and, if so, would he agree that PPC should publish these figures in future instead of relying on publication by individual members?

Answer

The Terms of Reference of PPC in Standing Order 128 include a requirement for the Committee to publish an annual report on the work of the Assembly and also make the Committee responsible for the provision of information to the public about the work of the States. A number of different statistics about the work of the Assembly are currently collated by the States Greffe throughout the year and used for the annual report. These cover matters such as the number of questions asked, the identity of those who have answered them, the number of statements made and those who have made them, the number, type and length of debates and amount of time spent on all aspects of the Assembly's business.

PPC has stressed on a number of occasions in recent years that it is important for members to comply with their oath of office and the members' code of conduct by attending meetings of the Assembly conscientiously to represent their constituents. I have myself on 2 occasions at the end of the term of office of an Assembly published a list showing the level of attendance of members at recorded votes during the 3 year period. In common with the questioner I believe that this information is useful for the public but I would stress that the lists have been collated and circulated by me in a personal capacity and not produced by the States Greffe or PPC.

I consider that there may be scope to increase the type of official statistics that are produced and published about the work of the Assembly and although there has not been time to raise this issue with PPC I am willing to undertake to place this matter in the legacy report from this PPC so that the new Committee elected in November can consider it. Whether or not the collation of statistics on attendance at votes should be included in the States Assembly annual report in future will be a matter for the new Committee to decide.

2.10 THE CONNÉTABLE OF ST. JOHN OF THE MINISTER FOR HEALTH AND SOCIAL SERVICES REGARDING CLINICAL WAITING TIMES:

Question

Will the Minister give details of current waiting times for appointments in all clinical areas of the Hospital? Will she also give details of any staffing problems in various departments such as the eye clinic, for hip replacements, or in any other department that are impacting on waiting times?

Answer

The average waiting times for outpatients and procedures (**Appendix 1**) are now published on the States of Jersey website (www.gov.je/Government/Departments/HealthSocialServices) and will be updated monthly to allow the public direct access to this information.

It is important to note that these figures relate to the average wait for all patients including all 'urgent', 'soon' and 'routine' categories. The greater the number of 'urgent' cases by specialty, the longer the wait is likely to be for routine patients within that specialty, as 'urgent' cases will always be prioritised above 'routine'.

Improvements in figures for patients waiting over 12 weeks have been made since the beginning of the year, with 70% of all patients referred to Outpatients being seen within 12 weeks, and 81% of all patients requiring surgery, receiving it within 12 weeks.

The main pressures for surgical waiting times sit within Orthopaedics. Encouragingly, there has been a month on month reduction in the number of patients waiting more than 12 weeks for surgery in this field, but we acknowledge there is a great deal more to do.

Significant improvements have been made to reduce waiting times for a first Outpatient appointment in Orthopaedics. In January there were 1283 patients waiting for an orthopaedic opinion, with 650 patients waiting in excess of 12 weeks. As of August 31st, there were 558 patients waiting, with 33 patients waiting over 12 weeks.

Oral surgery has also noted significant improvements in Outpatient and surgical waiting times. The Department currently has just three patients waiting longer than 12 weeks for procedures, while Outpatient waits have also been reduced, with no more than 25 waiting longer than 12 weeks.

Some patients may wait longer than 12 weeks and there can be a number of reasons for this. Occasionally it is because a patient does not want to accept the initial appointment offered to them, because they may be on holiday or for another personal reason.

In terms of waiting lists for a procedure, in some cases a patient may not be considered physically fit enough to undergo the procedure for a variety of reasons, or the Consultant may have indicated that the patient needs to take some action before undergoing surgery.

All of these situations can contribute to far longer waiting times for some patients.

Reducing waiting times for patients remains a key priority for the Hospital. The Department continues to successfully use LEAN methodology to review its current practices and apply learning across all areas, where it is relevant. Outpatient waits in Pain and Gastroenterology services have been identified as the next areas of targeted focus.

There are currently no specific or extraordinary staffing issues directly impacting on waiting lists.

All Consultant vacancies within the hospital have now been filled.

In Ophthalmology, the latest appointment started in post on September 15th, bringing the number of Consultants in this area to a full complement of three.

Within Orthopaedics, we have been using Locum staff. This is assisting with the improvement in waiting times for orthopaedic patients.

I would urge any States Member who is approached by a member of the public with concerns about their waiting time to advise them to speak to the Department directly, as they will know the accurate details of the individual case and be able to address any issues.

Appendix 1

Acute Services Average Waiting Times – @ August 31st 2014

Average Wait for First Out-Patient Appointment

Specialty	Average wait in weeks		
	June	July	August
Breast Surgery	4.7	4.1	3.2
ENT	7.7	7.4	7.7
General Surgery	7.4	8.1	8.7
Gynaecology	5.9	7	7
Ophthalmology	7.9	7.7	7.3
Oral Surgery	19.4	18.6	18
Pain Management	14	13	11.3
Orthopaedics	12.3	8.4	5.8
Urology	9.7	9.4	11.6
Cardiology	5.6	5.3	3.8
Dermatology	9	10.9	9
Diabetic Medicine	10.4	16.7	12.1
Gastroenterology	11.7	8.9	13.4
General Medicine	7.4	6	9.6
Infectious Diseases	7.3	12.3	8
Oncology	2.1	3.4	2.1
Nephrology	1.1	10.7	3.3
Neurology	16	14	11

Respiratory Medicine	7.7	9	9.3
Rheumatology	7.6	2.7	7.1
Paediatrics -general	8.7	10.4	9.8

Average Wait for Procedure

Specialty	Average wait in weeks		
	June	July	August
ENT	5	6	6
General Surgery	9.5	6.3	7
Gynaecology	3.5	3.4	3.1
Ophthalmology	7.6	5.3	6.4
Oral Surgery	9.5	7.8	7.8
Pain Management	4.7	5.3	5.7
Orthopaedics	12.8	12.8	15.6
Urology	13	8.6	12.1

In some services there was an increase in average wait times in August, compared to the previous two months. This was not unexpected as essential planned theatre maintenance is generally undertaken during August, which allows for staff to take holidays during this peak time in the school break. Inevitably, however, this does result in a reduction of surgical activity and a small increase in waiting lists.

It is expected that this level will even out again throughout September.

2.11 DEPUTY J.A.N. LE FONDRÉ OF ST. LAWRENCE OF THE CHIEF MINISTER REGARDING THE SIGNIFICANT REDUCTION IN THE INCOME FORECASTS COMPARED TO THOSE INCLUDED IN THE MEDIUM TERM FINANCIAL PLAN:

Question

Was the Council of Ministers formally informed of the significant reduction in the income forecasts (of approximately £70 million) as compared to those included in the Medium Term Financial Plan that was identified in the report of September 2013 and, if so, when?

Answer

The independent Income Tax Forecasting Group (ITFG) meets each year and agrees the Income Tax forecast, which then informs that year's annual Budget. A report is issued by the Economics Unit to help formalise the forecast position as decided by the ITFG.

The report written to inform the 2014 budget was issued in September 2013 and included a projected downgrade in income tax forecast for 2014 of £13 million and £26 million for 2015 compared to the MTFP figure.

The Council of Ministers was briefed on the Budget 2014 proposals and background issues at its meetings on 10th July, 18th September and 27th November 2013. The Council receives regular financial monitoring reports which include figures on updated income, expenditure and forecasts.

2.12 DEPUTY J.A.N. LE FONDRÉ OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING WHEN STATES MEMBERS WERE INFORMED OF THE SIGNIFICANT REDUCTION IN INCOME FORECASTS:

Question

- a) Other than the contents of R.149/2013 that was presented on 3rd December 2013, where, when and to what degree were States members informed of the significant reduction in income forecasts (as compared to the Medium Term Financial Plan), of approximately £70 million, that was identified in the report of September 2013?
- b) When was the amount quantified in figures and were those figures notified to States members in numerical form and, if so, when?

Answer

R.149/2013 Fiscal Policy Panel Report: response of the Minister for Treasury and Resources is attached for information and was emailed to all States Members on 29th November 2013. A copy of this email is attached. This email also attached the Minister's response to the Corporate Services Scrutiny Panel's report on the Draft Budget 2014 (S.R.13/2013). A copy is attached for information.

- a) The Deputy asked a similar oral question at the last sitting. The Minister believes the Deputy is referring to the Supplementary Note on Income Forecasts for the Budget 2014 and the separate Income Tax Forecasting Group (ITFG) paper. The information has been provided as follows:

The ITFG detailed report was initially provided to the Fiscal Policy Panel in September 2013 in preparation for their Annual Report on the draft Budget 2014.

The ITFG detailed report was also provided to the Corporate Services Scrutiny Panel on 25 October 2013 in preparation for their Report on the draft Budget 2014.

The Corporate Services Scrutiny Report on the Annual Budget 2014 (S.R.13/2013) tabled a summary of the revised income tax forecasts. The report and both of the Scrutiny Advisor's reports

also referred to the revised forecasts being lower than the MTFP by £9 million in 2013, £13 million in 2014 and £26 million in 2015. The Scrutiny report was published on 26 November 2013.

The Treasury Minister's response to the FPP (R149/2013), referred to in Deputy Le Fondré's Question, was published on 3 December 2013 and emailed in advance to States Members on 29th November 2013 by the Minister. The response included the Supplementary Note on Income Forecasts for the Budget 2014.

The Supplementary Note to the 2014 Budget, included in R149/2013, was also provided to States members separately at the time of the Budget debate, on 3 December 2014.

The ITFG Report was circulated in hard copy to States Members at the time of the Budget 2014 debate, on 3 December 2013, rather than being published as it contains granular detail not appropriate for wider circulation.

The Supplementary Note and detailed ITFG Report were included in the information supporting the Amended Budget 2014 and Update to the MTFP Department Annex for 2014 circulated to States members by the Treasury Minister on 21 January 2014.

The detailed ITFG forecasts were not part of the published documentation for the Amended Budget 2014 and Update to the MTFP Department Annex for 2014 as they contains granular detail not appropriate for wider circulation.

b) The second part of the Deputy's questions refers to the initial Supplementary Note in R149/2013, 3 December 2014, which illustrated the revised forecasts in a series of graphs (on pages 16, 17 and 18), highlighting the lower forecasts being used in the Long Term Revenue Planning process for General Revenue Income.

The graphs clearly illustrated the overall position and also showed the position on income tax and stamp duty, which had the most significant variances.

The detailed ITFG figures were provided in hard copy at the time of the Budget 2014 debate, 3 December 2013.

A full analysis was then provided in the Supplementary Note and detailed ITFG Report as part of the information supporting the Amended Budget 2014 and Update to the MTFP Department Annex for 2014 circulated to States members by the Treasury Minister on 21 January 2014.



R.149-2013.pdf

Email to all States Members 29th November 2013

From: Philip Ozouf

Sent: 29 November 2013 16:59

To: All States Members (including ex officio members)

Cc: Laura Rowley; John Richardson (CMD); Dougie Peedle; David Le Cuirot; Steve Le Marquand

Subject: Budget 2014 - Comments and Responses

Importance: High

Dear colleagues.

Following my email yesterday, please find attached:

1. Comments to all Budget amendments



Responses to 2014
Budget Amend...

2. Response to Fiscal Policy Report



LJR 2013-11-15
FPP Responses t...

3. Response Corporate Service Scrutiny Panel



2013-11-25
Ministerial Resp...

I am indebted to the combined work of the Treasurer and teams at Treasury, Income Tax, Agent of the Impôts, Economics and Communications for their assistance in preparing these papers for members. The Greffe will process hard copies in the usual way.

If any member has any questions or queries in relation to any Budget matters, please do not hesitate to contact Eddie or myself over the weekend.

Best wishes,

Philip and Eddie

Senator Philip Ozouf | Minister for Treasury and Resources

Treasury and Resources Department

Cyril Le Marquand House | PO Box 353 | St Helier | Jersey | JE4 8UL

t. +44(0)1534 **440287** | e. p.ozouf@gov.je | w. www.gov.je | f. +44(0)1534 445522



Ministerial Response
- Draft 2014 Budget -

2.13 DEPUTY J.H. YOUNG OF ST. BRELADE OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING THE SUBSTANTIAL INCREASE IN THE

BUDGET FORECAST IN STATES INCOME IN 2016 AND 2017 COMPARED WITH THE LATEST FORECAST FOR 2014:

Question

Will the Minister provide a detailed breakdown of each of the following forecasts of General Revenue Income included in Figure 12.8 on page 64 of the draft Budget Statement 2015 together with the economic and fiscal assumptions which underlie each of these forecasts -

- (a) Forecast 2014 -£652 million
- (b) Forecast 2015 - £685 million;
- (c) Indicative Forecast 2016 - £707 million;
- (d) Indicative Forecast 2017 - £742 million;

and explain the rationale, including the economic and fiscal assumptions, for the substantial increase in the budget forecast in States income in 2016 and 2017 compared with the latest forecast for 2014? What is the degree of reliability and error evaluated by the Income Tax Forecasting Group on these forecasts and have they been reviewed by external advisers?

Answer

The breakdowns of the forecasts of General Revenue Income for 2014 – 2017 in Figure 12.8 are provided in the following table. The figures for 2013 are actuals from the Financial Report and Accounts and the figures for 2014 and 2015 are based on the forecasts as lodged in the draft Budget 2015 in July. The figures for 2016 and 2017 are an extract from those provided in Figure 1 of the Long Term Revenue Planning Review progress report R136/2014 in September.

	draft Budget 2015		LTRP Forecasts		
	Outturn	(as lodged July 2014)		(Indicative July 2014)	
	2013	2014	2015	2016	2017
	£'000	£'000	£'000	£'000	£'000
States Income					
- Income Tax	451,660	444,000	455,000	475,000	499,000
- GST	77,603	79,107	80,650	82,584	84,571
- Impôt Duties	54,320	55,613	55,012	54,950	54,921
- Stamp Duty	17,370	22,730	23,878	25,645	27,803
- Island Wide Rate	11,641	11,956	12,219	12,549	12,888
- Other Income (Dividends)	11,127	8,284	10,503	9,264	12,974
- Other Income (Non-Dividends)	12,966	16,724	17,200	15,789	16,713
- Other Income - return from Andium Homes		13,834	29,472	29,574	30,653
- Other Income - proposed return from Ports Incorporation				1,227	1,980
Total States Income before budget measures	636,687	652,248	683,934	706,582	741,503
<i>draft Budget 2015 - additional income from proposed measures</i>			962	2,662	2,662
Total States Income after budget measures	636,687	652,248	684,896		

The forecasts from the Long Term Revenue Planning period 2016 and 2017 are based on the latest ITFG forecasts and latest forecasts of other States Income. The 2016 and 2017 forecasts do not yet include the financial impact of the tax and duty proposals in the draft Budget 2015 on the basis they are not yet approved.

The economic assumptions underpinning the forecast out to 2017 are shown in the table below. All figures are percentages.

	May 2014					
	2012	2013	2014	2015	2016	2017
Real GVA	-3.9	0.2	0.3	1.3	2.0	2.3
RPI	3.2	1.5	2.2	3.0	3.3	3.3
RPIY	3.0	1.5	2.2	2.7	2.7	2.7
Nominal GVA	-0.9	1.7	2.5	4.0	4.7	5.0
Company profits	-0.7	1.8	2.6	4.6	4.6	4.9
Financial services profits	-2.1	1.0	2.0	6.0	6.0	6.0
Compensation of employees	-1.1	1.6	2.5	3.5	4.7	5.0
Employment	-0.4	-0.5	0.0	0.5	1.0	1.0
Average Earnings	1.5	2.2	2.5	3.0	3.7	4.0
Interest rates (%)	0.5	0.5	0.5	0.9	1.7	2.5
House prices	-1.4	-1.3	0.0	2.0	3.0	4.0

OUTTURNS

The ITFG only advise on the Income Tax forecasts to 2017. As explained on numerous occasions there is significant uncertainty around the forecasts which should be borne in mind when using them. As a result officers advise the use of a range with upper and lower levels based on 5% either side of the central forecast and therefore a total range of 10%.

The forecasts in the Long Term Revenue Planning Review progress report (R136/2014) have been extended out to 2020. These include even further uncertainty and would require an even wider range.

The full ITFG paper explaining the assumptions and forecasts out to 2017 was shared with the FPP in preparation of their July 2014 Annual Report and with the advisers to the Corporate Services Scrutiny Panel for their review of the Draft Budget 2015. It has been provided to States Members by the Chief Minister on 12th September 2014.

Note: these forecasts are not Ministerial figures, they are compiled by officers only, as explained above.

2.14 DEPUTY J.H. YOUNG OF ST. BRELADE OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING THE RELIABILITY OF THE FINANCIAL FORECASTS:

Question

Would the Minister provide an explanation of the words “comparable basis to the existing financial forecast” used in his reply to my written question (No. 8476) of 9th September 2014 which stated that on this basis, the draft 2015 Budget presented to the States indicated a forecast breakeven position in revenue income over expenditure in 2016 and 2017; and inform the Assembly whether

he has become aware of any further information since these forecasts were produced which effects their reliability; whether these forecasts take account of the downturn in 2014 tax revenues; whether they are considered to be reliable by his internal and external advisers and whether there is any qualification or limitation placed upon the forecasts?

Answer

The words “comparable basis to the existing financial forecast” mean that they are based on the same set of economic assumptions and ITFG forecasts as used for the draft Budget 2015 forecasts for 2014 and 2015. The presentation of a forecast breakeven position assumes that the next MTFP will continue to follow a strategy of balanced budgets, but this will be a decision for the next Council of Ministers and States Assembly.

The Minister has published, in R136/2014: Long-Term Revenue Planning Review and in the answer to the Deputy’s written question No.8516, the detail of the indicative income forecasts for 2016 and 2017.

These indicative income forecasts are based on the latest information in respect of economic assumptions and incorporate the forecasts from the Income Tax Forecasting Group. The forecasts therefore take account of the revision in 2014 tax revenues.

The Minister continues to remind Members that the indicative forecasts are a central forecast and, as with all longer-term forecasts, there is significant uncertainty around the indicative forecasts to 2017. As a result it is advisable to use a range with upper and lower levels based on 5% either side of the central forecast and therefore a total range of 10%.

The Minister also wishes to remind the Deputy that the Treasury is now providing much longer-term forecasts than previously, which, subject to all the caveats relating to uncertainty associated with all long-term planning, provides States Members with information which, if used appropriately, is designed to improve transparency and provide better information, which in turn offers more options and better decision making as we move away from short-termism.

3. Oral Questions

3.1 Connétable J. Gallichan of St. Mary of the Chairman of the Privileges and Procedures Committee regarding the communication with complainants under the States members Code of Conduct:

Does the chairman consider it satisfactory that complainants under the States Members Code of Conduct are not, as a matter of routine, contacted by the committee to discuss their complaints or advised of the progress of proceedings and, in the absence of such communication, how does the committee ensure that all elements of complaints are fully understood and dealt with?

Deputy J.M. Maçon of St. Saviour (Chairman, Privileges and Procedures Committee):

P.P.C. (Privileges and Procedures Committee) investigates complaints in accordance with the procedures set out in Standing Orders and successive committees have adopted similar processes since the current Standing Orders were introduced in 2005. If the nature of the complaint is clear from the complaint received and P.P.C. decides that there are grounds to investigate, it is not necessary to contact the complainant during the course of the investigation. It is only necessary to contact the complainant if the exact nature of the complaint is not clear from the initial request and

in particular if it is not clear to which part of the Code of Conduct for elected Members the complainant believes that the Member may have breached. It is important to stress that the responsibility for investigating and adjudicating on any complaint is the responsibility of P.P.C. and it would be wrong for the process to be driven or directed by the complainant. In addition, P.P.C. has always made clear that in common process with other parliaments the investigation is not undertaken in an adversarial way and there is no scope for complainants to question or cross-examine the Member who is the subject of the complaint or *vice versa*. P.P.C. ensures that complainants are made aware of the outcome of the investigation. This is normally done by email or letter, although in the case of a complaint submitted by a States Member the outcome might, for example, become known through the publication of a report to the States.

3.1.1 The Connétable of St. Mary:

Notwithstanding what the chairman has said, which of course I am fully conversant with, does the chairman not accept that in several cases there are possibly interpretations to complaints which are not understood? For example, I recently made a complaint where I outlined a specific area that I wished to be looked at, yet I see no reference to that area in the complainant's report. Furthermore, does the chairman think that it is acceptable for the complainant to hear only through the media when things are being progressed?

Deputy J.M. Maçon:

To take the questions apart in reverse order, obviously a complaint against perhaps a States Member is ideally seen as an initial disciplinary process and as much as possible not for the media to be aware of as it is effectively a personnel matter. Therefore during recent times one has tried to reduce the media awareness of the complaint for the particular reason the Constable raises. With regard to the other aspects, if the Constable could just repeat that part of the question, please?

The Connétable of St. Mary:

It is just I wonder how the chairman would respond if a complainant said that the aspect of the complaint they wished to be addressed did not seem to have been addressed in the report?

Deputy J.M. Maçon:

P.P.C. considers whether a breach of the Code of Conduct has been made and complaints relate to the breaching of the Code of Conduct, not necessarily every single argument which is made which the complainant might feel have been transgressed, although I am happy to speak to the Constable in order to make our legacy report a better process for this particular aspect.

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

Is the chairman aware that there is substantial overlap between the powers of the Chief Minister and the powers of P.P.C. in investigating complaints against the Minister and what steps has he taken or, should he be returned to the House, will he take to make sure that this is cleared up and areas of responsibility are clearly defined in our rules?

Deputy J.M. Maçon:

Yes, this matter was considered greatly when we were considering the introduction of the Commissioner for Standards for the better conduct of States Members and in some areas there is an overlap. I believe that a piece of work which is being undertaken by the Council of Ministers currently is to review the Code of Conduct for Ministers so that it is much clearer, because at the moment there is replication between the Ministerial Code of Conduct and the Code of Conduct for elected Members. Pending the outcome of that review P.P.C. will review the situation.

3.1.3 Deputy G.P. Southern:

Is the chairman aware of when that review started and when it is likely to come to a conclusion and publish its results?

Deputy J.M. Maçon:

Yes, it did commence last year, I believe. I am not aware of its outcome and I am happy to seek the conclusions of that.

Deputy G.P. Southern:

If I may, is the chairman saying that it has taken 10 months to produce a report on responsibilities of Ministerial Government?

The Bailiff:

That is a third question.

3.1.4 Deputy N.B. Le Cornu of St. Helier:

Could the chairman confirm that the current procedures under the Members Code of Conduct relating to complaints are not Article 6 compliant, Article 6 being Article 6 of the European Convention on Human Rights to which this Island is committed, which concern fair trial, the right to examine and cross-examine witnesses by the accused, which is standard procedure in any criminal procedure in any court in this Island? Secondly ...

The Bailiff:

That is the question. I think we will have one question at a time.

Deputy N.B. Le Cornu:

There is a supplementary, Sir. There is an additional part.

The Bailiff:

One question at a time.

Deputy N.B. Le Cornu:

I will come back when he has answered that.

[9:45]

Deputy J.M. Maçon:

A complaint made against a States Member for investigation is not a criminal procedure and therefore the same standards do not apply. This is an internal disciplinary matter, and P.P.C. has always sought it to be a non-adversarial process, as is common with other parliamentary democracies in the world.

3.1.5 Deputy N.B. Le Cornu:

Supplementary? I am sure the chairman is not a lawyer, unfortunately, but he should be aware that the European Convention on Human Rights Article 6 does not simply apply to criminal matters. It applies to all disciplinary hearings, and is therefore relevant in this case. Could I also remind him that in 2012 the Greffier of the States produced an excellent report of 36 pages which has been gathering dust, one that related to this very subject? Parallel is the fact that States Members ...

The Bailiff:

Sorry, Deputy. You are coming to a question?

Deputy N.B. Le Cornu:

The question is, is he aware of that, because this procedure under his tenure as the chairman has not been looked at. He has had a wonderful report and he has done nothing about it. Why? When States Members pay is dealt with ...

The Bailiff:

That is the question, Deputy. Thank you very much.

Deputy J.M. Maçon:

I am aware of that report. Of course it did come out some time before I became chairman. That is not an excuse, just an observation. With regards to the ongoing process, again the States Assembly has approved and there are law drafting instructions going ahead for a Commissioner for Standards in order to deal with this matter and if there is a concern over the processes through the disciplinary proceedings against States Members complaints then there is an opportunity to inform the shaping of that particular process.

The Bailiff:

Connétable, do you wish a final question?

3.1.6 The Connétable of St. Mary:

Yes, Sir. I appreciate the difficult position that the chairman is in, probably more so than anyone else in this Assembly. However, the other concern I had was that it is always important to consider what is said publicly, especially by members of the P.P.C. Will the P.P.C. chairman leave a legacy report with tighter guidelines? I was quite concerned to see that some Members were not able to sit on the complaint because of having made comments publicly beforehand, which of course is their right but which can put the chairman in a difficult position. Will he issue guidelines for the future?

Deputy J.M. Maçon:

Yes, again it was a very difficult process, but yes, I give the Constable that undertaking.

3.2 Deputy M.R. Higgins of St. Helier of the Chief Minister regarding the prosecution of cyber-bullies:

Will the Minister advise Members whether the States of Jersey Police have failed to prosecute an alleged cyber-bully who has been making death threats and, if so, would he advise why?

Senator B.I. Le Marquand (Deputy Chief Minister - rapporteur):

Firstly, as the Deputy well knows, the States of Jersey Police do not prosecute anyone. They investigate complaints and, where appropriate, produce a file for a prosecutor to make a decision. Secondly, I have in one case met with the complainant and in the other case exchanged emails with the complainant, and I do not recall anything that could seriously be considered as a death threat. Thirdly, in accordance with my normal practice in such matters I have forwarded the information provided to me on to the police leadership. The complaints are very clearly an operational matter and that is a matter for the States of Jersey Police.

3.2.1 Deputy M.R. Higgins:

A supplementary? I am pleased the Minister mentioned his response to my last question last week, because again I was surprised that he expressed a lack of knowledge of death threats and also attempts to ruin the careers of members of the public, yet he was given not only copies of a blog but also an audio tape of some of the alleged threats. I would ask the Minister first of all why he did not mention this last week in his answer and, secondly, why he does not take it seriously? The police have had this information for quite some time.

The Bailiff:

There you are. Those are your 2 questions, Deputy. Thank you.

Senator B.I. Le Marquand:

That is not fair at all. I always take such matters seriously. In fact I passed it on to police and have monitored the situation to a degree demonstrating I do take it seriously. I am simply saying there was nothing that I heard on the tape or anywhere else that could seriously be considered as death threats. There were other matters. The questions I was asking last week quite frankly did not go into this level of detail.

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

This is a bit wider than the question. The question is, and I have asked the Minister before, the Minister now absolutely satisfied that the police and then the Law Officers do have the right powers in law to follow up if this was serious or even cyber-bullying in general? Is the Minister now satisfied?

Senator B.I. Le Marquand:

There is Harassment Law, which can cover this area, and that is what they have to work under, but there is a potential gap, which has been identified some time ago and I have said that it was identified really by the Law Officers. I was initially asked to do some work on it and then subsequently it was taken away from me and went to Economic Development. I have previously said that I regret that, because it would have been a higher priority within the Home Affairs Department than it is within Economic Development, but the proposed amendment falls within a law which is within the E.D.D. (Economic Development Department) arrangements.

3.2.3 Deputy M.R. Higgins:

One of the reasons why I am pursuing this particular matter is that the individual concerned was a star witness in the data protection case against former Senator Stuart Syvret. He has been claiming ever since that he has immunity from his actions. One of the complainants that the Minister is aware of went to the police station and the police sergeant or the police officer concerned laughed at the complainant and said: "You do not really think anything is going to happen on this?" So when you have the perpetrator of the cyber-bullying attacks claiming he has immunity because of what he did in the past, and when you get police officers laughing at complainants and saying: "You do not really think anything is going to be done?" does the Minister think that is acceptable?

Senator B.I. Le Marquand:

Nobody has immunity in Jersey, not even the Bailiff if he were to transgress the law, which I am sure he does not. Nobody has immunity, not even the Minister for Home Affairs. Any claim of immunity is complete and utter nonsense. I am aware of the allegation that an officer laughed in terms of whether this was sufficiently serious and so on. That is one of the matters that I referred on to the police senior officers in case they considered that that was improper conduct. That is a matter for them and not for me.

3.3 Deputy R.G. Le Hérissier of St. Saviour of the Chief Minister regarding the extension of the Freedom of Information (Jersey) Law 2011 to agencies like Andium Homes:

Does the Chief Minister consider that agencies like Andium should be subject as soon as possible to the full provisions of the Freedom of Information (Jersey) Law 2011?

Senator B.I. Le Marquand (Deputy Chief Minister - rapporteur):

I am Acting Chief Minister at this moment, so I will answer the question. Members may recall that originally the plan was to bring in the Freedom of Information Law with effect from the end of 2015. This process was, in fact, accelerated forward by the Chief Minister with a view to bringing as much as possible in by 1st January 2015. Members may also recall P.81, which the States passed, in which it amended the categories or the definition of the categories because of ambiguities. Now, one of the effects of that was, in fact, to make it clear that groups like Andium would not be in from 1st January. However, it is the intention of the Chief Minister, if he is still Chief Minister after the 2-stage elections, first of all to bring a proposition to the States to extend to the Parishes from September 2015 and then to phase-in the other such items, including Andium, which potentially lie within the law as soon as is reasonably possible. But there are a number of different organisations potentially caught by the ambit of the law. The way the law is structured is that these are brought in in regulations and any particular group can be brought in by regulations at any time, but there is a need for phasing.

3.3.1 Deputy R.G. Le Hérisier:

I wonder if the Acting Chief Minister could define what he means by “as soon as reasonably possible.” Can he give a target date?

Senator B.I. Le Marquand:

I am slightly embarrassed by that question because I have written instructions and I spoke this morning to be briefed in relation to this. I thought that these were telling me that Andium was by September of next year, but on reading them carefully there is an ambiguity in the notes, so I am not sure about that. It is not clear as to whether this applies to Andium. I think that each organisation is going to have to get itself up to speed to be ready to deal with this. I am sorry I cannot give a more precise date, but I think the Deputy does need to recall we are working early in any event. We are a year ahead on the initial stuff.

3.3.2 Deputy J.A. Martin:

Can the Acting Chief Minister then advise? Up until Andium became Andium and was Housing, any tenant could - and I have been with them - go in and see every record about themselves. Is the Minister saying this is now going to change and it is going to be put off for another 2 years? Why the backwards step if this is so? It is their information.

Senator B.I. Le Marquand:

I am not saying it has been put off for 2 years. I did not give a date because the notes I have are not clear on that. I think the Deputy is right; if there had not been this change then the housing administration would have been brought in the initial start, but Andium will clearly need to get itself up to speed and organise itself so that it is ready to go. It is open to any Member to bring a proposition to the States to add ... well, yes, I know a proposition has been brought by the Deputy of Grouville, but there could be a more specific proposition in terms of an amendment to the law saying Andium will be in from a certain date. That is open to any Member at any given time to do that because it is within the control of this Assembly as to when specific entities are added.

3.3.3 Deputy J.A. Martin:

Sorry, supplementary: it was clear up until Housing became Andium any tenant, with myself or any Member or another friend who they wanted to take in, could see all this information. Is this now denied to the tenant? That is a straightforward question. Until supposedly this comes under a new law, what has changed down at Housing, except for the name? The information is there.

Senator B.I. Le Marquand:

Unfortunately, I cannot give the details of the law. If the information remains at the Housing Department and the information has not been handed, it would still be available prior to the handover. But if it has been handed over under the law, then the availability - under the law, I hasten to add, as opposed to voluntary information given - would have to wait until Andium has been added as an entity within the schedule.

3.3.4 Deputy M. Tadier of St. Brelade:

If and when Andium will be covered by the Freedom of Information Law, will it be retrospective? In other words, in the period between now and when the F.O.I. (Freedom of Information) applies to Andium will the information be made available on request or not?

Senator B.I. Le Marquand:

That must be right because the effect of bringing in an entity does not just bring in information that comes into existence from that date. It is to bring in all the information they have from the past as well.

3.3.5 Deputy M. Tadier:

Will there have been sufficient time for Andium to make sure that their records are in sufficient condition for an F.O.I. Law which does not currently apply to them?

Senator B.I. Le Marquand:

That is the whole point in relation to Andium and any other organisation. They need time to get their records up to scratch and into a state where they can respond reasonably. The same thing applies to any other organisation. I do not know because I am not the Minister for Housing as to how far the Housing Department went in terms of preparing its records with a view to this.

3.3.6 Deputy J.H. Young of St. Brelade:

Could the Minister for Treasury and Resources not use powers of direction to require the new company to comply voluntarily with this new law? In fact, could Andium itself not decide that it comes within the public interest that it would do so?

Senator B.I. Le Marquand:

It is open to Andium to start complying, as it were, providing the information voluntarily. It is open to any organisation without operation of the law. The other question, I am afraid, would have to be addressed to the Minister for Treasury and Resources. I am afraid I lost the vote for Minister for Treasury and Resources 3 years ago. **[Laughter]**

3.3.7 Deputy M.R. Higgins:

Just to try and dispense with some of the confusion on this, I am surprised that the Minister has not mentioned it. The Freedom of Information Law does not mean lack of information for residents. Residents can still get their information under the Data Protection Law. If they file a subject access request, any personal information they are entitled to get. So that information is still available, but I agree that the Freedom of Information Law should be brought to deal with all other aspects of the Housing Department as soon as possible, or Andium Homes as soon as possible. Does the Minister not agree that personal information can be obtained under the Data Protection Law?

Senator B.I. Le Marquand:

Yes, I thank Deputy Higgins very much for that intervention. Yes, he is absolutely right. Of course he is right. Freedom of Information is in addition to the ability for people to obtain personal information by personal subject access.

3.3.8 Deputy R.G. Le Hérisier:

Does the Acting Chief Minister not agree we are making a mountain out of a molehill and that, as a recently released Civil Service department under the excellent leadership of the still current Minister for Housing, Andium will be up to speed and could very quickly move to full Freedom of Information? Does he not believe we are making a total mountain out of a molehill?

[10:00]

Senator B.I. Le Marquand:

Well, I hope that is right. I only heard half the question because the person who succeeded in the election 3 years ago whispered in my left ear that he was quite prepared to instruct them to do it as soon as is reasonably possible.

3.3.9 Deputy R.G. Le Hérisier:

A supplementary: could you give the date by which you will be seeking its full implementation?

Senator B.I. Le Marquand:

Well, I will not be here to do that, of course, as the Deputy well knows. The Chief Minister may not be here either. I am sorry there is an ambiguity in my notes. I thought on first reading the note said September 2015. On reading it now, I see it is referring to the Parishes. This has left me in a position where I am afraid I cannot answer that. I will endeavour to get the Chief Minister to put out a note to all colleagues to tell them what the target date is. I think that is the best way forward.

3.3.10 Deputy R.G. Le Hérisier:

Will the move to the Parishes cover Parish housing schemes?

Senator B.I. Le Marquand:

It will cover all matters administered by the Parish and so if they are Parish houses the answer is yes, but if they are administered by some separate entity the answer is no.

3.4 Deputy G.C.L. Baudains of St. Clement of the Minister for Treasury and Resources regarding the use of the rental income from States' tenants:

I note with some degree of sadness that my question has been redirected away from the Minister for Housing. I hope we are not going to be going into the problems we had with Jersey Telecom and other incorporated companies. Given the anticipated rental income from States tenants at £50 million *per annum* and the £28 million returned to the States, together with £12 million per year average maintenance spend, could the Minister as the shareholder representative advise what the balance will be spent on?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

The good news is that the Assistant Minister is going to answer the question.

Deputy E.J. Noel of St. Lawrence (Assistant Minister for Treasury and Resources - rapporteur):

I will endeavour to do so to the satisfaction of Deputy Baudains. In 2015, Andium Homes' rental income is projected to be £43.8 million. This is after taking into account the gradual implementation of the rent policy on new tenancies and rent losses on properties undergoing major refurbishment. Rental income is expected to build-up to £50 million, as noted in the Deputy's question, by 2017. However, if I may use the 2015 year as an example, this forecast rental income of £43.8 million will be used to fund the annual return to the States of £28.5 million, maintenance expenditure of £10.2 million, staff costs of £3.7 million, other income and expenses netting to £2.3 million, and financial costs of £1.7 million. This will result in the forecast operating loss of £2.6 million, which will be funded from other cash flows. Of the other income and expenditure of

£2.3 million, I can advise the Deputy that £1 million is for foncier rates and non-rechargeable electricity costs such as for street lighting. Other expenditure relates to items such as buildings insurance, surveyors' fees, legal fees, bad debts, audit fees, postage and stationery, *et cetera*. Andium Homes has developed a robust business plan that requires approval by the guarantor and will improve the condition of the housing stock and deliver much needed further affordable homes while also delivering value for money.

3.4.1 Deputy G.C.L. Baudains:

Moving from the Minister for Housing to the Minister for Treasury and Resources to the Assistant Minister for Treasury and Resources, the information seems to have got corrupted somewhere along the way. I wonder if the Assistant Minister could tell me where he got his information from because the figures I have come from the Minister for Housing via the department and are completely different from the figures he has just given me.

Deputy E.J. Noel:

I am afraid that the Deputy's figures must be out of date. These figures came directly from Andium Homes.

3.4.2 Deputy G.P. Southern:

Is it not the case that the continuation of the return to Treasury element repeats the history of the Housing Department where funding was skimped in order to have the return to Treasury continually?

Deputy E.J. Noel:

It is good to see that Deputy Southern is at least consistent in his questioning. These questions have been asked numerous times before and in the proposition that was brought to this Assembly by the Minister for Housing. The £28.5 million return to the States is a reasonable sum that was agreed and Andium are happy with that. It is within their business case. They can afford it and one has to remember that they received some 4,000 units of accommodation from the States at no cost.

3.4.3 Deputy G.P. Southern:

A supplementary, if I may. Is it not the fact that the reason why the business plan is set at 90 per cent of market rents is that the return to Treasury takes out a good chunk of their income?

Deputy E.J. Noel:

No, it is making things a lot more transparent and the correct process. Those tenants paying rents at 90 per cent of market are paying it at the correct level. It is not for the housing provider to provide hidden subsidies. That is for our social security system and our income support system.

3.4.4 Deputy T.A. Vallois of St. Saviour:

Could the Assistant Minister advise whether any consideration has been given to consolidating the Andium Homes accounts into the accounts of the States?

Deputy E.J. Noel:

Andium Homes will be treated as all States-owned utilities such as Jersey Telecom, Jersey Post, *et cetera*. There is no reason to treat it any differently.

3.4.5 Deputy T.A. Vallois:

Could the Assistant Minister explain exactly what that treatment is, then?

Deputy E.J. Noel:

Their annual accounts are audited and they are published along with the States accounts.

3.4.6 Deputy J.A.N. Le Fondré of St. Lawrence:

It is just an idle question trying to work through the figures that the Deputy has given. The interest on the bond is for 2015 projected. Is that going to be included in those figures? I notice he said finance costs of £1.7 million. Does that mean there is only a small allocation of the bond that has gone into Andium? What is the timing going through that?

Deputy E.J. Noel:

Andium has set out in, I believe, our budget documentation from last year that they will be drawing-down on the £207 million borrowing for their refurbishment and build programme over a period of 10 years. Hence they will not be drawing-down that money, all of it, in the beginning of 2015. The finance figures in the figures in the information I have given this morning include that financing of that borrowing that they will be drawing-down.

3.4.7 Deputy J.H. Young:

That answer raises a question. Where is the interest on the whole borrowing being met from then? This £2.6 million loss, where is that going to be picked up as well?

Deputy E.J. Noel:

Andium Homes will be funding both the capital repayments of the money they borrow from the States and the interest charge from their rental stream. The £2.6 million deficit for 2015 - and there is a further one in 2016 and a breakeven from 2017 and surpluses afterwards - comes from other assets.

3.4.8 Deputy J.H. Young:

Does that mean that the interest charges on the £250 million bond we have taken are only incurred when we draw-down monies from that sum? Can he confirm that or put us right?

Deputy E.J. Noel:

Andium will only be paying interest on the money that they actually borrow. I think I have already explained when I answered Deputy Le Fondré's question that they will be borrowing down in tranches to match the actual capital projects that they will be investing in.

3.4.9 Deputy M. Tadier:

First of all, on behalf of the Andium tenants of St. Brelade No. 2, may I congratulate the Assistant Minister on his recent re-election as Deputy? The same tenants, of course, have seen their rents go up in recent weeks and months to pay for a historic States neglect of maintenance of their properties. Can the Assistant Minister confirm in this forum to them that what we are seeing is a stealth tax on the most vulnerable tenants in our society to pay for essentially a deficit in the Treasury budget for something that should have never been there in the first place?

Deputy E.J. Noel:

Deputy Tadier is very consistent in his questioning about Andium Homes and the 90 per cent rents. I have already been very, very clear. This is about making it a level playing field. It is about putting the money that people need if they require a subsidy through the right channels, which is via social security and the income support system. I believe that the 90 per cent rents are only taking place for those with new tenancies and there is a gradualisation of rent increases over a long period of time for those who currently do not pay 90 per cent. **[Interruption]**

3.4.10 Deputy M. Tadier:

A supplementary: does the Minister accept that what we have seen with this funding mechanism is that the tenants themselves are paying for the properties over a lengthy period of time, yet they themselves will not be the beneficial owners of those properties, it will be the States, it will be the wider society, the taxpayer, but not the actual individuals in those properties who are being punished with higher rents despite the fact that they have paid in often for decades living in substandard accommodation?

Deputy E.J. Noel:

The Deputy has a long rambling question there and I must say that he needs to get his facts in order.

Deputy M. Tadier:

The Assistant Minister cannot allege that. If he is alleging incorrect facts, perhaps he could elucidate now. That would make a nice change.

Deputy E.J. Noel:

Those that rent properties, part of their rent does cover maintenance cost, and ongoing that will be the case under Andium. Those tenants have not been paying at a market rate, and market rate covers the refurbishment of those properties. Now we have rebased things on a correct 90 per cent level, it will mean that there will be money available to invest and we should not ever be in this situation with a backlog of maintenance.

3.4.11 Deputy G.C.L. Baudains:

I am concerned about the contradictory nature of the figures allegedly from the same source. In that event, does the Assistant Minister not believe it might have been better to use housing trusts to achieve this instead of creating Andium Homes?

Deputy E.J. Noel:

I believe there should be a number of providers to provide housing for our community. If Deputy Baudains believes that he has been given some figures that are out of date or do not reconcile with the ones that I have with me today, then perhaps we should meet and go to Andium Homes offices and go through the figures that he has so he has a clear indication.

3.5 Deputy J.A.N. Le Fondré of the Minister for Treasury and Resources regarding the worsening of the income position compared to the figures included in the Budget:

Could the Minister confirm there has been a further worsening of the income position of approximately £5 million compared to the figures included in the Budget? That is as identified on page 22 of the C.I.P.F.A. (Chartered Institute of Public Finance and Accountancy) report forming part of the Scrutiny review of the Budget. Are there any indications at all as to whether the position has changed since this June position was identified?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

This question, as you will have noticed, is very similar to the next question, which covers a number of similar points so I will attempt to deal with them in one go but not go over the time. To help the understanding of Members, the Deputy's question and the C.I.P.F.A. report refer to in-year forecasts produced each month for internal use by the Income Tax Department and for management information within the States and the Corporate Management Board. Similar reports, of course, are now produced and we have improved the in-year monitoring across the States. The June report was provided to the C.I.P.F.A. adviser and did, indeed, show a reduction of £5 million in income tax revenue forecasts for 2014. It is worth just noting that that is less than a 1 per cent variance on a forecast. For information also, I can advise that the July report improved that figure slightly to

£4 million; that is a £1 million improvement. The August report is still being collated based upon all the latest returns from income tax. In-year monitoring and forecasts will change every month. They are forecasts. They are not outturns. The purpose of in-year forecasts is to inform up-to-date management information for better internal decision making. What they are not there to do is to change tack on short-termism. The whole issue of moving to longer term decision making is a move against short-termism and these issues, these numbers, are very small and should not deflect us from the decisions that we are being called to make in this budget debate now.

3.5.1 Deputy J.A.N. Le Fondré:

I take the point that it is a relatively small variance. The reason I was asking is because the Budget is so tight and I am not sure what the position is. If the variance is now £4 million, then if you take £4 million off the balance in the Consolidated Fund it goes back into the red. The reason is that C.I.P.F.A. has stated it is critical for Members to have the most up-to-date information when considering the Budget. I suppose, really, Ministers can no doubt argue it is just a forecast, but on the basis the current figures are forecast to be worse than they are, on what grounds does he believe he should proceed with the Budget on the basis that it could still be in the red? Or is he going to introduce further measures just to offset that balance?

[10:15]

Senator P.F.C. Ozouf:

It is really difficult sometimes to deal with Deputy Le Fondré in a way that is balanced. **[Laughter]** I use that; that may be pardoning the pun. Deputy Le Fondré uses the words “red” and “deficits.” Let us just reflect what the law says. The law says that we cannot make any spending decisions without an unallocated budget amount on the Consolidated Fund. Now, you have a very fine red robe, Sir, but red means deficit. At any one time the States current account has £100 million in it, so what we are talking about is to ensure that there is the theoretical allocated amount in the Budget to do it. Now, it is a very restrictive measure and what we are trying to do is when the forecasts are there we are making measures in order to ensure that there is some unallocated allocatable money there. It is wrong to portray this as (a) illegal; (b) wrong; and (c) a problem in our public finances. There is not. I remind the Deputy that we have 100 per cent of G.D.P. (gross domestic product) on our balance sheet, not the opposite that the U.K. (United Kingdom) has with the equivalent of £4 billion. I just wish he would stop using such loose terms which can be misinterpreted by the general public to say that somehow there is a problem when there is not.

3.5.2 Deputy J.A.N. Le Fondré:

A point of clarification if you do not mind. When the F.P.P. (Fiscal Policy Panel) did their presentation, I directly asked if it was a deficit Budget and they confirmed it was the case.

Senator P.F.C. Ozouf:

Again, let us be clear. There is a difference between deficits and spending and structural deficits, and we are coming on to a question. There is not a deficit in this Budget. Measures are being put forward. This is really critical and this is a massive issue on which Deputy Le Fondré is - I do not think intentionally - misleading Members. This Budget does balance and there is uncompromisingly more money being put into the economy than taken out. That is different from a current account deficit and this issue of the Consolidated Fund. Each individual issue needs to be understood for what it is and not linked-up and then drawn like some sort of screaming headline that there is a problem. There is not. This Budget does balance but we are putting more money into the economy than we are taking out and it is the right thing to do.

3.5.3 Deputy G.P. Southern:

Let us refer to the word “shortfall” shall we then? There is an accepted shortfall in predicted income revenue in the 2015 Budget. There was one in the 2014 Budget. The measure taken, raiding each particular fund which is supposed to be ring-fenced for specialist demands, is a short-term measure which balances the Budget, if we have to use the Minister for Treasury and Resources’ words, for the short term, i.e. 2015, and the Minister for Treasury and Resources will not be here in 2016, it will be somebody else’s problem. Is that not the case?

Senator P.F.C. Ozouf:

This is not raiding. These are not shortfalls. The income forecast is lower. We know the reason why that is. It is because of the financial contagion. Somehow to project this shortfall as being a personal criticism of the Treasury, a personal criticism of me, is wrong. The income from tax is lower than that that was originally expected in 2012 because of the worldwide financial contagion. The first 2 years of the Budget forecasts were up. I brought those surpluses straight to this Assembly for the Assembly to spend. Deputy Southern was nowhere to be seen criticising me for that. There is a lower income which is being met by Budget measures and it is the right thing to do. It is supported by the experts on the Fiscal Policy Panel. I just do not understand the mixed messages. I think Deputy Southern is talking, if I may say, on both sides of the debate and using both sides of an inaccurate debate to criticise me personally. It is, frankly, not right and not accurate.

3.5.4 Senator S.C. Ferguson:

The Minister has said that, in effect, there is a deficit on the current account. Income is falling, expenditure is rising, and there are structural tax changes. Will he not explain to the public that it is a deficit on the current account and what his plans are to deal with it once we start growing again?

Senator P.F.C. Ozouf:

Senator Ferguson has been chairman of Corporate Services. She has spent hours understanding this and she has just put a question to me which is inaccurate. There is no deficit in this Budget because we have put income measures in order to balance the Consolidated Fund, full stop. What the Budget is doing is its effect is putting more money in than taking out because we are funding that income downturn by raising money elsewhere. That is the best thing to do, advised by the F.P.P., in order to put the next Assembly in the best position to see the income line growing to deliver economic growth. That is what we are doing. We have underneath that cut taxes and the marginal rate of tax. If she did not agree with the marginal rate of tax cut, then she could have reversed it in this year’s Budget, but she has not done so.

3.5.5 Senator S.C. Ferguson:

Will the Minister not admit that there is a deficit, as the F.P.P. have said in their report: “We are running a net deficit”?

Senator P.F.C. Ozouf:

We are putting more money into the economy than we are taking out. That is what we are doing. If Senator Ferguson wants to call it a deficit in that context, then that is absolutely correct. That is the defensible, correct decision for all the reasons that we have explained. To then move on and to say that somehow there is some long-term issue is a different matter and there is another question dealing with that.

3.5.6 Deputy J.A.N. Le Fondré:

I will try and keep it higher level. Given the deteriorating decline in the income figures for the last 12 months, why was the Minister even remotely considering a further reduction in the marginal rate of income tax, which he has just referred to, in June of this year?

Senator P.F.C. Ozouf:

I would have loved to have a marginal rate of tax cut down to 25 per cent. The Budget measures that are being proposed are designed exactly to get the economy under way, to turbo-boost economic growth, to ensure the income line rises so the next Assembly can do that cut in the marginal rate of tax. If I could have done it, I would have put it forward, but the reduction in income means that I cannot do that further reduction in the marginal rate. I would have thought Deputy Le Fondré, who opposed the increase in G.S.T. (Goods and Services Tax), who does not agree with higher taxes, would be commending me for doing everything I can in order to cut taxes for working people, not criticising me for doing so.

Deputy J.A.N. Le Fondré:

Can I give clarification? The Minister knew the bad forecast since September of last year. He has made that very clear. So the question was: why did he even contemplate the reduction in June of this year, not all the enthusiasm about the economy?

Senator P.F.C. Ozouf:

It is a theoretical question and technically out of order, but I am happy to answer it.

The Bailiff:

Well, answer it briefly.

Senator P.F.C. Ozouf:

I considered it because if the income forecast would have allowed it, I would have proposed it. But most of the effect of it would have been in the 2016 numbers, so I did not think on balance, after discussion with the Chief Minister and Ministerial colleagues, that it was the right thing to do at the moment. This Budget is ...

The Bailiff:

I think that is it because it is a very hypothetical question.

Senator P.F.C. Ozouf:

I know, but it has been hashed and rehashed so many times and I am not getting my point across.

3.6 Deputy J.H. Young of the Minister for Treasury and Resources regarding the variances reported by the States Income Monitoring Reports for July and August 2014:

Will the Minister disclose the variances reported by the States Income Monitoring Reports for July and August 2014 and confirm whether these reports confirm the opinion of the Comptroller of Income Tax and his staff, which were reported to C.I.P.F.A. on 1st August 2014 - and that is recorded in paragraph 4.14 of the Scrutiny report on the Budget - which stated that the tax yield would be even worse than the established forecast position for 2014?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

This is largely the same territory. Monthly reports are created for internal use. Quarterly reports are reported to the Council of Ministers, and the Assembly gets a 6-month report which is published. The latest information is that there has been a slight improvement in August, as I explained in the last answer, and we will not know what the impact is going to be. I just would refer the Deputy to the previous track record of the Treasury that is also criticised because the forecasts are normally beaten when the actual comes in. I do not know whether that is going to be the case. I suspect it will not be this year, but what I should say to the Deputy is we should not be

deflected. The world is focused on short-termism and we should be focused on medium-term and long-term planning. These small adjustments do not change and should not change this Assembly's policies of getting people back to work and getting the economy moving.

3.6.1 Deputy J.H. Young:

The Minister for Treasury and Resources in all of his answers on this subject has emphasised the importance of these income forecasting systems. Would he not accept that the public are right to pose questions as to how it is, for example, that we have a scrutiny report that says that in May there was going to be a forecast variance of £34 million and by June that had gone to £39 million, and who, when we hear of our professional staff who, according to report, only meet once a year to come up with these figures, make comments like this? Are we not entitled to have concern about the reliability of our income forecasts, particularly that our Medium-Term Financial Plan now is blown out of the water as a result of these figures?

Senator P.F.C. Ozouf:

Sometimes it is said, I think, that sons turn into their parents and I was reading the tribute that was given to my late father. I recall that the then Presiding Officer quoted him and said something that was not parliamentary but it was something along the lines of: "What a load of - expletive - nonsense." Deputy Young is speaking absolute nonsense, if I may say. There is no issue with the forecasts. It is not a problem. It is not a criticism that the forecasts have turned out to be different. We have faced financial contagion. We have faced job losses. We have faced a very difficult situation. That is why income is down. People have not made the income that they have previously. Businesses have been under stress because of the international conditions. What we have been doing is doing everything about it. We have been absolutely transparent with Members on this position, but we should not be deflected. The M.T.F.P. (Medium-Term Financial Plan) is not in tatters. The M.T.F.P. is in good shape and this Assembly today is going to do the last thing of approving the measures and the policies in the M.T.F.P., which is designed to put the Island in the best possible position to get future income, not compromise it. I regret repeated suggestions that somehow plans are in tatters, there is a problem. There is not. We have responded. Like a good farmer with a forecast, we have worked and now we are growing the income. That is why I despair with these negative, inaccurate statements which are being constantly made. They are just not reflective of the truth and they are nonsense.

3.6.2 Deputy J.A.N. Le Fondré:

Just as an aside, I would note that I think some of those comments have been confirmed by C.I.P.F.A. The question I would like to ask the Minister for Treasury and Resources is, given he has just confirmed that the up-to-date figure is that the income is going to be a further £4 million down, if we apply that number to the Consolidated Fund balances being projected for the end of 2015, without any further amendments what will the balance on that fund be for the unallocated money?

Senator P.F.C. Ozouf:

The last question and this one said is it right to have a debate about this: absolutely right. Debate means he has also said in his question do I agree with the C.I.P.F.A. report. No, I do not agree with some aspects of the C.I.P.F.A. report. I think they have it wrong. There is always going to be, however, a diverse opinion and the Income Tax Forecasting Group, as many Members of this Assembly know, were not unanimous about the forecasts. I have to bring that matter to a head, which is one of the underlying issues which I have had to be dealing with in the recent weeks. There is not a problem with the consolidated unallocated amount irrespective of that. My legal obligation, upon advice, is to present a budget which balances the Consolidated Fund, but I also

want to take the advice of the F.P.P., which says do not be constrained by the unallocated balance on the Consolidated Fund; use all available resources. That is what we are doing.

[10:30]

If there were to be a situation where there would be an undershoot in terms of income over and above that £4 million, then there are, of course, contingency matters that are available within the Council of Ministers and the Treasury to deal with it, which are not subject to States Assembly approval. However, there has been absolute transparency in terms of all of these forecasts. I will finally say, in terms of transparency, one of the continuing themes of these questions has been no information provided to Members... and I wish to say on record and draw to Members attention the email that I sent on 29th October last year which had those forecasts in, once and for all. I have put it in my written answer and I hope that this suggestion of lack of transparency is once and for all going to be withdrawn. I will be asking for the matter to be dealt with under privilege if this continues.

Deputy J.A.N. Le Fondré:

Can I just clarify, was it October or November?

The Bailiff:

October he said.

Senator P.F.C. Ozouf:

Sorry, no, I beg your pardon, November, 29th November 2013, 16:59. I have the email here and it is in Members questions. I hope it draws a line under this ridiculous line of questioning that I have been subjected to.

3.6.3 Deputy J.H. Young:

The Minister in his answers said I was talking rubbish about the M.T.F.P., in my shorthand calling it “in tatters.” Would he not accept that the Scrutiny report is full of very serious criticisms about our approach to the last M.T.F.P. and that there is a need for the future Medium-Term Financial Plan to effectively adjust and change more accurately and reliably to provide a firmer basis? Also, finally, I notice in his written answer he is telling us that the forecasts for interest rates, which are fundamental to these ...

The Bailiff:

Sorry, this is getting a very long question, Deputy. What are you asking?

Deputy J.H. Young:

I am asking can he confirm that the interest rates in his written answer of 0.9 and 1.7 per cent, which is a substantial increase, are really realistic and will he be revising the M.T.F.P. system for the future?

Senator P.F.C. Ozouf:

The M.T.F.P. and the changes in the Public Finances Law, which has been a massively positive revolution in the way that we do business and the way we set budgets, was the first. Those will always need to be adjusted in the light of experience. As far as the Assistant Minister, myself, the Chief Minister and Ministerial colleagues, we are combining and doing a note on further improvements to the M.T.F.P. So, yes, I agree with the Deputy and I agree that further improvements can be made. That is life. You always improve. You learn from your experience. In relation to this M.T.F.P. and this Budget, is it in tatters and should we have done anything different? If anything, I have to say that we should have done more to support the economy in that

second year than we did. We should have done more and we should have acted earlier with financial services in terms of putting it back on track and we should have dealt with the other non-financial services' anaemic growth, which has now led to these lower forecasts. That does not mean to say you spend less; you spend more. If anything, history is now being rewritten as though the M.T.F.P. has been a failure. On the contrary, it has worked, is working and is securing Jersey's economic recovery. Of course, as far as interest rates, I do not know how many times I have to say this. Deputy Noel and I do not sit there with a pencil putting in interest rate forecasts. They are not ours. They are independent forecasts done by the Independent Forecasting Group, the Economics Unit, and even they do not do it with their own pencils. They take the international forecasts that are done by the I.M.F. (International Monetary Fund), the Office of Budget Responsibility, *et cetera*. To cast this as me doing them is wrong and, no, I will not change proper independent advice done by our experts, not here but elsewhere as well.

3.7 Connétable P.J. Rondel of St. John of the Minister for Health and Social Services regarding hospital waiting times to see specialists in all departments:

Would the Minister provide details of the average hospital waiting time to see specialists in all departments, particularly the eye clinic? Will she advise whether there are some disruptions in senior staffing in the eye department recently and, if so, explain how this has been resolved?

Deputy A.E. Pryke of Trinity (The Minister for Health and Social Services):

Average waiting times in departments across the hospital are now published on the States website and I would refer Members to the detailed response I have already provided to the Constable's written question. The average wait for patients seen in the ophthalmology clinic over the past 3 months has been less than 8 weeks. The hospital has had vacancies at consultant level within that service. These have been banished by adopting a number of strategies that have included the utilisation of locums and temporary staff and the transfer off-Island of a small number of patients. I am delighted to report that as of 15th September we have a full on-Island team consisting of 3 permanent consultants.

3.7.1 The Connétable of St. John:

Can the Minister explain then why when a G.P. (general practitioner) writes for an appointment or a referral to the eye clinic back in early March, can she explain why on 16th June the patient received a letter from the eye clinic to say that patient had been put on a waiting list and at the time of asking this question no other contact has been received from the hospital? That is some 6 months from the original referral.

The Deputy of Trinity:

As this Assembly knows it is very difficult to go into individual letters and I am very happy to ... if the Constable and I just want to talk about it, and I will investigate. All referrals done by G.P. are clinically assessed into they are either urgent, soon or routine. They go on the appropriate waiting list accordingly. But regarding that specific issue, I am quite happy to take it up.

3.7.2 The Connétable of St. John:

Given the answer we have been given that within the eye clinic, some 8 weeks is the waiting time, when will these patients that have been put on whatever list it may be, the slowest list, gets some response from the department? Because 6 months, 3 months, both those are well over the 8 weeks that we have been given. Will she also explain how long has the department, i.e. the eye clinic, been running short of one of the consultants?

The Deputy of Trinity:

As I said, the referrals that come from a G.P. are always clinically assessed appropriately and if there is any change in that patient's condition the G.P. contacts the appropriate consultant to update with a condition. The issue in the eye clinic has been for approximately about a year, but very pleased that we have 3 permanent consultants. Regarding the level of consultants, in the U.K. it will be 2 eye clinic consultants regarded for a population of 100,000 and we have 3 per 100,000, which I am very pleased about.

The Connétable of St. John:

Supplementary?

The Bailiff:

No, I am sorry ...

The Connétable of St. John:

Nobody else has asked some questions. It is my last question in this Chamber and you will not even give me a supplementary. **[Approbation]**

The Bailiff:

Connétable, you do tug at the heart strings. **[Laughter]**

The Connétable of St. John:

Do not cut me off at the knees again, Sir.

The Bailiff:

Very last question. **[Aside]** **[Laughter]**

3.7.3 The Connétable of St. John:

With the answer we have just been given; extra visits. Why is it taking so long for the people who are supposed to refer back to their G.P., which has a cost implication because there is a referral already been sent in, so that patient is waiting. If he has to go back to his G.P. that is another £30 or £40 out of that patient's pocket, why do they have to go back when they have already received one letter back in June, or the only letter in June from the hospital; why would they have to go back, getting worse or not, when they believe they are in a waiting list? Surely something is wrong somewhere within the department.

The Deputy of Trinity:

No, all referrals, as I said, are clinically assessed and sometimes the patient's condition can change and it is important that liaison from the G.P. to the hospital, that communication, continues because a patient's condition can change quite swiftly, so that is important. As regarding the specific issue about presumably a parishioner, I am very happy to take it up with you and look into the details.

3.8 Deputy J.A.N. Le Fondré of the Minister for Treasury and Resources regarding whether the States had a structural deficit:

Do the States have a structural deficit?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

I hope that the Connétable of St. John is going to ask a supplementary on this because in fact whether or not we have a structural deficit depends on how much money we spend and he has one last chance of dealing with infrastructure spending. There has been a lot of talk about this issue of structural deficit and I want to, if I may, refer directly to the comments that the Fiscal Policy Panel

has made. They say if - “if” - there is, and neither the F.P.P. or I or anybody else really knows whether there is a structural deficit, if there is a structural deficit in public finances the States should plan to address it once the economy has recovered. Structural changes in taxation or expenditure programmes are easier to introduce, they say, once an economic recovery is fully established, and this will be an important consideration for the next M.T.F.P. I absolutely agree. They further say: “The panel intends to undertake an analysis ahead of the report next year”; that is ahead of the M.T.F.P. and after the Strategic Plan, which will deal with the resource statement again, as we did last time. That will help report to the States and understand better the underlying structural position of States finances. So, let us be clear, we should all wait that external expert advice before jumping to conclusions because we simply do not know. We will know about the ongoing international position and the success of getting the economy underway and getting growth. What I can say to Members is that all of the plans, as published in the long-term revenue plan review, do take account, very prudently, of that much lower income plan and all of the forecasts have been based on that prudent basis. My position is on the F.P.P. advice. If we have a structural deficit then we will be ready to act. The last thing is to avoid a structural deficit you do 2 things: you maximise your future income by investing and getting the economy going, and ultimately it will be for this Assembly to decide what their spending plans are for 2016 to 2019 and then Members that are here will decide whether or not they are going to run deficits or whether or not, as I would want to do, rebuild revenues in the Stabilisation Fund by running surpluses when the economy is recovering.

3.8.1 Deputy J.A.N. Le Fondré:

The F.P.P. have been calling for some form of analysis to be done as to whether there is a structural deficit or not since 2012, and that is in their report. Why has it not been produced?

Senator P.F.C. Ozouf:

I do not know where Deputy Le Fondré has been in the last 5 years but we have been facing the world’s worst economic crisis. It may well be more easy to chart and to forecast in the years ahead as confidence is returning. Nobody in this Assembly, no expert, nobody in the world, from St. Lawrence or from Santiago or from Sydney could have forecast the contagion of the world’s public finances and the difficulties that we have had to take. What we do know is that we can have confidence in building our income line by restoring confidence in our financial services, restoring our reputation with the U.K. and doing all the things that the Minister for Economic Development has been working so hard on to get local, non-financial services growth under way. That is the way you avoid a structural deficit and meet your spending requirements, including capital infrastructure spending.

Deputy J.A.N. Le Fondré:

Quick supplementary: the Minister did not answer the question. I said it has been asked since 2012, why has it not been produced.

Senator P.F.C. Ozouf:

Because you cannot do it. The time to do a structural deficit is now in the advance of the next Medium-Term Financial Plan. Frankly, rather than be in the weeds of the short term working out what could have happened in the last 2 or 3 years, Ministers have been working to increase the income line. I have been uncompromisingly with the Chief Minister - who is now in the U.K. defending our interests - explaining to Labour Party politicians effectively who could be in the next Government, the benefit of Jersey and rebuilding confidence, just as I was doing last Monday, getting FinTech businesses to Jersey. Going out, winning business and getting jobs back into Jersey. That is how you avoid a structural deficit. Not wasting time in short termism.

3.8.2 Senator S.C. Ferguson:

I would, with great respect, correct the Minister: the Fiscal Policy Panel have been worried about a structural deficit since 2008.

[10:45]

Does the Minister not agree that if you are spending more than you are getting in income and you are losing tax income, a structural reduction in tax income, then does not indicate you have a structural deficit? We have lost £8 million a year in marginal relief, we have in 2012 lost £6 million in a year in deemed distribution and it is probably higher, and the chairman of the F.P.P. is pretty sure we have a structural deficit. So does the Minister not consider that there is perhaps a degree of urgency in looking at the figures and why do we need to go outside to get those figures and not use our own resources?

Senator P.F.C. Ozouf:

Very happy to answer that, finally. The Corporate Services chairman, the F.P.P. are not alone in worrying about structural deficits. I do not think, with respect, I need to be reminded of the structural deficit in 2008. I was the bearer of bad news in dealing with a structural deficit of £100 million in 2013 without having taken corrective action, to which I have been applauded and castigated in equal measure. I do not need to take lessons about structural deficits because I have avoided a structural deficit that would have certainly been in the case of £100 million in 2013. Let us just be clear about worrying about structural deficit. I worry about them just as much as the F.P.P. and I agree with them, and I have taken their advice. I take advice from the real experts, and if Senator Ferguson thinks that we can only have experts in Jersey looking at it ... I am afraid we are not an Island, we are part of a globalised financial services industry and we need expertise from outside. The reason, if there is a structural deficit, why there was a structural deficit in 2013 and the question in future has 2 answers: growing revenues and safeguarding our financial services and other industries maintaining our income and, secondly, the debate about Health. If we would not have tackled healthcare spending, dealing with the Connétable of St. John's infrastructure issues, we would not have had a structural deficit. We would have done like previous Assemblies, have put problems off to future generations. We have not. I congratulate Members of this Assembly who have supported the policies that we have done and ensured that we do not have a structural deficit that we would have had in 2013 and this Budget will mean if there is a structural deficit, it will be as small as possible because we will have grown the economy and restored confidence to Jersey rather than talking it down.

3.8.3 Senator S.C. Ferguson:

Would the Minister acknowledge why it is that he is only just admitting this and why he did not start working on it last year when it was recommended in our report?

Senator P.F.C. Ozouf:

I am going to enjoy the hustings, I think, because is the Senator really saying that I am admitting that there is a structural deficit now? Does the Senator not understand that every waking hour of the work that Deputy Noel and I and Ministers, the Minister for Economic Development, is all directed towards ensuring that we have the resources to invest in the social services and our social infrastructure and our backlog in infrastructure to pay for that by growing the economy in a responsible way? It is simply an outrage for Senator Ferguson to somehow now cast her as the owner of the structural deficit problem. I think I have enough punches and enough bruises in dealing with structural deficits and fixing them in the last 6 years than most other Members, and I am proud of it. I will say structural deficits must be avoided. You raise income, you get the

economy back and you deliver social services in health and infrastructure and we have done all of that, in spades.

Senator S.C. Ferguson:

What is the usual ...

The Bailiff:

I am sorry, Senator, you have asked your 2.

3.8.4 Deputy G.C.L. Baudains:

Much of the Minister's enthusiasm appears to be predicated on the economy of improving in the near future. What I would like to ask the Minister is ... because the message I get from businesses that they do not see that happening any time soon. If we are going to run a deficit what contingency is there if the economy does not turn around in the near future?

Senator P.F.C. Ozouf:

Excellent question. The economy is in parts improving. We are seeing real confidence returning back into financial services, some really good news in terms of organisations like HSBC is bringing business to Jersey. I expect more news with other Ministers, the work that Locate Jersey has been doing in bringing some funds to the Island. There is real optimism. The work in FinTech. I addressed its major conference in London, Level 39 at Canary Wharf. There are huge opportunities for Jersey building on the work of the digital economy. The Minister for Economic Development and I think would agree that the non-financial services economy has been proven to be somewhat anaemic. In answer to the Deputy's question, I think that we all, if it remains anaemic, if we cannot get it going then we need to do more and understand more. I stand ready, right up until the last minute of Ministerial office, to assist the Minister to do everything. We have never said no to something that the Minister has wanted for the right reasons. In relation to ... I cannot remember what else there was. We do have contingency plans of course in the Treasury for a downturn in income but the most important thing is to get the income line up and get economic recovery underway, and that is what this whole Budget is trying to do.

3.8.5 The Connétable of St. John:

Spend on infrastructure runs as we all know into hundreds of millions. Will the Minister for Treasury and Resources support T.T.S. (Transport and Technical Services) in putting in place wayleaves across land thereby saving the Island or the taxpayer millions of pounds in having to reinstate roads once they have been dug up? There is absolutely no reason why many new housing developments, *et cetera*, the pipework and everything else, the infrastructure should go in private land but not at the great cost. They need a way leave put in place where commonsense charges would be put in place.

Senator P.F.C. Ozouf:

I think you are probably giving the Connétable a little latitude ...

The Bailiff:

I think I am.

Senator P.F.C. Ozouf:

Frankly, it is his last sitting, and his last opportunity to ask me a question, so absolutely more than delighted to do it. He may not believe it but I think about the Connétable of St. John a lot in the Budget plans. He has pushed, encouraged, cajoled, questioned, prodded and emphasised the importance of infrastructure investment and drains and he has been right to do it. This Assembly,

of which he is now leaving, has done more in infrastructure than any Assembly in recent times almost in our post-war history and he should be thanked, for his dogged persistence of that. The answer to the question is, yes, I agree, and it is in the Minister's plan. If I am still here I will continue to support it, because he is right. We have the liquid waste strategy in. We now need to do the wayleave issues, and we can connect those people that he has so well represented in recent years and get the dream of being connected to the mains liquid waste supply. He is absolutely right and I thank him for his question.

3.8.6 Deputy J.A.N. Le Fondré:

At present for planning purposes, what are officers working on as a deficit projection for 2016?

Senator P.F.C. Ozouf:

I just do not know what Deputy Le Fondré reads. The answer is it is in the long-term revenue plan review document. I have said that the long-term revenue planning, which is not a matter for this Assembly and this Minister to decide upon, is based upon the lower dotted redline forecasts. That is clear. It was clear in the email of 29th November last year. It is clear again from the F.P.P. report this time. What does he not understand? It is based upon the red dotted line that was in his inbox at 16:59 on 29th October 2013 and it is in his inbox from the F.P.P. report this time, and it is in his inbox, if has read it, for all the reports that we are doing. I just do not understand.

Deputy J.A.N. Fondré:

What is the number? That is all I need; what is the deficit projection for 2016? The number.

Senator P.F.C. Ozouf:

There is not a deficit projection for 2016 because it depends on how much you spend. Depending on whether or not Members are going to be supportive of the Minister for Health's call for £50 million additional on healthcare services, on the Minister for Education's call for additional support rightly for skills, the call from the Minister for Transport and Technical Services for more road funding; it depends. I do know one thing, is the deficit, whatever it is or the number is in 2016 would be lower if we did not take the Budget measures that we are doing today and all of the going out and selling and celebrating Jersey and getting business into Jersey as quickly as possible. As to what I do know what it is, I have not got a crystal ball. I do not know what is going to happen in the next Assembly but I hope they balance the books over the cycle.

Deputy J.A.N. Fondré

I am sorry, Sir ...

Senator P.F.C. Ozouf:

Revenue should equal ...

The Bailiff:

No, I am sorry, that has taken it as far as it can. We have the Budget debate still to come.

3.9 Deputy R.G. Le Hérissier of the Minister for Social Security regarding measures to reduce the cost of G.P. services to residents:

Will the Minister, or possibly his successor, be introducing measures to reduce the cost of G.P. services to residents, particularly those under financial stress and, if so, when?

Senator F. du H. Le Gresley (The Minister for Social Security):

May I start by wishing the Deputy a long and happy retirement from this Assembly. He will be missed for not only his astute questions but also his rather quietly spoken voice. **[Laughter]** In answer to the question: my department's business plan for 2014 states that we will investigate options to improve support for G.P. costs within low income groups within the existing budget. This is an area of work which we are actively pursuing. The terms of this business plan project has been widened following the Deputy's successful amendment to proposition 101 this year, which called for an investigation into the appropriate course of action where people had difficulty paying for primary care. Any measures to address G.P. costs can only be introduced once this work has been completed.

3.9.1 Deputy R.G. Le Hérissier:

I thank the Minister for his kind words. When does the Minister expect the work to be completed?

Senator F. du H. Le Gresley:

The work is part of the wider sustainable model of primary care work that has been carried out by a project board, which includes representatives from my department and representatives across a whole range of primary care providers. They are working on various workstreams and my department will be leading on 2, one of which is patient access and the other one is on incentives. The intention is that all of this work will culminate in a public consultation on a White Paper which is planned for June of next year.

3.10 Deputy G.C.L. Baudains of the Minister for Health and Social Services regarding the standard of treatment which stroke patients receive at Overdale:

Given the Minister's indication that she takes patient complaints seriously, is she satisfied with the standard of treatment which stroke patients receive at Overdale and, if not, will she instigate an immediate independent review of treatment and procedures at that facility?

The Bailiff:

Assistant Minister, I understand you are going to answer this question?

Connétable J.M. Refault of St. Peter (Assistant Minister for Health and Social Services - rapporteur):

Yes, Sir, thank you. I can assure Deputy Baudains the Minister for Health and Social Services and all the staff do take all complaints very seriously. Samarès Ward at Overdale is a 20-bedded in-patient facility providing care and rehabilitation to patients with a variety of physical and emotional needs, including those who have had a stroke. Over 200 patients are admitted to Samarès Ward each year. In the past year Health and Social Services has received just one complaint concerning the standard of care on Samarès Ward and the Minister herself, along with her officers, attended on that complainant. I am sure that Deputy Baudains will be pleased to hear that as part of Health and Social Services commitment to improving services the department will be taking part in a National Sentinel Stroke Audit which measures the quality of stroke care and the quality of stroke service organisation during October of this year. This demonstrates that Health and Social Services staff at Overdale are totally committed to supporting patients and to continuous improvement of stroke management on the Island, are very competent in their skills, expertise and dedication in caring for stroke patients.

3.10.1 Deputy G.C.L. Baudains:

Is the Assistant Minister aware that with regard to stroke patients that the consultant rarely visits the patients and is rarely to be seen, that inappropriate medication is given, that physiotherapy that

is so important for the recovery of patients is virtually non-existent, full bottles of urine are left in patients' rooms, and these are not the complaints of a single person or one patient. It is normal procedure. Would the Assistant Minister not agree that the attitude that appears to prevail of: "You are not going to get any better so we will not bother" is completely unacceptable?

The Connétable of St. Peter:

Stroke patients admitted for rehabilitation are cared for by a residential and multi-disciplinary team and have access to gym facilities and re-enablement equipment as part of their programme.

[11:00]

The multi-disciplinary team consists of 2 consultants, one part-time junior doctor, ward sisters, staff nurses, physiotherapists, occupational therapists, speech and language therapists, psychologists, healthcare assistants and other allied visiting health professionals and therapists. I do not see evidence that there is a lack of services and facilities being provided to patients at Samarès Ward.

3.10.2 Deputy R.G. Le Hérisier:

Given the very serious allegations made by Deputy Baudains, the Assistant Minister has read out a series of services but what he has not covered is the manner in which the services are delivered. Would he in order to safeguard staff morale, and to answer Deputy Baudains' allegations, would he set in motion a proper inquiry into the workings of that unit so that all sides can be informed of what is really going on, as we are now faced as a House with some very serious allegations.

The Connétable of St. Peter:

Yes, and certainly I would just repeat that we are taking part in the National Sentinel Stroke Audit, this October, which will go into all items of care. Furthermore, we do not rely just on complaints. We also have the listening post. This is the brochure available in every Parish Hall, I am holding up for Members to see, which tells people if they have any concerns or wish to say anything it gives all the procedures which they can do to let us know exactly what is going on so we can look and improve at all times. It includes visitors that go on to the wards to speak to patients and speak to them confidentially or taken written submissions which aid us in improving the service that we deliver up at the Samarès Ward.

3.10.3 Deputy R.G. Le Hérisier:

Just on a supplementary: could the Assistant Minister confirm that there will be proactive steps taken so that vulnerable patients who often are unwilling to express their views for obvious reasons... that those views will form an integral part of the report?

The Connétable of St. Peter:

Yes, we certainly shall do.

3.10.4 The Connétable of St. John:

Procedures at Overdale in the Samarès Ward can vary. I recall at 7.00 p.m. in October a year or so ago a stroke patient coming to the door of his room and asking for a bed bottle. The reply he got from the lady at the desk was: "You know the rules, during the daytime you walk to the toilet." I was observing this and I was taken aback. The poor chap obviously felt somewhat embarrassed and he said: "But, nurse, I cannot walk that far again." The reply he got: "Was go in your room and I will bring you one shortly." The whole manner in which this elderly gentlemen was being dealt with left a bad taste in my mouth, a very bad taste, and I thought it is wrong when somebody is there for rehabilitation and he gave them the reason but then she went on to say, and he was not rude: "Do not talk to me in that manner again. I do not like being spoken to like that" and he had

not raised his voice or anything. He was a very elderly man and it did leave a bad taste. Does the Minister think that is the way to treat our elderly sick people?

The Connétable of St. Peter:

That is certainly a very distressing story that the Constable of St. John has just painted for us, and certainly I do not think any Member of this Assembly, nor the Minister, nor myself, would be happy to say that is normal service that is given up at Samarès. Obviously we cannot talk about individual cases but if that is the situation we certainly would want to take that on board and look into that. If that did happen then on behalf of the Minister I would like to apologise to that particular patient, that is not what we do in Health and Social Services.

3.10.5 Deputy G.C.L. Baudains:

I think it is sad that the Assistant Minister is not aware or does not seem to be aware of what is happening at that facility. What I would ask him is he has told us an audit is going to be undertaken. Could he confirm that that will be independent because we all know that people cannot investigate themselves and given the seriousness of the problem there, in my view we need an independent review of the situation? Is that what the Assistant Minister is suggesting?

The Connétable of St. Peter:

Two part question there. Certainly I am aware of things going on at Samarès Ward. I have parishioners there who I visit. I have past friends who have come out of there for stroke rehabilitation, and a current friend who is still there. Yes, I do know what goes on in Samarès Ward. Yes, I do know the treatment they are getting in there and all of those people I have just mentioned have all been relatively complimentary. Yes, on occasions there are things that do not happen as quickly as they wish them to, but they are overall very content with treatment. Also, yes, that the National Sentinel Stroke Audit will be independent.

The Bailiff:

That concludes oral questions on notice. We now come to questions without notice and the first period is to the Minister for External Relations.

4. Questions to Ministers without notice - The Minister for External Relations

4.1 Deputy T.A. Vallois:

After the results of the referendum in Scotland and the possibility for change in the U.K. could the Minister advise whether there would be any benefits for Jersey to readdress our 41 year-old Protocol 3 agreement and the Schengen agreement to identify better assistance in immigration control?

Senator P.M. Bailhache (The Minister for External Relations);

I have been asked a number of questions about Protocol 3 and I think I have said on a number of occasions that renegotiating the terms of this Protocol would be an exceptionally difficult proposition. The reason for that is that a renegotiation of the Protocol would require obtaining the concurrence of all 28 Member States of the European Union and that would be extremely difficult, if not impossible.

4.1.1 Deputy T.A. Vallois:

Supplementary? Would the Minister be able to advise his views on the Schengen agreement and whether there would be any room to manoeuvre with regards to that?

Senator P.M. Bailhache:

I think that the Island has a pretty clear choice in relation to the Schengen agreement and that is whether to seek to be party to that or to remain part of the common travel area, which is our current position. Because the Government believes that most people in Jersey value the ability to travel freely to the United Kingdom and to Ireland, as part of the common travel area, there are no plans at the moment to seek admission to the Schengen area.

4.2 Deputy R.G. Le Hérissier:

I wonder if the Minister, in the sunset of this particular portfolio, could tell us what he feels have been his major achievements and what are the issues which he feels have been most difficult to resolve?

The Bailiff:

A concise answer to that if you would please.

Senator P.M. Bailhache:

I think that one of the major achievements of the Ministry of External Relations in the last 12 months since it has been in existence has been the creation of the London office where we are able to engage with British parliamentarians and officials and advance the interest of Jersey in a way in which we were not previously able to do. The suggestion of a London office was first made more than 5 years ago in the second interim report of the Constitutional Review Group, and I am proud that we have now managed to establish that office and it is running extremely successfully. I suppose the most difficult matter with which I have had to deal during the last 12 months has undoubtedly been the blacklisting of Jersey by the French Government, which caused considerable concern in parts of the financial services industry, and indeed among many people who have assets in France. The ability to persuade the French Government that the blacklisting was something that should be lifted is again something that my Ministry is extremely proud of.

4.3 The Connétable of St. Mary:

Is the Island in any kind of regular dialogue with the French authorities regarding the progress and quality assurance of work on the construction of the E.P.R. (European Pressurised Reactor) at Flamanville?

Senator P.M. Bailhache:

I am sorry, it is entirely my fault. I did not hear what the question was.

The Connétable of St. Mary:

Sorry, I will repeat it. Is the Island in any kind of regular dialogue with the French authorities regarding the progress and quality assurance of work on construction of the E.P.R. at Flamanville?

Senator P.M. Bailhache:

I am usually reasonably good on acronyms but I wonder if the Constable would be good enough to explain what the E.P.R. is?

The Connétable of St. Mary:

It is the new reactor, the European Pressurised Reactor.

Senator P.M. Bailhache:

The Channel Islands office in Caen is certainly in regular contact with the authorities at Flamanville and at La Hague, and I am sure that consideration is being given to whatever developments are taking place in relation to that reactor.

4.4. Deputy J.H. Young:

The Minister is responsible for, I think, our relationships under the European Union's Code of Conduct on Business Taxation, which was a non-binding provision in 2011. Would he tell us or give us his view about whether our compliance with that either prevents us or enables us to review our Zero/Ten corporate tax structures for businesses operating in Jersey and generating economic value who at the present time pay zero corporation tax? Could he tell us whether that code we comply with for their scope or otherwise for future reviews of that matter?

Senator P.M. Bailhache:

I think I should begin by saying that the Zero/Ten policy which was introduced 2 or 3 years ago was a triumph for the Island in the sense that it enabled us to maintain a system of taxation for corporate entities which allowed the continuation of a great deal of financial services business in Jersey. The policy itself of course has its down sides and, as Members will know very well, there have been a number of issues which have given rise to difficulty and which have resulted in a reduction of the tax base in Jersey. Senator Ferguson referred to one of those in a question this morning. I would not like to say that any renegotiation of the detail of the arrangements with the European Union group would be impossible but they would certainly be difficult. That is not to say that one should not keep an entirely open mind as to whether in certain respects the tax policy could be changed.

4.5 Senator S.C. Ferguson:

Is it perhaps not time to investigate aspects of our relationship with the European Union to see if we could have the same sort of relationship as the Faroe Islands to do with the North East Atlantic Fishing Organisation given that our fishermen do have a difficult time at the moment? Would it not be a good idea for Jersey to be represented on the Fishing Council rather than through the U.K. and the E.U. which makes us one-twenty-seventh of goodness knows what? So is it not time we perhaps stood on our feet?

Senator P.M. Bailhache:

The Senator will know that the relationship between the Faroes and the European Union is entirely different from the relationship between Jersey and the European Union. Whether or not there might be advantages in terms of the fishing industry, if we were to have a Faroes-type agreement with the European Union the practical situation is that we are unable to change our relationship with the European Union under Protocol 3 without engaging in major constitutional earthquakes.

[11:15]

4.6 Deputy M.R. Higgins:

Would the Minister for External Affairs tell us what discussions he has had regarding 2 publications recently and also what the impact of these documents are going to have on Jersey? The first one to which I am going to refer is the Organisation of Economic Co-operation and Development and G20 paper on tax-based erosion and profit-shifting, and also the E.U. Liikanen report on the restructuring of banking? Both those 2 papers are going to have a major effect on the finance industry in Jersey and, talking about the Budget debate going forward, about whether we will have the revenues that we normally get in this sector. Will the Minister tell us what his involvement has been with these and the likely impact of those 2 reports on us?

Senator P.M. Bailhache:

I think that those questions are probably more properly directed towards the Minister for Treasury and Resources. In very general terms it does not seem to me that the profit-shifting arrangements are going to have any undue effect on Jersey because the financial services industry does not

engage in that type of business to any great extent, largely because we do not have the raft of double-taxation agreements which underpin such arrangements in other countries.

4.6.1 Deputy M.R. Higgins:

Supplementary? The Minister did not ... obviously I would like him to explain about the Liikanen report, which is about changes to banking regulation and so on, which will have an impact on the major part of our finance industry. Banking is the root of our industry, the most important one in terms of future income for the Island. What impact is this report going to have on the Island?

Senator P.M. Bailhache:

Ever since the Vickers report was published some years ago, a great deal of work has been undertaken in the Treasury, in relation to the banking industry in Jersey and my understanding is that those negotiations are proceeding in a satisfactory manner, but I repeat that I think this question is really better directed at the Minister for Treasury and Resources than at me.

4.7 Deputy N.B. Le Cornu:

The Minister has often expressed his personal opinions that he is favourable to some form of independence for the Island of Jersey perhaps as part of a Channel Islands federation. I am wondering how that opinion has changed, if at all, by the rejection by the people of Scotland of the idea of independence and their support of the union.

Senator P.M. Bailhache:

The Deputy is wrong. I do not think that I have ever publicly expressed any desire that Jersey should become an independent state. What I have frequently said, and it is now the policy of the Government, is that we should be prepared for independence in the event that circumstances should arise when such a step would be in the interests of Jersey. So the result of the Scottish referendum has not affected any of my views in these constitutional respects. The Scottish decision was a matter for the Scottish people and by a majority they have chosen to remain within the United Kingdom.

4.8 Senator L.J. Farnham:

The Coalition Government I think have committed to a U.K. referendum on whether the U.K. was to stay in Europe. I wonder if the Minister could comment that if the U.K. were to leave Europe what the ramifications or the challenges would be for Jersey.

Senator P.M. Bailhache:

The Senator is right that the leader of the Conservative Party, the Prime Minister, has certainly committed to a referendum on whether or not the United Kingdom should remain in the European Union. Whether that referendum will take place or not will of course depend upon the outcome of the British elections next year. If the United Kingdom were to vote in a referendum to withdraw from the European Union that would certainly have very substantial implications for Jersey because with the fall of the treaty which binds the United Kingdom into the European Union would fall the protocol that governs the relationship between Jersey and the European Union. A great deal of work has been done and is being done in my Ministry to try to evaluate the different possibilities open to Jersey in such a scenario but there are numerous different permutations which make it difficult to formulate any precise plan at this stage. But the matter is under very close consideration.

The Bailiff:

Very well, I think that brings questions to the Minister to an end, so we move now to the second period which is questions to the Minister for Home Affairs.

5. Questions to Ministers without notice - The Minister for Home Affairs

5.1 Deputy R.G. Le Hérisssier:

There is concern currently being expressed in the U.K. press about the kind of knowledge the British authorities hold about people with serious convictions from other E.U. countries, and there is talk, for example, of such offenders being supervised by email, by the Home Probation Service. Could the Minister inform the House how up to speed probation and other services are as to people arriving in the Island from the E.U. with serious criminal convictions, and how is supervision carried out if they are subject to such supervision?

Senator B.I. Le Marquand (The Minister for Home Affairs):

I do not of course have oversight of the Probation Department, that is not within my remit. Obviously the police are privy to information in relation to people arriving from time to time from other forces, normally via the U.K. forces, if they are deemed to represent a particular risk, but there are limits on that. I cannot in all honesty answer the question in relation to the possibility of the local Probation Department managing probation orders made elsewhere because that is not within my remit.

5.1.1 Deputy R.G. Le Hérisssier:

So the Minister said the police from time to time. Can he assure the House that there is a proper procedure in place and it is systematically followed?

Senator B.I. Le Marquand:

No, I cannot, because I do not know precisely what information they hold at any particular time. It is normally held in a Special Branch type of function but clearly they do hold information on people who are potential terrorists, things of that nature. What level it precisely goes down to I do not know. It is a functionality which I have left to them. It is part of the wider U.K. functionality in relation to the sharing of information between police forces.

5.2 Deputy N.B. Le Cornu:

My question relates to wheel-clamping, and its replacement. The Minister has made clear of his own personal opinion long held that wheel-clamping was not lawful in this Island and as a consequence the practice of wheel-clamping has been discontinued. Having been in the offices of a property management agent of a large car park there was ecstasy from that particular person that the Minister had produced a formula to effectively replace wheel-clamping with a method of fines. I am wondering if he could outline what that might be and its legality.

Senator B.I. Le Marquand:

Yes, this is one of the areas which unfortunately I have not achieved a result within my period as Minister. What happened, which was very helpful, was the U.K. changed their approach to this, and they effectively banned wheel-clamping and they replaced it with a system of civil penalties. Interestingly enough that was precisely what I had in mind in my own system, as it were, which I had notionally worked on, and so this was very helpful. But when we started to make progress in relation to this it became clear we were not going to get necessarily law drafting time so although work had been done in theory it is a matter we had to leave open, could not achieve within this Assembly. That I do regret because there is still a gap.

5.2.1 Deputy N.B. Le Cornu:

The Minister I am sure will be aware that in the United Kingdom the British Government has washed its hands of the affair and has left in terms of one aspect, that is the appeal against any fine

as being left to a body administered by the Car Park Association. In other words, the British State does not wish to be involved in what is a private property right and the State is not seeking to enforce it. They have left the Car Park Association as the responsible body for car park interests to police their own and allow for appeals, and that is of course very different from any situation which might occur in Jersey because there is no particular body that would provide that necessary tribunal and appeals and so on against fines were they to be imposed.

Senator B.I. Le Marquand:

That does not sound satisfactory to me that the U.K. is going down that road. I must say I had always envisaged at the end of the day that if people did not pay the civil penalties, as it were, that they be sued in a Petty Debts Court. That itself is not without its difficulties in terms of administration and so on, but that is what I had envisaged. It seems to me then ultimately you have a decision which is made by a court, if it comes to that, and that is much fairer than leaving it to some body which has a degree of self interest in.

5.3 Deputy M.R. Higgins:

Could the Minister advise Members of the current position of the Jersey Police Authority? Since the legislation has been passed and the appointment of chairman no one has heard anything. So if we could have an update I think we would all welcome it.

Senator B.I. Le Marquand:

It is fully functional. The membership was appointed ... I am trying to remember exactly when, because I was involved in the interviews. I think round about Easter from memory. It has been functioning, it has been meeting. It has 2 States Members on it, one of whom is Deputy Martin the other one is Senator Ferguson. It will be very actively involved in relation to the production of the annual policing plan. I have already seen a first draft of that released by the police, but this is now the big opportunity for them to start to show what they are doing and they are making a difference. That is their functionality. My understanding from conversations with the chairman is that what has happened is that they have decided to allocate various different areas of policing to individual members and upon that basis the individual member becomes quite expert in a particular area. I have a meeting scheduled with them I think, without pulling my diary out, lunchtime tomorrow to discuss matters and see exactly where they are so I can try and ensure a smooth transition to a relationship with my successor. But I agree, they have been quite low profile thus far.

5.4 Deputy S. Power of St. Brelade:

In the 6 years that the Minister has been the Minister for Home Affairs, could he give the Assembly an indication of how many times he met the head of Customs and Immigration and Probation, and the Police to deal specifically with the potential problem of persons arriving from other E.U. jurisdictions or elsewhere that may have served serious ... they may have been convicted of serious crimes and have any of his heads of departments ever expressed concern about these persons with spent convictions arriving in Jersey?

Senator B.I. Le Marquand:

I cannot remember having a specific discussion on this particular issue because if we are talking about people who are coming in from the E.U. there is no power to do anything about it. Whatever convictions they may have they have a right to come here, and so there is no method of control. In relation to the granting of work permits, which would be for non-E.U. residents, clearly criminal records are taken into account as part of that process. Of necessity this means that there may well be from time to time people coming into the Island who have serious previous convictions but, as I say, because of the terms of Protocol 3, if they come from an E.E.A. (European Economic Area)

country we cannot do anything about that, so there is no point in trying to meet and discuss that which we cannot control.

[11:30]

5.5 Deputy R.G. Le Hérisier:

I wonder if the Minister could tell us as part of an exit interview, what have been the highlights of his time in the States and what have been the low lights.

The Bailiff:

I am sorry, we have just gone inquorate I think. Usher, could you ask them to come back? Very well, we are now quorate again.

Senator B.I. Le Marquand:

It may be a highlight that things are so well run at Home Affairs that we go inquorate during question time. I think the number one issue from my point of view when I came in as Minister was a change in the culture of the police force and the way in which the police saw themselves, the way in which they interacted with the public, that they become much more service-orientated and much more approachable and user friendly and things of that nature. I think that has been a huge success mainly due to the personality and direction of the present police chief, who was a huge benefit for the Island. But also the whole structure of the upper ranks of the police force is now incredibly strong and, I think, the strongest we have ever had. Associated with that, a highlight has been that according to the BaSS figures, reported crimes per thousand has gone down from 2008 of about 52 to last year about 32. I do not claim all the credit for that. There are historical reasons. That is a huge success. Another highlight has been a reduction in the prison population from mid-180s to what it is now about mid-140s. I think low points, the biggest mistake that I made, which I regret very much, was when complete and utter nonsense was being put in the press and in editorials in relation to police not being able to answer emergency calls if the tunnel was blocked because of the site of the new police headquarters, that I did not jump upon that immediately. That allowed that myth to grow and to become lodged in the public mind as a negative against the site. That I really regret. It was complete nonsense because the calls are answered from mobile patrols not from a static position. I think the most difficult thing I have had to deal with was the Graham Power suspension and so on. I think if I knew now what I know in relation to the position in relation to Employment Law and so on, I would have possibly dealt with it slightly better. I think the outcome would have been the same anyway. I have always regretted the costs that were entailed in that, but never really felt I could do anything about that. Summed up, there is some unfinished business, the wheel-clamping is one. I have never been able to find a solution to part 5 of the P.P.A.C.E. (Police Procedures and Criminal Evidence) Law and there are bits and piece to do with the police regulations flowing on from that which I had hoped to have completed, and I regret not having got there. I think that is about it.

5.6 Deputy M.R. Higgins:

Would the Minister tell Members whether he still feels that the Police Complaints Authority is doing an efficient and effective job judging by the number of complaints that have been received, for example, investigations in the police by themselves, including our Deputy Chief of Police, complaints against him, and he responds and says there is no complaint, and whether there is sufficient scrutiny by the Police Complaints Authority of the police investigations? Perhaps whether he feels we should have an independent Police Complaints Authority who do the investigations themselves rather than the States of Jersey Police.

Senator B.I. Le Marquand:

It is a very interesting question. We have been in the process reviewing this. I have been talking to the chairman of the Police Complaints Authority. The Authority is independent but it is limited in terms of its powers to determine who investigates things of that nature. We certainly have been looking at changes to the law, which would in fact give the authority more control over the process. I think we should move in that direction. There may be additional costs involved in that process but I think that is right. That is the kind of direction that we are thinking of moving but the decisions on that will be made by my successor. So we have done a lot of preliminary work on it but not got to the point of putting it into clear proposals.

The Bailiff:

Does any other Member wish to ask any questions of the Minister? No? Senator Farnham.

Senator L.J. Farnham:

As there is a bit of time, it is not really asking a question. I just wanted to say as there is a bit of time, a great pleasure to serve as his Assistant Minister. I am sure the Assembly will miss him.
[Approbation]

PUBLIC BUSINESS

6. Draft Budget Statement 2015 (P.129/2015)

The Bailiff:

Does any other Member wish to speak? Then that brings questions to the Minister for Home Affairs to an end. There are no matters under J, K so we come to Public Business and the first matter is the Draft Budget Statement 2015, P.129, lodged by the Minister for Treasury and Resources. It is a very long proposition. Are Members content to take it as read? In which case I invite the Minister to propose it.

6.1. Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

May I just seek leave of the Assembly to ... there have been a number of amendments that I have lodged and can we perhaps deal with the issues of ... I would like to propose the Budget Statement as amended but I do need to do certain things in order to do that.

The Bailiff:

The first thing I think is that amendment number 5 is not within the appropriate lodging period so I think we need to ask Members if we can take it under the provision in Standing Orders. Do Members agree to take amendment number 5 and to debate it? Yes, very well. Then the question is whether Members agree to the Minister proposing the Budget as amended by his own amendments? It seems sensible but do Members agree to that?

Senator S.C. Ferguson:

Will we be getting a piece of paper which shows what the amendments do to the Budget?

The Bailiff:

I am sure that can be arranged. It would be helpful to Members, I am sure.

Senator P.F.C. Ozouf:

I will confer with Senator Ferguson probably over the luncheon adjournment to that but I think all the information is there. If it is not, if there is a lacuna, officers are on hand as always to provide any updates ...

The Bailiff:

Yes, but I think the Senator's point is it is quite useful to have it in one bit of paper.

Senator P.F.C. Ozouf:

Yes, I thought that had been provided. If it has not, I will ensure that it is. If I may also, just before the debate starts, signal that Members are just about to get an email from me that there will be a further amendment which I will not deal with at this stage. I have received late representations concerning something to do with stamp duty. Again, subject to States approval later on, I will be explaining why but I will be tabling a late amendment to put on hold the increase on the commercial rates but I will deal with that at the time.

The Bailiff:

Yes, so the decision of the Assembly is not to take that one as they have not seen it yet?

Senator P.F.C. Ozouf:

No, indeed. It is sad that perhaps there are not so many Members in the Assembly; perhaps they are enjoying cakes which are very delicious more than they are Budget debates or perhaps they are tired of the fact that there has been already quite a lot of debate and information ...

The Bailiff:

Perhaps I can just intervene from the Chair, this is one of the most important debates which this Assembly has to [**Approbation**] consider. It is going to decide how to raise money for the following year and how to spend capital and it reviews the overall financial position. The fact that we are in such small numbers is, I fear, not a good reflection on the Assembly. [**Approbation**] We might just get Members to see if they are going to come back in.

Senator P.F.C. Ozouf:

Yes, I am grateful for that. You are absolutely right that big decisions of assemblies and parliaments around the world, and this Assembly here, are of course important matters to do with tax and spending. I have already addressed the Assembly in a statement which sets out the Budget proposals. We have had a lot of questions this morning. We have had a vote of no confidence debate which last week touched on a number of the issues that were there. For that reason I think we have, and I have, stood in the Assembly and already explained, justified and, I hope, reinforced much of the background policy of the Budget. I do not propose to go into great detail on the issues of forecasts because I think that I have already covered that in previous answers and in previous statements and questions to statements. Suffice it to say that the forecasting issue which has been quite correctly raised and questioned I hope is now better understood in terms of what the decisions are and what they are not based upon. The most important thing, just to really draw a line under the forecasting issue, is forecasts are forecasts. The longer they are in terms of the length of period the more uncertainties that there will be but what prudent assemblies do and prudent treasuries do is they respond and act when new information comes to light. Maynard Keynes said: "When the facts change, I change my mind. What do you do?" to a *Times* journalist. There is new information and we have reacted from it. I say again, also of course, that the Budget debate is taken much earlier this year and that has also added to the challenges that we have said. I hope that the Assistant Minister and I deliver on our promises and I said that I would be making relatively short remarks about the Budget. What I will do over the next few minutes is simply run through very quickly the measures that are before Members and some of the background, as you rightly say, which is in the context of the economic and financial position of the Island. It is worth noting that this Assembly is unique and again I thank Members over the last 3 years for the far-sighted, the brave decisions, that we did to put the Independent Fiscal Policy Panel into being and on a statutory basis. Members

are of course subjected to all sorts of lobbying and different economic views such as the views of a healthy democracy and not everybody will agree all of the time, and that is absolutely understandable. Indeed the forecasting issue; all of the forecasts were not agreed by everybody and just as the M.P.C. (Monetary Policy Committee), the Bank of England Forecasting Committee and the rate setting group has a tableau of opinion, so there is a tableau of opinion in forecasts and indeed what to do about what prescriptions to write. This Assembly is served by an eminent group of external economists. I think that we can start this debate with the knowledge that not only these are highly reputable individuals who bring a huge wealth of experience on fiscal and economic policies, individuals who spend a lifetime on advising Ministers and organisations, but have looked at these proposals and looked at the background and looked at the justification and advised and reported independently that this Budget is the right approach to deal with Jersey's current economic position and that it is the right decision for this Assembly to pass a Budget which uncompromisingly aims to continue to invest in the economy and secure an economic recovery. The F.P.P. have been very clear that the lower tax forecasts as a result of the financial crisis... and I hope Members over the weekend might have had the time to read some of the background papers on the reasons why the forecasts are down, but the F.P.P. is absolutely clear that we should not be deflected from our spending plans. They support the approach to use savings and reserves to meet the shortfall in income which has arisen lately in 2014 and 2015. This Budget proposes measures that will deal with that lower income projection. It is worth restating for the avoidance of any doubt to those that may be listening to this Budget debate, because of the strength of our public finances we do not have to borrow to deal with a shortfall in income. We do not even have to increase taxes to deal with that relatively in G.D.P. (Gross Domestic Product) terms shortfall in income. In fact, we are cutting taxes and we are maintaining that beneficial cut in the marginal rate of tax. We are also maintaining that capital spending envelope which we set in the Medium-Term Financial Plan and making a real difference and a further step change in investment in our infrastructure which is going to deliver more efficient and better services. Perhaps those words are the most important "better services for Islanders". Our public finances are in a strong position and the whole underlying principle of this Budget is to make them stronger, to build our way out of literally the economy by rebuilding confidence, rebuilding our financial services industry, rebuilding and securing diversification and doing everything that that Economic Growth and Diversification Plan that was brought to the Assembly by the Minister for Economic Development is aiming to achieve. It is right to have listened to the F.P.P. advice on how to deal with that short-term income in finding other revenue to put into the Consolidated Fund.

[11:45]

That is why contained in the Budget is the proposal to redeem the Jersey Water preference shares which represent bad value for them and hopefully we can get a deal which is of benefit to both Jersey Water, ultimately 86 per cent owned by taxpayers, but also to the Treasury. It is right to ask for extra dividends from now the well-performing and better-performing Jersey Post that has done so well after such a difficult period of time; to ask Jersey Telecom to fund some of their necessary infrastructure investment from alternative means and to ask them to almost restore some of the lower dividends that we were expecting. It is right to rephase capital programmes only, however, when there is a plan that would not compromise when it would be delivered. Capital programmes always sometimes have a slip and if there is a slip for good reasons then it means that we should prioritise a project that can happen next year. That is what the Budget is all about. It is also right to use unspent contingencies from the restructuring Budget. It is right to readjust the pay award down from 2.5 per cent to 1.5 per cent. I say again to those Members who have suggested that there is the underlying proposal of a pay freeze; that is not the case. The pay pot is being increased by 1.5 per cent and that is because we have seen lower inflation rates than the expert advisers that advise us were suggesting a number of years ago. That is a great thing because lower inflation

means more money in people's pockets and does mean that there is going to be less demand for pay awards higher than were previously envisaged. The proposals in this Budget aim to have a balance on the Consolidated Fund of approximately £3.2 million. I do say that it is really important there is a very clear understanding of what that balance of the Consolidated Fund is and I rehearsed this in question time previously. This is not the balance of the States current account, it is the unallocated theoretical amount as a result of the decisions that the Assembly will take. If income were to be higher than expected, then there will be some latitude given no doubt for departments in the course of next year not and particularly, if I may say, a prioritised process by which, for example, Health would not be asked to deliver all of the 2 per cent which they have accepted to do but with clear explanations. No doubt the Minister for Health and Social Services in her remarks later on in this debate will explain that. We do not know exactly of course what the income line will be but what Members should be aware is that we are prudent and we are making all the necessary adjustments to make sure that we comply with the law and we require with this what has to be said a very restrictive rule that we have in terms of this unallocated amount. I hope the income will be higher and I hope that latitude can therefore be given but our responsibility is to be prudent. This Budget aims to maintain all of the important economic stimulus projects that were contained in the M.T.F.P. but more than that aim to continue the additional support that we have given areas, for example, investing in Digital Jersey now making a real impact in terms of developing awareness of eGovernment, of the use of technology and the exciting areas as I saw last week in London from Level 39 at Canary Wharf, the phenomenal opportunities that we have to develop our FinTech ability and, as the Scrutiny Panel report has rightly said, raise the issue, not only of eGovernment but the importance of raising skills. That is also an issue of live debate this week because we are seeing National Coding Week as being an awareness-raising of the importance of teaching young people - indeed people across the educational spectrum - the issue of coding. I commend the work that Deputy Bryans and others have done in this area. This Budget maintains the spending on organisations like Jersey Business. It puts more money that we undertook to do into Jersey Finance, a financial services industry that is growing in confidence. It maintains the spending in Highlands College, the Back to Work initiatives, and again there will be a number of remarks said in this debate, lamenting and being saddened by some departing Members which this is their last debate. The work that Senator Le Gresley and his team at Social Security, all that fantastic work in terms of Back to Work initiatives has been so successful in getting that high level of unemployment down; investment in apprenticeship schemes and all the other employment initiatives. There has been debate about whether or not we should maintain spending. Well I maintain that all of that work, and particularly their work to bring down unemployment, has been the right thing to do for the long-term unemployed and particularly young people in Jersey. I mentioned the Connétable of St. John earlier. Over the period of this financial plan, and this Budget now deals with the remaining part of the allocation, this Assembly will have allocated £220 million of money into capital projects. That is £80 million more than the previous 3 years. I hope the Constable of St. John is smiling with a deep sense of pride of the improvement in the infrastructure that has done exactly what he has said for so long, which is catching-up on maintenance and ensuring our infrastructure is fit for the future. This Budget delivers on many of those promises associated with that. Quite apart from the splendid work that the Minister for Housing has done in reforming our arrangements for housing and Andium Homes and the bond issue which has now so successfully attracted low-cost funding, fixed 40 years at some of the lowest rates that could ever have been imagined, this Budget does not shelve expenditure or imprudently raise revenue to compromise the economic recovery. We are also funding because of the under-spend in Social Security, be it the success of their plans to getting people back to work, we have... and we should remind ourselves that we have funded as a result of measures contained in this Budget, we have delivered the long-term care charge which has been now enforced and available for our senior citizens community without a single penny taken out of Islanders' pockets. So not only have Islanders had in terms of

their current year basis a lower marginal rate tax, they have also had a benefit to keep their own homes with the long-term care charge. That has been paid for by the under-spend that we have had from Social Security and I think Members should be really positive. I know in question time I was probably quite fierce and apparently not smiling enough. Well I am smiling with all of these very beneficial measures which are contained and underlying of our public spending plans in this Budget. These plans are a result of this Assembly having taken prudent and sometimes difficult decisions and reinforced and strengthened the long-term issue of our public financial strength. The Budget sometimes is characterised by some measures and some important aspects that do not see the light of media spotlight. One of the issues within this Budget which has not been emphasised and indeed reported has been the huge reform contained in the Budget legislation of pensions. The Assistant Minister will, when we come to the legislation, be kindly dealing with all of the legislation for this. It is worth noting the huge reform that we are seeing in terms of pensions within this Budget, measures to support long-term savers by giving them greater flexibility, greater confidence in their future pension provision, allowing them the flexibility to have draw-down arrangements which are fairer, more flexible and do not require strict rules which were so unworkable. Why was it that you could have to retire completely before accessing your pension pot? Why not give pensioners the right to access their pension pot in a more flexible way? Many of the proposals that were so widely celebrated in the U.K. Budget have already been a feature of our legislation here. We had the opportunity with the Chief Minister and the Assistant Minister last week of meeting all of the representatives from the front-line of pensions, the individuals who sell and advise the pensions. I am pleased to report to the Assembly their widespread, almost unanimous agreement to this huge and significant beneficial pension reform. Perhaps because there are no amendments to this area they will be, I hope, widely supported because they really are exciting and they give a real boost in terms of people's rights over their own pensions. There is an important part of this Budget which concerns property and the introduction of the cap of mortgage interest tax relief of £15,000. This is, as we have explained, a measure that will affect only a small number of home owners but most importantly if it is accepted - and again there is no amendment - it will send a signal that we are looking at the whole issue of property tax and particularly mortgage interest tax relief. The uncomfortable reality is, is that all of the experts, and I think the experts from across the political spectrum, all agree that mortgage interest tax relief, while its original aim was to help affordability of home ownership, ultimately has had the undesirable effect of increasing people's ability to borrow which has led to higher house prices than otherwise would be the case. For that reason we are proposing to look in a structured and planned way over a period of years in the *Long-Term Tax Policy* Green Paper of the future of that mortgage interest tax relief. It is very difficult when a relief exists to take it away and it should not be taken away overnight. But certainly this is a signal which I hope sends a very clear message to future home owners, future people who are going to be considering a mortgage, and most importantly the lending community, that they might take account of the affordability of mortgages. This now does only affect of course marginal rate taxpayers and the £15,000 has been calculated at 5 per cent of £300,000 which is at the very top end of the mortgage rates that people are able to now get. I am really pleased that this Budget does more though for home ownership and removes the mortgage stamp duty on properties under £400,000. A number of years ago the Finance and Economics Committee reformed quite significantly stamp duty and we brought into tax a number of areas which had not been previously caught by the stamp duty arrangements. It was always viewed by me and others - Senator Routier was on the committee at the time - as completely unfair that a buyer of an average house with a mortgage paid more stamp duty than a cash buyer. For that reason we are proposing in this Budget to remove all the duty on qualifying properties on the first £300,000 of debt and to apply the much lower rate of 0.25 per cent on borrowings up to £400,000. This is a measure which is good, which is exciting for home owners because it reduces their costs and will go further at building on the success of the Deposit Loan Scheme. The Deposit Loan Scheme was such a success - our

partnership with the Minister for Housing - the mortgage market is now functioning better. We continue to keep under review the workings of the mortgage market. We are looking forward to some new lenders coming into the market but this measure will help the affordability of those young people and families and individuals wanting to get into home ownership. It is uncompromisingly also paid for by raising the stamp duty on higher-value properties: 4 per cent on properties between £1 million and £1.5 million; 5 per cent on properties £1.5 million to £2 million; 6 per cent on properties £2 million to £3 million and 7 per cent on properties over £3 million. These measures are designed to raise approximately £850,000. I hope they are going to raise more because there are going to be more people that are going to have the confidence to invest in Jersey and buy different properties. They do not have any of the intended problems of stamp duty elsewhere where simply you get a higher rate of stamp duty because you fall into another bracket. They are not the 'slab' events; they are scaled increases. I think it is the right thing to do to raise more money from higher-value properties to deal with this unfairness where people bought property with a mortgage and ended up having higher costs. I do need also to say that the Jersey stamp duty increases which we are proposing do remain very significantly below those of the U.K. and comparative jurisdictions. So there are a number of other measures in this Budget which also have not had perhaps a fair hearing. Charities and individuals get fairer rates on probate duty than they had before; oil supply companies are designed to ensure that they will pay their 20 per cent on tax profits. I will be addressing the issues of the competitiveness of the oil market and the energy market in Deputy Tadier's amendment. Marginal rate taxpayers are also going to get a benefit by now getting the same double-tax credit that residents always get. That was an unfairness where effectively marginal rate taxpayers, because marginal rate was not regarded as an offsettable tax, were discriminated against and ended up paying more tax.

[12:00]

That was not fair and it will ensure that people returning to the Island pay income tax on a current year basis. So the principles of the Budget I think are very clear. It aims to secure economic recovery and to make our public finances even stronger. I am very proud that the balance sheet of our public finances, notwithstanding the global contagion, are in a stronger and better position than when we started this term of office. I think that is a remarkable achievement for an Assembly, not me, an Assembly to have achieved. Sir, you rightly said that capital is important decision-making and capital projects are an important part of this Budget. We are determined as ever to secure capital projects that deliver value for money. We are of course wanting to encourage that the allocations that are given in Budgets is spent and so we are working with departments constructively to ensure that the projects that are included and have previously been included with the money sitting on the allocated but not spent current account of the States, about £100 million at the end of last year, is spent. We have been through every one of the capital projects to ensure the departments are going to commence and start. The words "shovel ready" must be not only the words in theory but must happen in practice. Included in the capital projects are the second phases of the additional primary school accommodation. I think that Members of different constituencies and Parishes will see the beneficial investment that is being made in our primary school accommodation and of course, very proudly, it delivers the additional infrastructure for the Sports Strategy. 2015 should be a turning point for the Island. It should be a year of celebration for all sorts of reasons, not least the bringing to the Island of the Island Games. The investment in the infrastructure for sport is going to mean that our sportsmen and our welcoming of sportsmen from small islands from around the world are going to be in facilities that are the best. I am sure that the Island Games is going to be a success as a result of the Budget measures that are being asked for approval today and tomorrow. An important feature, as I said this morning, of this Assembly has been the difficult, challenging but necessary reform of Health and Social Services. This morning the Minister for Health and Social Services, the Chief Minister and myself have published a full

response, as the Scrutiny Panel asked, and I hope they have had an opportunity of reading the response which was sent by email to Members early on Saturday morning. The full report of the Ministerial Oversight Group is available to Members and that has been sent to Members. I see a couple of Members do not perhaps realise that. If Members do need hard copies of it, it has been a report that has been turned round, I think, in 7 days, but we have maintained that commitment. It was sent out by the Minister for Health and Social Services on Saturday morning and it is a joint report by the Chief Minister, myself and the Minister for Health and Social Services. It is important to deliver, I think, when Scrutiny makes reasonable requests, and we have done so. The liquid waste strategy is something that we have already touched upon so I will not make any further remarks. Impôts normally are one of those interesting Budget debates which have a degree of uncertainty. I do not know whether or not we were too generous or whether or not we got it right but I note with interest that there have been no amendments, I think, for the first time in probably a decade of the duty rates. So I hope that that is a reflection that we have listened. I see Deputy Power with a big smile on his face because we have had lots of discussions about duty rates. There remain some real questions about the underlying costs stripping-out duty or tax. I will give way.

Deputy S. Power:

He should not interpret my smile as any support, I think. [**Members: Oh!**]

Senator P.F.C. Ozouf:

Well I hope so because I hope that we will agree we need to work together and we need to work as an Assembly together on promoting and understanding the real issues that under-lie some structural issues to do with the duty products. I hope Members have read the U.K./Jersey price comparison report that the Statistics Unit published last week and that they understand and see that there is net of duty and tax, a real ongoing problem with the price of tobacco, with alcohol and indeed on petrol too. The Strategic Reserve is also part of the Budget proposition and, as I say, I am extremely proud that in the term of office that we have presided over, and the Assistant Minister sits on the advisory group for investments, that we have seen a spectacular rise in the value of the Strategic Reserve. That Strategic Reserve could have been used by this Assembly to put difficult problems off. It was not: it was used, and it is being invested. As a result of that investment, I know that it is not a free hospital because there is nothing like a free hospital, but it is a hospital paid for out of the investment returns. The rule that is set out in the Budget proposal aims to maintain that value of the Strategic Reserve which we commenced with on 31st December 2012 at £650 million and maintains its capital value by only allowing withdrawals that have been permitted over the period when you apply a Jersey R.P.I. (Retain Price Index). That is not a timing issue; it can be taken over the period. But ultimately after a period of 5, 6 or 7 years, and I agree that the Strategic Plan for the hospital relocation should be accelerated, that is in the report today, no further withdrawals from the Strategic Reserve could be made until the value of the capital has been maintained in real terms but if it can be used earlier then that is supported. I think one matter within the Scrutiny Panel's report which is absolutely accepted, and the Minister for Health and Social Services would agree, is that we need to do more reform in Health faster, subject to some certain further decisions that the Assembly will be invited to make. A feature of the end of this period of term and this Budget is extending planning horizons and long-term decision-making. This has been a feature of every Budget and is a feature of this Budget. When you do look longer term, you do perhaps have unintended criticism or unintended consequences. At the heart of the whole debate on forecasts is the difficulty that when you do set out forward projections you know that they are going to be having a health warning in terms of what they turn out to be the longer period of time that they do. This Budget delivers on a capital programme that has a 25-year view. It has never been done like that before. Members, while not approving issues within the Budget, have documents which set out for the first time effectively what the longer-term options for the next Assembly should be. There

will be some speeches in the debate about the future. I wish to restate that this debate is about setting the taxation and the capital and the arrangements for the Consolidated Fund for 2015. We are not debating the next M.T.F.P. but what I hope is clear is that the next M.T.F.P. is going to benefit from all of the additional reports, not subject to approval. It would be wrong to ask States Members to approve the fiscal framework, the long-term tax policy, a long-term revenue plan, the States paying rates, but it does inform Members of the real spending and income-generating opportunities that will be. I thank the significant work done by officials in the Treasury and across the finance family of the States in giving Members for the first time ever at the end of a term of office such rich information, such granular detail on the future. One of those reports is the fiscal framework and does indeed highlight a number of potential improvements to the fiscal policies of this Assembly: the Stabilisation Fund; the Strategic Reserve Policy, all of these issues are strengthening our long-term planning. I have had an interesting relationship with Corporate Services over the last 3 years and I do thank them for the work that they have done. We do not always agree but challenging questions are good and certainly their advisers have helped shine the light into questions that need to be raised. It is essential in our system of government that we do have constructive review of our proposals. We have shared huge volumes of information and the quick-link checklist of documents that I sent to Members over the weekend is almost just a small amount of the data that Corporate Services has digested and reviewed in their reviews. I would like to thank both the Scrutiny Officers for working diligently and co-operatively with Treasury officials to make this Assembly's life easier in terms of having reports. We do not always agree and that is not a bad thing. People are entitled to different opinions and I will be dealing with obviously a number of matters on Scrutiny perhaps in the summing-up of the debate. I had a section in my remarks about the structural deficit but I have answered them already in question time so I hope Members forgive me if repeat what I said earlier in question time. This Budget is positive. I am smiling, I am optimistic about what we have done and what this Budget does for Jersey people. This Assembly has proven to have a really good, positive track-record in good, prudent financial management. I do hope Members are going to approve this Budget. It does fit and is the last part of this Assembly's Strategic Plan. It does a lot to secure more people in work. It does a lot to secure an economic recovery after a period of the most worst, most difficult, most dangerous financial crisis that we have seen. This Assembly has steered our public finances through that crisis. Yes, of course we are a little bruised but we are in a better position than virtually any other small state without natural resources in the world. We are uniquely able to position Jersey to take the best place to achieve economic recovery and inward investment. It deals upfront, transparently and assertively with the after-effects of that global downturn that nobody could have predicted would have been so long, so deep and so devastating to so many. It puts more money into the economy; it aims to keep local firms busy and provides jobs for Islanders. These are bold decisions that have previously been agreed by the Assembly and they are designed to achieve the prescription of getting Jersey back to full economic health that will ensure that future assemblies have the resources to deal with the much-wanted social programme. So I said that 2015 should be a turning point: we will celebrate 70 years of liberation; we will celebrate the Island Games. I also hope that if we stick to this Budget, if we stick to the principles that we set out 3 years ago, it will be a year of investment, of growth and celebration because the economy will have turned to growth. Budget 2015 is the right Budget for Jersey at this time. Our experts have endorsed it and I hope Members will too. **[Approbation]**

The Bailiff:

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

6.2 Draft Budget Statement 2015 (P.129/2014): amendment (P.129/2014 Amd.) - as amended

The Bailiff:

Very well, so I think Members have a running order and the first matter to be considered is an amendment lodged by Deputy Young. Deputy, I understand you have of course lodged an amendment to your own amendment and you would like to propose it in its amended form, is that right?

Deputy J.H. Young:

Yes, I would like to propose my amendment as amended by my amendment.

The Bailiff:

Yes. Do Members agree that that is the best course? Very well, then I will ask the Greffier to read Deputy Young's amendment as amended by his own amendment.

The Greffier of the States:

Page 2, paragraph (a) after the words "as set out in the Budget Statement" insert the words "except that health insurance premiums paid by taxpayers paying tax at the marginal rate and who are over the age of 55 shall qualify for relief from income tax with effect from the year of assessment 2015."

6.2.1 Deputy J.H. Young:

I think obviously we go straight in from the big picture issue into the Budget detail. I think that is important because we have here, I think, some major issues on the Budget. In reality I think this has come too late for major change in a situation where this Assembly is, as it were, going out of office and that those major decisions need to be made by the new Assembly. Therefore, I see it very much as what we are looking at and debating is a debate for a Budget for an interim period to enable those adjustments and those debates to take place and the big decisions made. For me, when I looked at the Budget, I certainly share that view and my concerns are there but I think we will maybe talk about that later when we get to the main debate.

[12:15]

But I think it was not a reason for not looking at the Budget details. We are going to have an interim debate; it is important I think we take the opportunity there to refine that Budget and make adjustments, adjustments where I think they are important to our community. The first of my amendments concerns the question of private health insurance. This is a matter that I proposed an amendment to last year's Budget where there was quite a bit of support in the Assembly for that. It did not get through but nonetheless I considered it worthy of a further airing and indeed subsequently I have refined my original proposal to bring it in a form that was much more targeted. Now I think all of us have 2 views in life about private health insurance: one is that it is a cheat to the system that people can buy themselves advantages and the other is that private health care makes a major contribution, offers the potential of a contribution to a State-run health service, and I will explain those arguments now. In fact, my mind was made up for me when I became a manager in a health service and I saw for myself the direct effect it has. There is no question in my mind, whether we like it or not, that throughout the medical world the demand for health care is infinite. As societies become more economically able, they make greater demands on their health care, the market through technology and drugs just increases, increases and increases and society with its expectation for greater standards of health care puts pressure upon those providing those clinical services and governments and so on. That is a phenomenon all over the world. We are absolutely not immune from it; we are right in there. So I think it is desperately important that we look at the bigger picture and say anything that can make a contribution to providing a health service to our community is the right one. It enables us, I certainly think as a small Island, to recruit the high calibre of medical consultants and other clinicians, helps us to have a financial base for investing in

new facilities and provides a means where the never-ending demands for secondary healthcare interventions, as it were, funded by the States, are at least mitigated. If it is managed properly - and it is a huge issue - and it must be by our hospital managers, it should not result in a degrading of the public health service at all. It should produce a synergistic arrangement which is mutually beneficial to both public and private patients, so that is the philosophy that underlies this. Now when I brought the amendment last time I had a lot of approaches from older people in society ... and incidentally at this point, I do apologise for not doing this first of all, it just came into my mind, I should formally declare that I do have a policy, for the record. I am hoping that that will be regarded as an interest shared generally with a wider interest. If it is not ...

The Bailiff:

Yes, Deputy, in relation to Budget matters it is taken that all Members share the same position as the community as a whole.

Deputy J.H. Young:

But of course the amendment, I can say now, is targeted at marginal rate taxpayers; that does not include myself so I feel I am sound around that. Sticking to the point, I have had a lot of approaches from older people in society who said: "Yes, we have got very used in Jersey to having health care paid for by employers." The last published set of figures, and they were referred to I think it was the KPMG White Paper in 2011, around about 50 per cent of people in Jersey have that health care cover. Of course at the moment the tax situation for that is that people do not pay tax as a taxable benefit, as a benefit in kind. They would in other places but not in Jersey and, of course, that is a very favourable arrangement. But of course as people approach towards retirement they begin to realise that this is something that runs out, that when you reach retirement, lo and behold, you are going to have to pay for those facilities. People make decisions as they approach retirement about those matters. It is not helped by the fact that that is the very time of course that their healthcare needs are going to increase - or are very likely to increase, taking the law of averages - and that also they are going to have to pay for those matters themselves and cover their wives and families. I do not know whether this email has been sent round to Members but this explains a gentleman who, at the age of 55, was paying £800 a year. On age 60 it became £1,000 a year, then at age 65 became £1,400 a year and then, in all, this gentleman, himself and his wife were paying out £3,800 a year. Now, at the age of 68 it is now £4,500 a year and when his wife also reaches 65, it will be £6,000 a year. So you can see how these premiums are racked up, and understandably so. People make those decisions about are they going to stay in their policies or not; are they going to take them over at retirement or not. Reading the papers, I have come under some attack, as it were, that I have adopted my proposition, a very arbitrary age of 55 as being the point to provide this cover. My submission is that on the figures I have been given from the Income Tax Department it does not have a great effect on people between the ages of 55 and 60. If, of course, we go to the Minister for Treasury and Resources' proposal at 67, it starts to have a different effect. Therefore, I am proposing that that relief should apply to people over 55 who are going to be making those decisions on keeping those policies on or not. Of course, the point is, if they do not keep them on, their health care will go straight on to the public costs. That is what my amendment is seeking to provide: an incentive that they do not do that. Of course, when you have a look, the hospital at the moment gets about £10 million a year, so the hospital is £114 million; about £10 million of income goes into the hospital, on the assumption - and I have no idea whether this is working well in our hospital or not - that it should be producing a direct recovery of costs and a share of overheads and a contribution to public costs. It should be if it is properly managed; that is the point of it. If we are getting people paying £60 million in annual premiums and there is another £60 million of employer premiums, that is about £30 million-odd, we are only getting about £10 million into our hospital in terms of annual benefit and that suggests to me there is scope for

that income to be increased. When I started to look, I thought: “Well, I can see an argument.” The original amendment was to propose all those over 55 should qualify for the relief. I then got the figures from the Income Tax Department - and I am very grateful for it - and it shows that by confining the cost to the marginal rate taxpayers, these are people at the margin of our tax system, that the costs would dramatically reduce. Well, it is understandable; why not? Because those people have already decided to abandon their policies previously, it is £708,000 the Income Tax Department save. I personally think that is too high because the last time tax relief was given in Jersey was in 2006, I think, and it was phased-out over a period, so they have only got the figures; those are based on 2006 figures, and that figure that they projected of £708,000 being the cost of my amendment assumes that all those people in 2006, who are getting older, had policies then and have still got them. I think that is not likely and that the likely cost is going to be a bit less. That is the purpose of my amendment, I think it is a small price to pay. I believe it is very likely to be cost-neutral. I see in the comments that we have got these reports from King’s Fund and the House of Lords, reports from fiscal studies and so on saying that it does not work, because the U.K. have such an arrangement, as does the Isle of Man and as does the Republic of Ireland now. The U.K. had it and then withdrew it and they have said it does not work, but I have been to the King’s Fund office and spent some time with them myself. I went in and read those reports, the jury is out; they cannot prove it one way or another, I would submit, and I think, given the fact that there is that doubt, I would suggest this is an amendment worth making, it is lower cost. We will contribute to our health service because, at the end of the day, we have not found the answer to funding our healthcare in Jersey. The last Strategic Report said there would be, and I quote: “By the end of 2014, there would be ... and the answer to sustainable funding for the health service.” I think that is the figure. Well, has it happened? I do not think so. Is it likely? Big doubt. I make my amendment.

The Bailiff:

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

6.3 Draft Budget Statement 2015 (P.129/2014): amendment (P.129/2014 Amd.) – second amendment (P.129/2014 Amd.Amd.(2))

The Bailiff:

Very well, then there is an amendment to Deputy Young’s amendment proposed by the Minister for Treasury and Resources, and I will ask the Greffier to read that amendment.

The Greffier of the States:

Page 2 amendment: for the words: “Over the age of 55” substitute the words: “Over the age of 67.”

6.3.1 Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

I do want to be very clear that I have only lodged this amendment as a precautionary measure. I understand the slight discomfort of proposing an amendment that one might not agree with, but it is only fair, I think, that I did progress the amendment. I had spoken to a couple of Members about potentially doing an amendment but, for various different reasons, that was not possible and so what I am doing is amending the amendment with a potential compromise, but I am in no way being disingenuous, I am almost causing more of a difficulty for myself because I might be making the amended proposition, if successful, slightly more palatable in terms of financial plans. But I think it is important for us to have a debate on the issue of the 55 versus 67. I am clear that I do not support the overall proposal to reintroduce tax relief but, if it is going to be done, then it certainly should be done on a more sensible age introduction level. The comments that the Treasury has made, and which are absolutely, I think, unanimously backed by the Council of Ministers, do explain many, I think, of the perhaps genuinely-promoted arguments, but I think that Deputy

Young is underlying his principle on the wrong arguments. I will not deal with all of those issues now. I think the Deputy would concede that a conversation in the coffee room promoted his own amendment to deal with marginal rate taxpayers. I probably was responsible for making the proposals halfway more palatable; this is an attempt to make it half again more palatable, but it is still not accepted in terms of the cost. That is not because we do not agree with private medical insurance; I should say that I take medical health insurance, but I am not a marginal tax rate payer, as I understand it. My issue is that it just simply does not stack-up in terms of evidence of experience elsewhere. In considering this amendment, I have taken sounding from Members, and I am particularly grateful to those Members who were able to turn up to the briefing at the Town Hall on Friday when I asked Members whether or not I should continue with this amendment to give this choice to, effectively, increase the age limit from 55 to 67. If we agree that then we can go and debate the underlying principles.

[12:30]

The Deputy himself, if the amendment is supported, will be putting forward an amended proposition. I was absolutely unclear on the reasons why the age of 55 was chosen, and I think a number of other Members were too. Why 55? What is the evidence of the cut-off that is required, or the introduction of relief for people over the age of 55? There is no justification given for it, and I think that if Deputy Young, who I have asked if he is accepting this amendment, needs to explain very clearly what his evidence is. It is very clear that not many 55 year olds, I hope, consider full retirement; most people age 55, outwith those who suffer unfortunately a difficult situation in their health life, are now the new 65s or whatever. Age and longevity is getting so much better; people of 55 are fit and active. For me, it is only 11 years away; when I have been here for 15 years it seems like a lifetime, but it is not going to be too far away before I get to 55 and I hope that I, and all other Jersey people, are fit and well when they are 55. What is the rationale **[Approbation]** ... I am grateful to my departing Deputy for his enthusiastic support of my energy, which I hope continues for him even though he is quite a lot older than this **[Laughter]**; he has not changed much in 15 years. I do not think he has changed at all: he is fit and well and, if he was 55 when he first came in, he is as fit today as he was then; certainly when we see him out of his bike he looks it. There is really a sensible debate here: what is 55? What is the rationale for giving people insurance, effectively a tax break, at the age of 55? This Assembly has debated this whole issue of when people should retire. This Assembly has set the objective of 67 as the new pension age that will be, effectively, brought in over a period of time and come into final effect in 2031. If the Deputy is attempting to target the relief at those people who are coming out of employment, those people who have perhaps had health insurance provided as part of their terms and conditions and want to take up their own plan, then it is not at 55 that that should be happening, if at all; the economics and the advice is that it should not. It should certainly be in line with this Assembly's other decisions on a retirement age. It seems absolutely sensible, if the Assembly does want - and it is not advised because it does not represent value for money, but we will come to that in the main debate - to introduce this, if it were to be introduced, at the level which is consistent with the universal retirement age. It limits, quite frankly, the cost also to the Treasury. We do not accept the argument that this is going to be self-funding, and that again is not just a made-up Treasury piece of rhetoric, that is based upon the clear evidence of existence of the experience in other places. That is the experience of the U.K. when they introduced it in 1990 and then withdrew it in 1997 because it simply did not work. Members can be reinforced on those views by numerous external organisations who have also examined this whole issue of private medical insurance in detail in other places: the Institute of Economic Affairs and, most recently, the King's Fund, who said themselves ... and Dame Kate Barker, who chaired that commission with a group of eminent experts, said this was terrible value for money and should not be reintroduced in the U.K. Why are we reintroducing it here? Certainly, why introduce it at the age of over 55? I urge Members to

support this amendment, let us have the debate on the underlying principle, if we are going to do this, let us limit the bad use of public funds to do it and consider the measure in terms of the age introduction that would be brought into effect. I make my proposition.

The Bailiff:

Is the amendment seconded? **[Seconded]** Does any other Member wish to speak on the Minister's amendment? Deputy Young.

6.3.2 Deputy J.H. Young:

I certainly accept that conversation with the Minister for Treasury and Resources about the cost of the amendments and the incident that did lead to me proposing my amendment to propose the limit that relief be granted to marginal taxpayers, so full marks for that; I think it is a constructive way of working between Ministers and Back-Benchers. I really do struggle with him going the extra mile and now saying: "Okay, it is now amended", as I have accepted it ... well, I am proposing my own amendment that it is only for marginal taxpayers, for him to say that that should be subject to a further limitation of the age of 67. Of course, the consequences of that means that the cost will drop down from Income Tax's own figure of £700,000 to £500,000; £200,000 difference. My rationale for proposing a younger age than 67 is because in reality the decisions of whether people continue private health care as they approach retirement period, as it were - because there is not going to be a sharp cut-off in the future, people are going to phase-out, they are going to change into all sorts of different employment patterns - is that their decisions are made before they are the age of 67. Once somebody has decided to terminate their health policy, that is it; they are not likely to be able to take out new policies, it just is not practical with all the limitations that we place on those policies and the premiums that apply. Usually, when people take over policies from employers as they retire, they get the benefit of group rates, which of course means that the risk is spread and therefore that gives you the benefit of a lower-rate premium compared with somebody taking out a policy as an individual. Of course, I personally think that the age of 55 is when those sort of decisions start to be shaped. In reality, probably not many people are going to retire at 55 and therefore they are still getting their policies paid by their employers, so it will not have any effect. A lot of pension policies allow for sums to be drawn-down as our income tax laws allow, commuted pensions, small sums and so on; all those can be taken out from the age of 55 under the current tax law, so I think that is where it comes in. I will not say I have read every word of these erudite reports that the Minister cites, but I do not see a direct and as close a parallel as the Minister sees between the U.K. and Jersey. Jersey, I think, is a different society; it is not as class-ridden, it is more divided now than it used to be but certainly the politics that come into those English reports, I think, sours objective thinking. I think the Minister for Treasury and Resources is bringing this as a precautionary measure ... well, I am struggling to understand what that means. I suppose it means that if people agree with my principle, he wants to minimise the costs. But if that is his objective then there really is not a great deal of cost between doing it properly with my amendment and his, so I am opposing his amendment.

6.3.3 Senator A. Breckon:

In speaking to this, there is a fine line between Deputy Young's amendment and what the Minister for Treasury and Resources is proposing, so what I would like to do is touch on both and then I would not speak further on that, and I should say I do not have any private health policy. On Friday, just to give Members an example, I bumped into someone who I had not seen for a while, who is right in the middle of this age range, over 55 and under 67, and I would perhaps describe him as semi-retired. Because I had not seen him for a while, there was general chit-chat: "Where have you been? What have you been up to?" This person explained to me that he had had some, let us call it bad news health-wise. I said: "Oh, I am sorry to hear that" but he said: "Fortunately, as

my wife is heading towards retirement as well, we looked at what we would continue paying, and obviously we are not going to have the same level of income, so what will we do? We talked about not continuing to pay this health policy.” But he told me, he said: “Well, fortunately, we did” and, as a result of that, when he had the bad health news, the diagnosis was here, the treatment was in the U.K. through this provider, and this is someone who is right in the middle of the health range, and then coming back, local checks and consultations. But the people have decided to pay the premiums but they have also saved our health service money. Not only that, it has enabled other people who do not have schemes - questions were asked this morning about waiting lists - to maybe have things done a little bit quicker. That is why it is difficult to say if somebody is going to have some bad news, when it is going to come and what the provisions are. People are sometimes in company schemes which are funded, and then they have a choice sometimes, and I have seen this years ago at the gas company, where these people are coming up to retirement, they can continue to fund it themselves. But if they are already members, then the premiums would be less than somebody trying to get in at an older age, because obviously insurance companies do not take risks, they are in business, so if there are risks then there will be a substantial premium. For that reason, I think if people are willing to pay premiums at a younger age, and it is their choice, then I think that on this particular element of the debate, Deputy Young has got it right, because it is tragic when somebody gets some bad news about their health, but if they have got provisions and options and they choose to do that, then the element of tax is a small proportion of the cost. For that reason, I would ask Members to reject this amendment from the Minister for Treasury and Resources and support Deputy Young.

6.3.4 Deputy M. Tadier:

I will be brief. I will not be supporting the main proposition, but I will explain why and also why I think that this amendment here, and in fact the age range as well, is questionable. What we see here is just a bit of infighting among the right in front of an election, and it is interesting to note how an individual Member’s voting records and the propositions they propose change as they come up to an election and they realise Jersey is very conservative, they are standing for Senator and they need to appeal to the voting public. I am not talking about Senator Ozouf, incidentally here. **[Members: Oh!]** The age does not matter. This is an ideological debate that we will have. The ideological debate is: should we be building, on the one hand, a health system which is fit-for-purpose for all Islanders, irrespective of what their means are so that they can go and see a doctor ... I will not say too much about the service, because I do not want to speak to the main proposition. The argument of whether 55 or 67 is the correct age is largely academic. I will not be supporting the amendment either but we have to get to grips with that. Is it right to give tax breaks to people who can already afford their own health insurance, who are probably quite well off if they can do that - not necessarily in all cases; they may be struggling - when there are people who cannot even afford to go and see a doctor, who cannot even afford insurance premiums. That is the fundamental question that we need to come on to in the debate. **[Approbation]** This is purely messing around and I will probably be abstaining from this one.

[12:45]

LUNCHEON ADJOURNMENT PROPOSED

The Bailiff:

It is 12.45 p.m. The adjournment is proposed then, so the Assembly will reconvene at 2.15 p.m.

LUNCHEON ADJOURNMENT

[14:16]

The Bailiff:

Before we recommence, can I just inform Members of various documents which I think have been presented. There is the sixth amendment lodged by the Minister for Treasury and Resources in relation to the Budget Statement, there are some comments lodged by the same Minister on the fifth amendment and there are some comments - Freedom for Life Ministries: grant from Criminal Offences Confiscation Fund - so comment on Projet 123, also lodged by the Minister.

The Connétable of St. John:

Sir, I also note that there is an appendix that was missed out on the answers this morning to one of my questions, and I wonder if I could put additional questions to it? **[Laughter]**

The Bailiff:

Even though it is your last sitting, Connétable, I fear not.

Senator P.F.C. Ozouf:

Sir, I do not want to rush Members into it now, but may I just seek your guidance on at what stage it is appropriate to seek the Assembly's guidance about the tabling of the late ... is it when we take it or can I ask at some point during the course of the afternoon?

The Bailiff:

Yes. Why do we not do it, depending on how things go, when we complete the debate on the current amendment?

Senator P.F.C. Ozouf:

Okay. Very good, sir. Thank you.

The Bailiff:

I have just been handed another document, is that right? Yes. Draft 2015 Budget, response of the Minister for Treasury and Resources to the Scrutiny Report.

Senator P.F.C. Ozouf:

To the Scrutiny Report, which I did circulate to Members by email on Friday.

The Bailiff:

Very well, so we return to the debate, which is on the amendment by the Minister to the amendment proposed by Deputy Young. Does any other Member wish to speak? Deputy Duhamel.

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

What annoys me about all of these debates is how quickly we tend to allow ourselves to be drawn down into the weeds and to miss out on the bigger discussions, which is really what underlie a lot of the decisions to be taken for the Budget. Some of the comments I made to the Council of Ministers on this particular issue should be repeated, and it is about principles. We all know that there is an enormous amount of money, some people would say it is a bottomless pit, into which taxpayers' money needs to be put in order to pay for the health services. That said, we all know that times are hard and that there are difficulties, particularly if our income and our revenues do not keep up with what we want to invest in the health service, to finding ways to pay for those services. It strikes me that, instead of rendering this debate as one of the minor political skirmishes that we usually get into, we should really be looking beneath the propositions that have been put forward, not only by Deputy Young but by the Minister for Treasury and Resources himself. It must be right that when there is shortfall of funding, we look more innovatively at ways to raise monies. In that context, I think it is absolutely right, and I am pretty sure that there would not be very many

Members, if any, who would not agree that insurance systems to pay for medical care is not a sensible way of paying for that care. If indeed that is the case, and I think it is, then the question as to which side to vote with, in this particular amendment to an amendment, must be one of the age. If it is a sensible thing to do, and I think it is, why is the Minister for Treasury and Resources suggesting that it should only apply above 67, when we all know that those persons who have subscribed to a medical insurance scheme are then subjected to higher premiums because the chances of requiring medical treatment after that pensionable age goes up massively and the insurance companies evidently want to cover their costs and to get their monies back. So what about 55? 55 is a sensible point at which to make contributions but not necessarily the most sensible point. If indeed the insurance companies are to be encouraged to take on business and individuals to take out insurance schemes, the longer the period of contribution, the lower the rates. Coming in at 55 gives you 12 years' extra contribution, so I have no doubt that any encouragement the States can give by way of exemptions on tax bills to encourage private medical insurance practices to take up the slack, must be a sensible way forward. As I say, equally then, we get into the realm of: "Well, why 55; should it not be 25 or 20 or when we first start working?" if indeed the long-term funding of the medical health service might well have to be paid for at some point in the future by the Island picking-up on medical health insurance. I am sure, from some of the discussions I have had with other politicians and members of the public, is something that will need to be looked at sooner rather than later. In my mind, how do I vote? Obviously, 67 does not make sense for the reasons I have mentioned, it is a sop, if you like, to Deputy Young, but the Minister for Treasury and Resources, I think, may need to be the last word in the issues that are brought to this House on the Budget. Equally, 55 does not quite go far enough. It is a bit late to bring in a further amendment, and I am not entitled to do it anyway, but I think the right way forward would have been for Deputy Young and the Minister for Treasury and Resources to have had a fuller discussion on the benefits of medical insurance and the extent to which the government can sidestep investments that will otherwise have to be paid for out of the taxpayer's pocket, and perhaps the age should have been set at a substantially lower one. Along with Deputy Tadier, I think I am caught in a bit of a cleft stick as to which of those 2 Members to support because we do not really have a sensible discussion of the policies and the implication through taxation and measures that will need to be taken in order to begin to discuss those issues and begin to solve them. So the jury is still out.

6.3.6 Senator S.C. Ferguson:

I agree with Deputy Duhamel: we should be debating issues not nibbling at the little bits at the edges. There are underlying issues with regard to this, which I think we do need to consider, however, for this particular motion I think, as a temporary measure, yes, fine, because I know people will probably look askance, but I have a family who have been in the medical profession and associated professions back a couple of generations, and certainly pre the 1960s, the private wing was a valuable source of income for hospitals and it, in effect, kept the main part of the hospital going. One of the matters that was recommended by our adviser was to increase income with various States matters; not necessarily tax, but increase income. The private service benefits the hospital. The Minister says that it is going to cost something in the order of £1.76 million if we go for the original amendment but, hang on a minute, we just lost £8 million in marginal relief and another £6 million-plus from deemed distribution, so it does make £1.76 million look a bit thin. If it means that more people avail themselves of the private wing in the hospital, then that is good for us. I would, however, like to see discussion of the issues, discussion with providers, when we look at sustainable funding for the health service. Should we have a health pot held by each individual into which they pay while working and which they will, in the natural course of things, draw on as they age? Can we utilise the knowhow of the insurers to set this up and perhaps mitigate the enormous increases that land on you when you get old? Certainly, with regard to my mother's

affairs, every time she got a year older after she turned 70, the insurance just went up like ... I do not know what, really; it just increased geometrically, not just normally. So we need to look at this more thoroughly: are there alternatives? Are there such things as no-claim bonuses for health? I do not know, but that is the underlying issue. In the meantime, if it helps the hospital and the hospital income as well as the oldies then, fine, I am with it and I will support the original amendment, because I think by the time you have got to 67 if you are taking out private health insurance then, then you are a dead duck, frankly, because the rates will be absolutely appalling. So I will oppose this amendment and support the main amendment.

6.3.7 Deputy J.A. Martin:

Just briefly, I would like the Minister, when summing up on his amendment, to explain the 67. He spoke a lot in proposing about we have already agreed on pensionable age, but the truth is, if you are born before or up to 1957, the old rules apply, and that is quite a few people out there. But is 55 right? So probably, because Deputy Young has already spoken, I need the Minister to let me know. I know lots of people who were born around that year, and they are working, say, in education or they might be a fireman, they might be in finance. Their private pension kicks in at 60, so 67; where does this come from? Again, I think it is more of a the bigger picture, yes, and Senator Ferguson said a number was pulled out the air, because we said: "If you were not born before 1957 you have got to work till 67" and then every year it is a few months ... for the younger Members, you will probably be here till you are 100, depending on ... whatever, or for people out there, it is getting to be a year for every year you were born. So 67 is not the ideal number, it is the starting point where we are starting the new pensions if you were born before 1957 and in 1957. So I ask the Minister to comment when he sums up on this amendment, because being an Assistant Minister for Health, and I know the private patients are there, but they do bring in an income, they are absolutely a necessity to keep some fantastic surgeons we have here, because they will not perform if they cannot do the private patients. They never did it when they invented the N.H.S. (National Health Service) and they will not do it today.

[14:30]

We know where we are, we know why the surgeons do this and we are small Island, we need the best surgeons. Going back to the 55 or 67, I think the Minister has got to convince me that 67 is right; I think it does not tie-up very neatly, as he said it did, with the new pensionable age. New for whom?

6.3.8 The Deputy of Trinity:

It is good to follow my Assistant Minister, and I also say that I have got private health insurance, and I have had during my working career, which I have kept up. That was a choice that I made when I retired and got this job and became elected, and I think people do have that choice. It can be very expensive, but that is a choice that we all make, so whether it is at 55 or 67, whatever the age is, it is the choice that we all personally make. We do get some income, as we said, from private patients and it is very well managed. Could we do more? Of course, we could do more. Also we are putting in place various schemes to make sure that we get every penny we can as appropriate from private patients. The money here that it would cost; I would rather see used in services within Health and Social Services for the public side. It is down to a person's own choice, so I will be voting against both 67 as well as 55. I will leave it at that.

6.3.9 Senator F. du H. Le Gresley:

I am puzzled why Deputy Young has brought his proposition, given that he is one of the biggest critics of the Budget and that we have not got enough money, so why do we want to give some more money away? I just do not understand. Similarly, we are going to have another proposition later to give I think it is something like £3.5 million away. I just do not understand; if you criticise

the Budget that we are going to go into deficit potentially, why would you want to bring any more changes to that Budget which would make the position worse? I do not understand. Then, of course, when you look at the figures, in the Minister's proposition or amendment it is estimated that this change at 67 to have the concession for marginal rate taxpayers would cost somewhere in the region of £494,000, so we will call that £500,000. In Deputy Young's amendment he says he thinks it will be £550,000, but the Tax Department have said it is £708,000, so I do not know whose figure is right. Whatever it is going to cost, it will be at least £500,000. I just need to remind Members that we recently voted to add to the Social Security budget for the provision of a benefit for severely or very severely disabled children, which is going to cost an additional £570,000 next year, and that was not in the original budget. So we throw these figures around as though it does not really matter but, when you add up all the sums, they do matter. While I am proposing to support the amendment by the Minister for Treasury and Resources, only because it is damage limitation, I really think that all these amendments, given the tight position we find the Consolidated Fund to be in at the moment, I really think that we have to, as an Assembly, be very sensible and throw out all these amendments, because they are just not affordable in this current climate. They are just not. When it comes to giving more benefits to the elderly, which this would do in both cases, whether it is 55 or 67, we have to remember, and the Minister for Treasury and Resources referred to this in his opening speech this morning, what we have done to help the elderly during our time over the last 3 years, long-term care benefit. That is going to cost somewhere between £10 million and £15 million a year to provide the benefits to enable people to retain their own homes and also at last have some financial help with the cost of care. Fantastic benefit, even though I was the one who introduced it, but I still think it is a fantastic benefit. The U.K. cannot do it; they just have not got the money to do it, they do not know how they are going to fund it. We have found a way to fund it and most elderly people, although they hope they will never need to use this benefit, are so grateful that benefit is going to be in place. We are also moving away from - and I am one of the people who is going to lose out on some of these changes - exemption thresholds. In the last Budget, it might even have been the one before, the Minister for Treasury and Resources indicated that we would be moving exemption thresholds from 63 to 65. As you will see in the main Budget, these are now changing. For years we have had 63, nobody quite understood the logic of it, it was then tied to the current retirement age of 65, and that is where we are now. But almost certainly it will track the increase in the pension age for 2020. We are all heading, unfortunately, to an age of 67, which is what the Minister for Treasury and Resources is proposing. The key thing for me is we cannot afford it, we cannot afford any of these amendments, which add further cost and reduces the balance in the Consolidated Fund. We have got to be prudent and this is just simply throwing money away.

6.3.10 Deputy R.G. Bryans of St. Helier:

Just to put a little bit of clarity on the reasons for these extended charges, again, with a background in insurance, these are not arbitrary figures that are plucked out of thin air in terms of why it is so expensive for people to pay so much for private medical health as they get older. Costs are based on actuarial rates, they are based on age, sex, mortality rates, preconditions, the kind of choice of benefits that you make and the rising healthcare costs. So it is not such a surprise that so many people as they grow older feel that the actual cost drops off a cliff and they are paying so much more. I think it is going to get more expensive as we get older, because of the baby boom generation in particular and the rising healthcare costs. In my particular case, although I applaud what Deputy Young is trying to do and I understand Senator Le Gresley's consideration that we seem to be giving everything away, I do think what we are trying to do here is just take some relief off all of this. So just to explain my position, I think 55 is a point when people generally are still employed in some way or other and do make the choice for private medical care, and it does lift

some of the burden off the health cost, so I would be agreeing with Senator Ozouf here and going for 67.

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

I did go to the briefing which was held on Friday and the Minister for Treasury and Resources very kindly told us about the sort of relief that would be payable to somebody if they had private health insurance. I wanted some sort of indication of what was available and I quickly came to the viewpoint that if an individual could afford private health insurance, in my opinion, they did not really need the benefit of tax relief. I agree totally with what Senator Le Gresley said earlier, the only thing I do not agree on with what he said is that I will not be supporting the amended amendment and I will not be supporting the amendment either. I think Members have to think very carefully during this Budget debate what they are supporting, because we know that money is very tight indeed and we have to be very careful where we allocate our taxes in future. Alongside a lot of Members, I can think of some very worthy choices, rather than tax relief on private medical health insurance. We only have to think about child respite services, adult respite services. **[Approbation]** Also at lunch today I was with some colleagues and I was told that apparently a budget had been withdrawn to organic farmers on the Island by about 75 per cent, which I had not been aware of. So when we are presented with something like this, which is apparently going to cost something like £1.6 million, to the expense of maybe an organic farmer having his allowance cut by quite a large amount, then I know where I would want my taxes to go and it is not for this. So I will not be supporting the amended amendment and I will not be supporting the amendment either. Thank you.

The Bailiff:

Does any other Member wish to speak? Then I invite the Minister to reply.

6.3.12 Senator P.F.C. Ozouf:

I am grateful for all Members who have spoken and for those that have been very clear that they are not supporting, and I understand; I do apologise, I mean no disrespect to the Assembly, that I am making an amendment which is attempting to make a bad amendment less bad, and so it is a rather odd situation to be in. I do not do this lightly, but I explained the reasons why. Those Members who have attempted in this debate to explain why they are not supporting this amendment: I do not think they have given me any compelling reasons to understand why not. We will deal with the underlying issue of just reality that value for money of this cost is not borne out in evidence. Everybody that has looked at healthcare costs, and I repeat again the Institute of Fiscal Studies King's Fund, say that this relief is, irrespective of age - but I will deal with the increasing age issue - is extremely poor value for money. I have to say that if Members do want to spend money on this, then please reduce the bad value for money that it has associated with this. If I may say, Senator Le Gresley and Deputy Hilton were absolutely right to say: "If you are going to give money away, would you give it in this way?" If you are going to do it, would you give it to people over the age of 55? It is not cost-neutral, it will cost because it does not change behaviour. I know that there is absolutely clear evidence that, of course, healthcare costs and health insurance increase very steeply the older you get. That is the case. I, in fact, had some personal family experience of exactly that where a member of my own family who had had medical insurance all their life, looked at the healthcare costs and at a certain point made a decision to downgrade the cover for the cost that they had had and such was the expense, eventually said: "It is going to cost about £5,000, £6,000 or £7,000 a year for me to get that; I am better to put that cost away every year and almost have that money sitting in the bank in case I want to do that." There is another issue that has simply not been made in this debate: costs go up as you get older and older. Many older people choose not to take out health insurance because of the reason I have just said. If we were to

introduce the health insurance at 55 or 67, surely it would be right for those people. I can see a number of Members agreeing that elderly people at the age of 67 make a choice not to take out the insurance because it becomes so expensive. Well, I went with a friend to a private medical consultation, it was a certain specialist in eyes. I had to sit there for an hour and a half and I looked at the people who were coming through the door and getting the private consultation. It is quite clear that I reckon 50 per cent of them were extremely well-to-do individuals - and nothing against that - and the older the individual the more likely they were to have got their debit card out and to pay for the consultation themselves to have the consultation. It would be completely inconsistent if we are saying: "Oh, it is all right to give the insurance premium" well, we might as well start giving people an allowance of the personal private healthcare payments that they are going to make, because it is completely inconsistent. That is the whole unfairness. There is no compelling argument that I have heard, if you are going to do it, which is a bad idea, not to do the 67. It is aligned completely with pensions. What on earth is the argument for 55? There are no arguments that have been made at all to suggest that 55 is the right thing to do.

[14:45]

You might as well do it when you are 18, you might as well have it for nothing. If you are going to do it, you might as well do it at the pension age that has been already agreed. I say, if I may respectfully, I hope Deputy Martin is going to agree with this amendment or abstain and not agree with the underlying thing. She asked me what is the evidence of exactly why it should be 55, well, what is the evidence that it should not be 67? There is simply none. We are trying to have an uncomplicated tax system and the cost differential between 55 and 67 ... and let us not beat around the bush here, this is going to cost money, this is not tax-neutral. This is not revenue-neutral. There are not going to be more people that are going to, over the age of 67, take out medical insurance. The 20 per cent tax thing is not going to be the deciding factor whether they are going to take medical insurance or not, it is just simply not right. The older that people get the higher and higher the costs are. 55 is just the wrong age, if you are going to have an age at all. Senator Le Gresley for Social Security made a very powerful point. I was invited to the Senior Citizens Association by the chairman who, in very lilting and lovely encouraging words, invited me to attend a Senior Citizens Association meeting. She said: "Philip, it would be lovely for the senior citizens to come and see you and talk about your policies and all the rest of it." I duly attended. When I arrived, it was not so welcoming, if I may say. **[Laughter]** I heard accusations that pensioners were the innocent victims of the recession, that pensioners were just being thrown on the slag heap of politics and that we did not care about them. Well, I did try, it was at Communicare, as I see the Constable of St. Brelade; he may have been there, I was not sure, but I certainly did have a heck of a hard time with pensioners. This Assembly, as Senator Le Gresley said, should be proud of what we have done for people over the age of 65 and 67. **[Approbation]** We are increasing healthcare spend because of the ageing society, the arrangement with hospice care at the end of people's lives, giving people dignity in the final weeks of their life. Investing in hospital facilities, giving people the certainty of domiciliary care and residential care. 55 is wrong, 67 is the worst of the least-worst situations. I align myself for once, I think, with a number of colleagues who do not normally agree with me: I think anybody of the left, if I may say so, who fundamentally believes in a publicly-funded N.H.S. and a delivery of a healthcare service free at the point of delivery, cannot support an amendment of 55. I have even got a foot stamp, that is a support from the left, I think. I would agree with Deputy Tadier, this amendment is not a struggle of the right or the left, we are unanimous in wanting to have a healthcare system that we can afford and bringing the limit up to 67 ... he is right, I think, to vote against both of them, but at least limit the damage to do so. I did not quite understand what Deputy Duhamel was asking me. I know he does not like this debate, he wants a more positive and wholesome debate about health care. This is not, I say to Deputy Duhamel, at 67 or 55, self-funding, it just simply is not. I know he does not

agree with some of the reforms of health care but I hope he is going to vote in favour of this damage-limiting provision. I say to Senator Ferguson: I have looked back in history and I have no evidence of the support that she seems to say in the statement she says that the private wing kept the hospital going. That is not correct; if anything ...

Senator S.C. Ferguson:

Perhaps not in Jersey.

Senator P.F.C. Ozouf:

Well, it was not in Liverpool either, I say to Senator Ferguson; we have had that discussion as well. I think I was told off for Liverpool, but anyway. The fact is that voting in favour of the 67 damage-limiting exercise is not a vote against the private wing, is not a vote against private medical insurance, is not a vote against the consultants who we are able to attract that publicly serve the community in our Health and Social Services Department and supplement their income because of their private patient work, this is not a vote against that. It is not a case of not encouraging people, it is effectively, not value for money. She is not listening, but maybe she does not care about value for money as much as I do, because I do. **[Members: Oh!] [Laughter]**

Senator S.C. Ferguson:

Sir, that is disrespectful to fellow colleagues.

Senator P.F.C. Ozouf:

I just made the point that she was not listening and it apparently worked. **[Laughter]**

Senator S.C. Ferguson:

Women can multi-task. **[Members: Oh!]**

Senator P.F.C. Ozouf:

I will not respond. **[Laughter]**

The Bailiff:

Perhaps if we come back to the debate, Senator.

Senator P.F.C. Ozouf:

Exactly, Sir, indeed. If Members are going to support this, I urge Members to vote in favour of the damage limitation exercise. Much has been said about the underlying issues, I will not repeat them again in the sum-up of the debate suffice it to say this is not a good idea but if it is going to be an idea which Members want to do then please vote in favour of the 67 because 55 has no evidence and no basis in fact, and is terribly bad value for money and limits the damage. I urge Members to support the amendment.

The Bailiff:

Do you ask for the appel?

Senator P.F.C. Ozouf:

I ask for the appel.

The Bailiff:

The appel is asked for then in relation of the amendment of the Minister for Treasury and Resources to the proposed amendment of Deputy Young. I invite Members to return to their seats. The Greffier will open the voting.

POUR: 29		CONTRE: 17		ABSTAIN: 2
Senator P.F. Routier		Senator A. Breckon		Deputy M. Tadier (B)
Senator P.F.C. Ozouf		Senator S.C. Ferguson		Deputy S.Y. Mézec (H)
Senator A.J.H. Maclean		Connétable of St. John		
Senator B.I. Le Marquand		Connétable of St. Ouen		
Senator F.du H. Le Gresley		Connétable of St. Martin		
Senator L.J. Farnham		Deputy R.C. Duhamel (S)		
Senator P.M. Bailhache		Deputy of St. Ouen		
Connétable of St. Helier		Deputy J.A. Hilton (H)		
Connétable of Trinity		Deputy J.A.N. Le Fondré (L)		
Connétable of St. Clement		Deputy of Trinity		
Connétable of St. Peter		Deputy T.A. Vallois (S)		
Connétable of St. Lawrence		Deputy M.R. Higgins (H)		
Connétable of St. Mary		Deputy G.C.L. Baudains (C)		
Connétable of St. Brelade		Deputy J.H. Young (B)		
Connétable of St. Saviour		Deputy S.J. Pinel (C)		
Connétable of Grouville		Deputy of St. Peter		
Deputy R.G. Le Hérisssier (S)		Deputy N.B. Le Cornu (H)		
Deputy J.A. Martin (H)				
Deputy of Grouville				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy of St. John				
Deputy of St. Mary				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy R.J. Rondel (H)				

6.4 Draft Budget Statement 2015 (P.129/2014): amendment (P.129/2014 Amd.) - as amended

The Bailiff:

We then return to the debate on Deputy Young's amendment as amended. Does any Member wish to speak?

6.4.1 Deputy J.A. Hilton:

Just briefly and just to say that I am really disappointed at that decision.

6.4.2 Senator P.F.C. Ozouf:

I hope to assuage Deputy Hilton's disappointment because now at least it is the least damaging option. Members should still vote against it completely. Members should not vote in favour of this insurance even though it has the damage limitation. **[Approbation]** We have achieved at least one thing so far, we have limited the damage because it does not represent value for money. Let me be absolutely clear, there is no evidence that for marginal taxpayers that this is going to change behaviour even at 67. It just simply is not the case. People are not going to get more insurance because of the fact that they are going to get tax relief. In fact even the Members on the left of the debate, I challenge them to think very carefully about whether or not this is not a neutral cost, this is foregone revenue and if this revenue is forgone are they saying that this is the best use of money

in order to improve healthcare services? To respond to some of the comments earlier on in this debate there are real issues which Ministers are aware about in terms of primary health care and access to health care. We want to get more people into primary health care rather than into secondary care. If we were going to spend, I cannot remember what the amount of money is we are dealing with, half a million, whatever it is it is hundreds of thousands, would you spend it on this relief? Would Members spend it on this? Without doing any of the so-called shroud-waving can Members that are tempted to vote in favour of this amendment as amended say that this is the best use of those hundreds of thousands of pounds? Would it not be better to not impair our income irrespective of what the forecasts have to say and what the forecasts will be? Every pound that is spent on this amendment is potentially a pound that we could reduce the healthcare 2 per cent efficiency target which they can deliver in terms of efficiency but it means that they cannot do more. There will be an impact on that. I am confident that Health can deliver efficiencies but those efficiencies need to happen and they need spend even more. We all know we have a challenge with healthcare spending going forward. This is dead weight cost. It does not work. The experience is clear. The evidence is there from the 1960s, the 1970s, the 1990s, the King's Fund, Dame Kate Barker, Institute of Fiscal Affairs, all absolutely clear as has been my comment. It does not represent value for money. There are better ways of doing it. The last thing I would say is that there is a principle which is a guiding principle of our tax system which is low, broad and simple. This relief adds complexity. It adds to complexity and cost, and it is unwise in order to do it. I understand the issue and I will offer an olive branch to Deputy Young in terms of a real way forward in dealing with the issues of private medical insurance. That is this, if one wants to create an environment in which people are encouraged to get private medical insurance which is a feature of a number of debates in this Assembly in this Budget we need to make the market work better. I am aware having carried out some research on the private medical insurance market is that some of the products that are available in the United Kingdom are not available to potential people, residents in Jersey. I do not understand why that is the case. For example premiums that can simply pay for critical care in the event of hospital treatment and has an offset that you pay your own consultation. Many people want to get a diagnosis straightaway when a health problem emerges and what they do want to do is to ensure about those really calamitous costs in the event of very, very serious surgery and very serious medical intervention, and the access to hospitals are perhaps quicker outside of the Island but that may be the case. I do not in any way understate the brilliant work that is going on in our healthcare system. If people do want to get medical insurance then we need to make sure, as in all things, that the market is working well. Tax benefits, benevolence of this Assembly in trying to do symbolically the right thing, is not the right solution. Making the market work and making those premiums and those insurance companies that offer this kind of differentiated type of product is much better and that might be the solution for those people who do want to have the insurance of private health insurance but cannot afford because of the huge escalating costs that insurance inevitably has with people getting older. People as they get older of course their health services cost more money. That is the whole burden of the ageing society at the heart of structural deficit. All of the debate really in this Assembly about this Budget is about health care, how are we going to pay for it and how we are going to manage it. That is not a bad thing. It is because of an ageing society. People are living longer. There are more treatments available and better quality, and that is the way to do it. I urge Members to reject this proposition with confidence in the knowledge that it is not good value for money and that there are better ways of spending that money but with a need to deal with the underlying issue of the policies that are available to Islanders are probably not the right ones and we need to work hard on that.

The Connétable of St. John:

Before we take the vote I must declare I am an old age pensioner and also have private health care. Do we abstain?

Senator P.F.C. Ozouf:

I do not think the Constable is a marginal tax rate payer. [Laughter] I am going guessing, I do not know but I do not think he has a conflict of interest.

The Bailiff:

The position has always been taken on all Budget debates that Members are to be exactly the same state as anyone else of course. Particular measures might affect you differently. If you are a smoker you will be affected by putting up the duty on cigarettes. The view has always been taken that on Budget matters, as in most parliaments, Members must just vote as they think fit and do not have to declare an interest. Deputy Tadier.

6.4.3 Deputy M. Tadier:

What we have just witnessed today is very remarkable and I have never seen such a device used in such a cynical way as has just happened now with the admission of the Minister for Treasury and Resources that it was such effectively. What he said is that normally an amendment one seeks is to make the original proposition or in this case amendments better. It has made it worse and the Minister for Treasury and Resources has told us that. The shame is, of course, there is a valid ideological debate to be had under this.

[15:00]

It is the same debate that underpins many of those types of themes including education. We have that coming up in the education debate saying if we decrease the funding we give to private schools then it is going to increase the burden on the taxpayer because more of those students will switch to the public provision of education. The same argument is essentially being used here. That is a valid debate to have and by being presented with something which does not do the job it does not allow us to have that debate. Perhaps an easier way to look at it is free school milk. If Deputy Young had come up saying: "I want to give free school milk to primary school students from the age of 5 to 11", there is an amendment which comes in and says: "We do not agree with this fundamentally from an ideological point of view. We do not think it is good value for money either therefore let us give it to 11 year olds", this is exactly the kind of thing we are debating here. We know that 67 is not the right time to do this if we are doing it at all. We have essentially seen a wrecking motion here. That does not mean though that if there are supporters in the Assembly who would have supported 55 that they should automatically reject this. I think if I was one of those who was going into this debate thinking: "I will support that because I think that is the right thing to do" then one would need to support Deputy Young on that basis. Nonetheless the underlying argument does need to be brought out. What is the best way to help marginal tax rate payers who are on private health insurance? In fact how many will that effect? How many marginal tax rate payers are in possession of health insurance? I am not sure if we know those figures and also why do we not provide a system which is good enough for those marginal tax rate payers at the hospital so they do not need private health insurance? They might want holiday insurance and so on. Those things are valid but for me as the one of the minority people in this Assembly who are left of right it is important that we do have a system in place where everyone can see the G.P. when they are ill. There is not a disincentive put in place that we do not have to rely on private health insurance to do that. Even if we do accept that there is a place for a different way other than an N.H.S.-type system why are we not looking perhaps to the European model where we have a system of mutual or insurance companies which are run in a very collective fashion which do provide value so that people are obliged to sign up and that can subsidise their health care whether that be for medical or for dentistry. These are the kind of debates that are not really happening. We know some debates are taking place about health more widely and this is the direction we need to be going in. I cannot support this ideologically but I am disappointed that so much has been made of this because I think

Members essentially knew that with an amendment or not Deputy Young was never going to be supported in this purely because we know the parliamentary figures in these kinds of debates are stacked with the Minister anyway. It is really quite remarkable but we put it down to probably the stress of an election and we have to give the Minister a bit of latitude I am sure.

6.4.4 Deputy J.A.N. Le Fondré:

Probably like some Members I am finding the debate quite difficult for once because I came here very much minded to go in one direction and I am being shifted the other way. The point is on the side in favour of the argument the way that I am analysing is it is supposedly about middle-Jersey at the end of the day. It is saying to people who do generally make provision for their own health care as to whether we want to give them any form of recognition or assistance for that health care. The argument against doing that is at the moment complexity. I am not sure on that one because I was in Treasury when it was taken away and I was always slightly uncomfortable there. It is just a further deduction on your form. The other issue is evidence and that is my one dilemma because certainly there has been reference about the King's Fund, and I am sure Deputy Young will deal with that and Senator Ferguson has talked about that. I do wonder if you look at the demographics of Jersey versus the United Kingdom I would guess that there is a more affluent society over here in certain shapes and forms, it depends, and they ordinarily would be more minded to have private health insurance. I do recall that when it was withdrawn I did get a number, not a huge number, but I did get a number of calls at the time of people who were at a certain age where it just did tip that balance between making the decision to carry it on or to cut it. Whether it was reality or not that was certainly the argument they were putting. The other issue, because of where I was, was the fact that I had more of a gut feel which is not a good place to be to try and make a decision on this basis that for the money that you spent in doing this - and it is an expenditure - would we recoup it out of the health system or should we be recouping it out of the health system by getting basically full cost recovery on patients treated through the private health system. If that was the case then it would be an absolute no brainer, you would support it. The problem here is that in my view the comment I would make, irrespective of whichever way I vote today, is that the next Minister for Health and Social Services should do that piece of work to identify in Jersey terms what the true costs are and what is the contribution private health makes to that. Deputy Young does have some views on that and perhaps he can elucidate on those in his summing up. That is in my mind and so from that point of view I am very supportive of the principles and indeed I supported the vote last time round but when we come down to the numbers, as ever it is the affordability side and, as somebody said to me earlier on, I think if we are facing deficits for the next few years is this something you would do now? That is where I am torn because I knew where I was and I think I am shifting further towards the Minister for Treasury and Resources' argument. I know, unusual, and he will find I will be agreeing with one of the future amendments. Where I am is I need to be a lot more comfortable that this has the potential to be revenue neutral, and I will listen very carefully to the summing up by Deputy Young and if there seems to be a reasonable chance that that is the case, with the middle-Jersey hat on, I will be supportive. Otherwise I will assess where I am but my view very much is even if this is rejected any future Minister for Health and Social Services should ensure this is done as a piece of work just to knock this on the head once and for all in Jersey terms.

6.4.5 Deputy J.G. Reed of St. Ouen:

Deputy Le Fondré has already picked up one point that I wanted to make which is about we need to understand the market and what the potential impact is of what we are told in the Health White Paper that Deputy Young has highlighted is almost 50 per cent of the population in Jersey has private health insurance. That is a significant number of people and simply to rely on clear evidence from the U.K. is totally misleading. Equally we did have and we have experience

providing tax relief towards private health insurance in the past until relatively recently when it was withdrawn. What was the impact of that? Where is the evidence that tracks and monitors the impact of that decision? Was it minor? Was it major? Has it placed a greater burden on the public health service or has there been no difference? Those are the sorts of questions, the sort of evidence, I would hope the Ministers would be able to access but clearly that does not seem to have been the case. As we look to the future and we talk about sustainable funding for health care these are all matters that have to be looked at, and equally some of the points that Deputy Young has made were regarding other governments. Other governments have obviously decided to maintain their tax allowances. Has anyone asked the question why whether or not that is a benefit or otherwise? I do not believe that that is the case. Regarding the Minister for Treasury and Resources' comments about looking at how the market works: I think it is understand the market first before you start looking elsewhere. I equally want to reflect the views expressed by Deputy Hilton. It is bad and extreme when you have a Minister that stands up, presents an amendment to a proposition and then after that is approved encourages everybody to vote against it because the original amendment is poor. I would be of the view that you should stand by your convictions from the very start hence the reason why I voted against the Minister for Treasury and Resources' amendment and unfortunately I will be voting against Deputy Young's amendment. However, and it is a big however, I would implore Ministers or the next Council of Ministers as they look at the funding for our public health service to please consider and understand and look at whether the contribution made by 50 per cent of our population towards private medical insurance is a general benefit to the Island and the funding provided necessary for our public health service or is not. If it is not then there is a better debate to be had but as yet I have not seen the evidence. I thank Deputy Young for raising the issue. I think it is important but I am afraid I cannot support this amendment.

6.4.6 The Connétable of St. John:

I must probably draw Deputy Tadier's attention to what happened some years ago when we went from mutual societies to limited companies, and I will refer to one of the ones I was paying in for most of my life. It was the Norwich Union which went in from being a mutual society where money was reinvested into the various policies into a public company. They sent out a letter of inducement, I suppose is the word, to all their policy holders where they were going to pay each policy holder some many hundred pounds in equivalent shares to move across to a P.L.C. (Public Limited Company. This was won by a big majority although I did not support it knowing full well that what would happen is that instead of the money going into the policies for my retirement you received a little cheque each year in the post that would be spent and not reinvested in itself. We finish up where we are today instead of the figures that were being when they sold you the policies back in the 1960s as in my case. When the actual policy comes out, which was basically 4 or 5 times greater, you finish up with probably twice as great as what the figures should have been, so 20 per cent are the actual figures. Therefore even trying to support what Deputy Young is saying because things have moved on and off a long way from mutual societies, as he was referring to about the French, we are where we are and I could not support this because even if we had mutual societies who knows what happens in the future. Will we move forward yet again where you are going into a period of time where they have mutual societies and everything goes to those who have paid in? Instead people can buy and trade in stocks and shares when it goes across to a P.L.C. Therefore I will not be supporting this talking from experience in the past.

6.4.7 Deputy N.B. Le Cornu:

I did not really intend to speak on this matter. Deputy Tadier has hit upon a point and he has highlighted something which is probably not aware to my constituents shall we say in Green Street and Pier Road, the pensioners, the working poor, the disabled, the mentally ill, the unemployed, the single mothers and those dependent on income support when they ask me: "What does the States

spend its time doing?" I am going to have to answer: "They talk about privilege and the debate is between one section of the privileged and the other" because clearly this is what this amendment is all about. When Deputy Le Fondré said it is about middle-Jersey he was absolutely right, but of course there is a whole section of the Jersey society that is not Jersey society that is completely forgotten about, and that is partly the reason why they have so little respect for this institution. What we should be talking about in terms of health care should be instead of privilege for the few is social solidarity because that is the future.

[15:15]

If we are not together, if we do not have a socialised medical health system, it will be divided. There will be those who are, as in Pier Road and Green Street, just sitting on the bottom being completely ignored, festering and it is horrible, it is dreadful.

6.4.8 The Deputy of Trinity:

I will be brief. I just want to put a few myths really just to clarify. Private patients within the hospital is a good thing as it is said that they bring in some income, the good consultants, specialists and so on and where those private patients use hospital services or come into hospital it is full cost recovery. Let us make one thing clear, it is full cost recovery and a lot of work, as I said before, has been done and will continue to be done but some people, it is 50 per cent, choose to go off Island and we have no idea who they are, where they go and how much it costs them. Some people use consultants privately over here and do not even come near the hospital. The clue is in the title "Private patients". The work is going to be done and will continue to be done, but it goes down to the cost of what this will be. I would rather see that money used within hospital services itself to help reduce waiting lists or to help those young children with cancer rather giving tax relief to those who pay marginal tax.

6.4.9 Deputy E.J. Noel:

Firstly, I would just like to clarify the point that Deputy Tadier made. Senator Ozouf's motion to amend Deputy Tadier's amendment was not a regular motion. It is just merely there to try and protect public finances and to remind Members that the best way to help marginal taxpayers is to cut the rate of marginal tax. Let us not forget that in excess of 80 per cent of taxpayers pay at the marginal rate. Deputy Le Fondré and the Deputy of St. Ouen said that we need to do some more research and find out the impact, but that work has been done and the evidence is clear. I would encourage Members to read the King's Fund report and a link was included in Treasury's comment how to get to that report. For clarity, the King's Fund is not a political organisation and I quote from the principal author of that report, Dame Kate Barker who, as Members will know, sits on our F.P.P.: "It proved extremely poor value for money." That is when the U.K. Government reintroduced it for a short period of time during the 1990s: "The vast majority of the costs of providing such a proposed tax relief would go to that already have private medical insurance and, therefore, there is no obvious need for a new incentive." I think Members will realise that this is not a good use of public funds. If we were going to provide additional tax relief of this order, there are more targeted ways of doing so. I ask Members to reject this amendment.

The Bailiff:

Does any other Member wish to speak on the amendment? Then I invite Deputy Young to reply.

6.4.10 Deputy J.H. Young:

What a shame we did not have a proposition about the role of insurance in funding major States care. We obviously had to have it on the Budget. It is quite clear that that is a necessary thing in the future, that States Members, whoever they are, get their head around that, because the huge issue of funding the Health Service not only will not go away but it will get bigger and bigger. My

view is if you ignore the contribution that insurance can make on private health care, wait and see what happens to the public costs. Where we finished up, we have got a neutered proposal that falls extremely far short of what I wanted. I am not even so sure it is going to do very much for many people because by the age of 67 people will have made their decisions whether they are staying on board in health care or not. It is quite clear that trying to have a debate on a rational policy issue in the middle of an election campaign is virtually impossible. We have got all sorts of contributions being made which are clearly political in nature and, of course, I have been accused of that myself. Notwithstanding the fact that I said that I brought this last year and there was more support for it last year. I know Senator Ozouf says that he has got knowledge because it is shown by his oratory. What we have witnessed is, by power of oratory, our Minister for Treasury and Resources has the ability to charm the birds out of the trees; to convince people that this is the case when the reality is that the jury is out. This is not a clear-cut decision. Obviously he has majored in on the Stern Report. This is an old report from an economist. I do not know whether this economist is right wing or not. When one looks at the C.V. (curriculum vitae) and the kind of organisations the lady has worked for, a very eminent lady I am sure, but certainly it looks very much like that sort of right wing type of agenda to me. Then, of course, Deputy Tadier brought the politics into it as well and I certainly was accused of electioneering, which I fundamentally deny. This is something which I had on my agenda. I genuinely believe that we have to look at this provision of how we fund our health service. Insurance has a role and what I brought is what I thought was a modest proposal to limit the tax relief to marginal taxpayers. That is firstly important and now it is marginal taxpayers over 65 years, so it is a very small group. I have heard talk of throwing money away. What rubbish; being told by Ministers this is throwing money away. The argument here is that this relief has a benefit and the benefit is that it will result in a recovery of costs to the taxpayer because it will reduce the amount of people that put those costs on the public sector and, of course, they are also paying in their taxes as well. It will also, in a properly managed health service, help us to develop those services and improve the income. If the Minister for Health and Social Services says: "Well, many people go to the U.K." that raises the question: "Why are we not planning for development of the health services?" I tell you what; some of the comments in this House today will have sent a very bad message to those clinicians, saying: "Private health medicine is bad. Insurance is bad." How is that going to encourage? I think there have been some comments here which have been extremely negative. Yes, we are in a bad place. Senator Le Gresley, who I deeply respect, we are in a bad place. We have got a Budget which we are all going to have things to say about in a minute. In my trusty take of view it is going to get through because everything like that gets through. No matter how many faults it is going to get through, but that does not mean to say we should neglect the detail of it and just rubberstamp it and not address some of these issues. The cost now, if there is a cost, the paper cost, is £494,000. It is not the millions of pounds that other people have spoken about and that will be, I submit to you, a saving. My evidence is not that I know people. I used to work in the health service and I was part of the team managing private health services for a period and I saw how the services developed and how you could expand and improve service provision and you could generate money and a return to the taxpayer. It is done elsewhere. It is about having private and public sector partnerships within health service facilities and that is the sort of thing that we should be open to look at in the future. In my view, this was a very, very modest first step. It is not an alternative to looking at those big issues and that has to happen in the new States, but please do not be sending these negative signals. I am very disappointed we have ended up in this place, but I will maintain my proposition. Members are saying to me: "Withdraw it because it has been wrecked." No, I am going to maintain it because I want to see where the House is on it. Is the House negative on private health insurance and the contribution it can make? Is it negative to insurance and are we sending signals to people, as Deputy Le Fondré says, who look after their affairs, middle-Jersey? There we are talking about groups of people who are marginal taxpayers. Are we saying to people: "Well, look after yourself;

tough, you are not going to get any help from the States at all” even though that is a good thing, the Minister for Health and Social Services says it is a good thing, and it is cost justified. I maintain the proposition and ask for the appel.

The Bailiff:

The appel is called for then in relation to the amendment proposed by Deputy Young. I invite Members to return to their seats and the Greffier will open the voting.

POUR: 15	CONTRE: 34	ABSTAIN: 1
Senator A. Breckon	Senator P.F. Routier	Deputy N.B. Le Cornu (H)
Senator S.C. Ferguson	Senator P.F.C. Ozouf	
Senator L.J. Farnham	Senator A.J.H. Maclean	
Connétable of St. Clement	Senator B.I. Le Marquand	
Connétable of St. John	Senator F.du H. Le Gresley	
Connétable of St. Saviour	Senator I.J. Gorst	
Deputy R.C. Duhamel (S)	Senator P.M. Bailhache	
Deputy J.A. Martin (H)	Connétable of St. Helier	
Deputy of Grouville	Connétable of Trinity	
Deputy J.A.N. Le Fondré (L)	Connétable of St. Peter	
Deputy G.C.L. Baudains (C)	Connétable of St. Lawrence	
Deputy J.H. Young (B)	Connétable of St. Mary	
Deputy of St. Mary	Connétable of St. Ouen	
Deputy R.G. Bryans (H)	Connétable of St. Brelade	
Deputy R.J. Rondel (H)	Connétable of St. Martin	
	Connétable of Grouville	
	Deputy R.G. Le Hérisssier (S)	
	Deputy G.P. Southern (H)	
	Deputy of St. Ouen	
	Deputy J.A. Hilton (H)	
	Deputy of Trinity	
	Deputy S.S.P.A. Power (B)	
	Deputy K.C. Lewis (S)	
	Deputy M. Tadier (B)	
	Deputy E.J. Noel (L)	
	Deputy T.A. Vallois (S)	
	Deputy M.R. Higgins (H)	
	Deputy A.K.F. Green (H)	
	Deputy J.M. Maçon (S)	
	Deputy of St. John	
	Deputy S.J. Pinel (C)	
	Deputy of St. Martin	
	Deputy of St. Peter	
	Deputy S.Y. Mézec (H)	

The Bailiff:

Before we come to the next amendment, Minister, would this be a convenient moment to consider whether the Assembly will take your sixth amendment so that everyone knows where they are?

Senator P.F.C. Ozouf:

Yes, Sir, if I lodge the amendment. I signalled to Members over the weekend that there was some evidence that has been presented that I do wish to take account of and this amendment effectively would not seek to increase stamp duty on commercial rate properties. I do believe that this is new

information as there have been representations made to me and it is a proposition which is designed to effectively not cover the increase for stamp duty for commercial properties and I have explained why. I know you do not want a debate on it, but I need to seek leave of the Assembly in order to take it and I would ask Members to do so.

The Bailiff:

Does the Assembly agree to take the Minister's sixth amendment? Very well.

6.5 Draft Budget Statement 2015 (P.129/2014): third amendment (P.129/2014 Amd.(3))

The Bailiff:

Then we come back to the Order Paper and the next matter is the third amendment lodged by Deputy Tadier and I will ask the Greffier to read that amendment.

The Greffier of the States:

Page 2, paragraph (a), after the words as set out in the Budget Statement insert the words "except that the estimate of the income from taxation during 2015 shall be reduced by £3,400,000 by exempting or zero-rating domestic energy from Goods and Services Tax from 1st January 2015."

6.5.1 Deputy M. Tadier:

Thank you, Greffier, for reading that. I am quite happy to admit that this is a piece of electioneering, not on my behalf though and not even on behalf of the party but because I think that this is an issue; the issue of G.S.T. and its place in our society. Its place in the overall tax and spending of this Assembly needs to be highlighted and this is an appropriate time and place to do it in the Budget. I have listed a number of reasons that I believe this amendment should be adopted and I would like to give some introductory comments, some overarching comments, before I start. I, like many Members of this Assembly - hopefully there are still a few left - have never supported G.S.T. in its current manifestation without general exemptions for basic items. In 2007 and 2008 I campaigned along with other Members and those members of the public in order to oppose G.S.T. because I believed, and I still believe, that it is regressive. For me it is wrong to tax life essentials, especially in the absence of satisfactory redistributive measures in our tax system, and domestic energy, whether it is used for heating, lighting or cooking, is an essential commodity in the modern world. I believe that if a Goods and Services Tax has any place at all, and that is obviously up for debate, that it should be on non-essential, even luxury, items: luxury goods and services. I do not need to also preface that there will be some counter-arguments and I will also address the comments of the Minister for Treasury and Resources, which are helpful but need to be deconstructed. One argument we hear is: why only domestic fuel? Why not remove it from food? Why not remove it from children's clothes? Why not remove it from books and newspapers? I have some sympathy with this argument but I was reminded by the Consumer Council of the fact that many in Jersey are still struggling, especially when we come to the winter months and when we come to badly insulated properties to pay for electricity and other forms of energy.

[15:30]

To that question I would answer I will continue to support its removal on principle on these other items if it is ever proposed. The problem is, in my heart of hearts, I cannot be fully convinced that it would necessarily be removed from food, not in all cases and not by all retailers. However, with regard to domestic fuel I can be fairly certain that it will be removed. If we think about the way our domestic energy is charged to us, it is added at the end of a bill. When we get our electricity bill or our gas bill we are given it and it says: "Plus 5 per cent for G.S.T." All that will happen is that that 5 per cent will not be there. There is a tangible benefit to customers, to members of the public.

Okay, it is applied across the board, but it would be difficult to implement, I believe, and complex to implement a means-tested system of exempting G.S.T. on energy. The second argument we often hear is: why should we be exempting G.S.T. for fuel to allow wealthy people to heat their swimming pools? That comes up quite a lot. So what I answer to that is: if you have got a problem with wealthy people, tax them more. If you have got a problem with people who have swimming pools tax swimming pools, but do not tax the ordinary energy that we all use as a blunt way of getting to the wealthy. Why is it right to support this amendment? We will hear robust criticism, quite rightly, from the Minister and perhaps colleagues about why we should kick this out, but I believe this is one of those matters of principle and heart that Members will hopefully support. Well, first of all, it will assist with the affordability of energy bills and offset some of the price rises that have recently been announced, alleviating potential hardship for many. We know that Jersey Gas has announced quite recently an increase of almost 3 per cent in its tariffs as of 12th September. The increase is being blamed - and how ironic is this - on below-average gas consumptions as a direct result of warmer-than-average weather. It seems that members of the public - consumers - cannot win. We are being encouraged from all sides to consume less, whether that is from an economic or ecologic point of view. Then, of course, when people do that or when there is a particularly warm or mild winter, we are told: "I am sorry, guys. You have not consumed enough energy. So we are going to have to put your bills up to pay for that" and, of course, the States is often a shareholder in these entities to various degrees anyway. Do we think that if there was a colder-than-average winter where the gas company did particularly well they would put the price of gas down? I do not know. I will leave that with Members to consider. I do not think they would. This is another consideration which is not often brought up. There are currently no minimum standards of accommodation in Jersey, although that is being looked at. I am working with the Minister on that, hopefully. But the fact is, unlike other countries which do have at least an energy guide ... and I was in France looking at the way that properties are rated from the 'A' down to, I think, 'F' in how energy efficient they are. There are minimum standards. In Jersey there are not any and, alongside that, we know that Eco-Active at the Environment Department have been doing good work, but there are from all properties that are covered in that. By all means, I am not saying get rid of G.S.T. on this for ever, but I am saying there is work that the Government needs to do both on its own properties and encouraging the higher standard of accommodation in the Island to make sure that properties are well-insulated among, other things. We also know in our heart of hearts that is not the case at the moment. We are told that this is going to cost us £3.4 million and, of course, it will always come back to cost, but there is a flipside to that all the time. The flipside is that it puts £3.4 million back in the economy. It saves people £3.4 million. You cannot have yin without the yang and so people will feel the difference and, despite some of the comments from the Minister, they will feel a tangible difference in their own bills and they may even want to invest that in insulation. I think the last point is the fundamental one. G.S.T. should never have been put on fuel in the first place. Many of us believe strongly - so I should have left a pause there - that it is wrong to tax life's basics, be it food or, in this case, heating and lighting. This is a timely chance for us to affirm one way or the other whether we believe that. I believe it is also the majority view of the public. I do want to add something else to that. Those are my opening comments. I think there is another issue here. We are being told here: "Well, the argument would be: why is Deputy Tadier or anyone else trying to increase the deficit by a further £3.4 million when that is a concern?" It is a concern but I believe that this just highlights the fact that we have been over-reliant on the wrong type of taxes. The tax and spending model is fundamentally broken and that is what needs to be addressed, not £3.4 million or whatever the sum might be from other amendments that have just been proposed. We also know that money can be either "magicked" up from pots that did not previously exist or were thought to be inaccessible. We have seen that happen in this Budget. We have also seen it happen in the Criminal Offences Confiscation Fund. So we know that an argument would come back to me saying: "Well, where is

Deputy Tadier going to find the money from?” Quite humbly I say it is not necessarily for me to find the money, nor am I the best place to find the money; but money can be conjured up and it would be for future Minister for Treasury and Resources to look at how they make the Budget balance. I say to my colleagues, perhaps some of my colleagues who I have been working with in St. Brelade and others, when it came to G.S.T. and when we were told: “Look, we are going to have to put up G.S.T. Maybe pinch your nose and support it. Support the increases in G.S.T. because we are going to keep our side of the bargain. We are going to keep expenditure under control. We are going to bring in efficiency savings and we are going to make the economy stable again.” Have Ministers kept their side of the bargain? How many years are we into G.S.T.? Is it 6 years? Seven years, I think. 2007 I seem to recall it was introduced. Have Ministers and has the Minister for Treasury and Resources kept his side of the bargain when it comes to bringing spending under control? I think the answer from those quarters would be a resounding “no” and I would argue: how long does the public have to wait and how long do we have to rely on these regressive measures of G.S.T., which, despite some of the very laudable mechanisms for redistribution that have been put in place in some quarters, do not solve the underlying problem. I will leave the comments for that part. I do realise I have got to address some of the comments of the Minister for Treasury and Resources. This is probably the prime time to do it. I will not get a chance to do it until the end, so let us go through them. I think, in the comments, point 3 talks about the fact that it is going to be overly complex for businesses. Many of the arguments seem to be along this line. Well, I do not recall receiving representations, and I do not think any of us did from energy suppliers either, saying: “This is going to be vastly complicated for us to administer.” We are being told in point 5 that there will be additional complexity for retailers. I have not seen any evidence from them saying that they could not administer this. Point 6 even talks about fraud; we are going to see potential fraud because of the misapplication of products that are being sold for domestic purposes or commercial purposes. I have never seen this kind of argument given before. We are also told that businesses will not be able to distinguish between domestic and business use. Well, I would have thought that even if you run a business from a home property you have different accounts. You keep business accounts which have energy bills attached to them and, of course, it would be those energy bills which would be exempt from V.A.T. (Value Added Tax) not your domestic ones, but maybe I am being overly simplistic there. I do not think so. I think those are really the main arguments that need to be developed. If I have missed anything I am certainly happy to sweep-up in my summing-up speech. I do make the proposition and ask for a seconder.

The Greffier of the States (in the Chair):

Is the amendment seconded? [**Seconded**] Does anyone wish to speak on the amendment?

6.5.2 Deputy N.B. Le Cornu:

I think Deputy Tadier should be forgiven his sin of electioneering. It is in a good cause. Once again, Deputy Tadier has hit upon a self-evident truth, one that this House has been ignoring; that there is increasing social polarisation in Jersey society and that those who worry about simply heating their swimming pools against pensioners who are switching off lights and not putting heating on and having to shiver, that is the reality of Jersey today. It fills pensioners with terror that there could possibly be increases in G.S.T. on the other side of this election and, of course, a certain party will not be admitting that they will be increasing G.S.T. to 7 or 10 per cent and, remember, it is about 22 per cent and around there elsewhere in Europe. In fact what is coming is going to be a lot worse. There is austerity coming on the other side of this election and I would remind voters - and this is a bit of electioneering - here it is: this is a great slogan - voting is the most radical thing we can do.

6.5.3 Deputy E.J. Noel:

This Assembly is well aware that ever since the early design phase there has been one principle that has guided the development of G.S.T. in Jersey. That principle is low, broad and simple: keep the tax rate low, keep the tax simple and minimise the administration impact on businesses and on the States. Keep the tax broad-based, apply it across as wide a range of goods and services as possible because this, in turn, helps keep the rate low and the tax simple. As soon as you start excluding goods from G.S.T. it has 2 direct impacts. Firstly, revenues fall. This lost revenue has to be recouped in some way or another. Secondly, businesses have to start charging different products at different rates, complicating their business and increasing their administration costs. To this Assembly's great credit, every previous time that a proposition has been brought to create G.S.T. exemptions this Assembly has held firm and stuck to the principles of low, broad and simple. Turning to this particular proposition by Deputy Tadier, it is seeking to remove G.S.T. from domestic energy. This will cost the Treasury some £3.4 million and, as Senator Le Gresley has already said, this is simply unaffordable and, despite what Deputy Tadier has said, it cannot be conjured up. The Mary Poppins carpetbag is empty. Despite the Deputy's assertions in his report that we can be fairly certain that G.S.T. will be removed from the retail price of domestic energy, all international experiences show that this £3.4 million of G.S.T. will be lost. It will simply not end up in the hands of the consumers and to believe otherwise, in my opinion, is naive. The administration complexities associated with this measure should not be underestimated. Remember, this proposed relief is only available in respect of energy for domestic use. Deputy Tadier's view is that if you are running a business from your home or connected to your property it will be very simple to have 2 utility bills. That simply is not the case. I know from my own experience as a former tax practitioner, many of my clients ran their businesses from home. They did not have separate utility bills because they only had one supply. What happens in the context of, for example, a shop that has got integral flats? Which bit is domestic and which bit is not? Another way to show how ludicrous this idea is and why it would be so difficult to employ is to ask retailers ... with a bottle of gas that they sell to every purchaser, do they have to ask: "What is it for? Is this to heat your home or to run your barbecue?" Then what happens if an individual purchases some fuel for domestic use and then inadvertently uses it in their business? The day-to-day practicalities simply do not work. All of this would have to be monitored by the tax officers, the customer services, and would just add another layer of bureaucracy to our administration. Numerous studies have shown that consumption taxes are a poor mechanism through which to achieve social aims. The better approach is to keep them broad-based and to use other mechanisms to target benefits to those directly in need and that is the exactly the approach that we have in Jersey. The Home Energy Scheme Grant means that a large number of the population is entitled to 3 energy efficiency improvements such as insulation, draft-proofing and low-energy lighting. In Social Security there is the Winter Fuel Allowance and the Gold Weather Bonuses.

[15:45]

These are targeted measures to help those most in need, rather than a cut in G.S.T. which will be indiscriminate and most likely benefit the wealthy who consume more amounts of energy in absolute terms. The Deputy's report does raise the issue of affordability of energy bills and he is right to do so. It is a serious issue, but removing G.S.T. will do nothing about the issue of energy affordability over the longer term. The only way to address the affordability of energy is to ensure that the markets for domestic energy are working correctly. Competition should be encouraged wherever possible. Unfair pricing practices should be addressed and C.I.C.R.A. (Channel Islands Competition and Regulatory Authority) should use its powers to the full extent possible to ensure that consumers are protected. This debate is not new. This Assembly has considered the merits of removing G.S.T. from domestic energy on numerous occasions and in the past, each time, it has rejected those proposals. The arguments against removing G.S.T. from domestic energy remain clear and I strongly encourage Members to reject this amendment.

6.5.4 Senator P.F.C. Ozouf:

I thought nobody else was going to speak, so that is perhaps an indication of the lack of support or perhaps a general view that Members have had enough of G.S.T. exemption debate. I will not be very long but I will go a little further than my Assistant Minister and say to Members that this should not be an issue of political divide and maybe we are having a Budget debate during an election, but I hope that no Members of this Assembly would be effectively pushing their buttons for electioneering purposes or somehow to display their credentials in there for the votes ahead. I do not believe that any Member with the oath of office that we have - and indeed as I look around the Assembly many Members would be doing such a thing - we vote on our consciences and we vote with good advice. In a previous amendment - and this issue is about economics and economic advice - Deputy Young said the chair of the King's Fund report he thought that maybe the individual was politically aligned to the right. I would just remind Deputy Young that that eminent individual was called upon by the former Prime Minister in order to advise on the housing market matters. You can never normally tell, in my view, the private political views of an economist and this is about economic advice, and I would ask Deputy Tadier to not be so political in the nailing of the colours of the fact that this is a party political broadcast for the Reform Party and this is a party political left issue. The left and Reform Jersey - and I see that Deputy Southern has put his light on to speak next - they do not have a monopoly on caring about social justice. They do not have a monopoly and a sole right to stand in this Assembly and worry about cutting people's living costs and they do not have, in my view, the evidence on their side that this will work. Economics is perhaps the dismal science. Perhaps economists do vary in their opinions, but economics and also the evidence from the Statistics Department that we have, with our eminent small state economics statistical unit, shows that if energy costs are high it is not because of G.S.T. The evidence is that there are underlying structural issues with the energy market that need to be addressed. There is a concern held by me and, I think, a number of other Ministers and States Members and, I think, the Minister for Economic Development, that - and I am going to use parliamentary privilege - there is real concern about the operation of the fuel market. There is real concern about the concentration of market power in relation to the fuel terminal and, frankly, some of the behaviours of some of the energy providers in Jersey is nothing short of disgraceful in terms of competition and potential abuses of dominant position. That is the way that you cut energy prices. I see the Chief Minister has returned. I understand the Chief Minister been at the Labour Party conference. He is certainly wearing a fine red tie. **[Laughter]** Perhaps he felt among friends; **[Laughter]** political friends from across the political perspective, just as I was privileged to be also at the Labour Party conference. Prince Edward was not able to go to the Labour Party conference, so I went last year. The reason why I say that is a very serious point. Sorry, lest there be no doubt, it is across the political spectrum. We in Jersey are non-party aligned and we are friends from all political parties, but I did hear the Labour Party leader say some extremely strong things about the energy market and the cost of living crisis, which is a real issue in the U.K. The cost of living crisis in Jersey is not the same thing, before Deputy Mézec and Deputy Southern leap to their feet in defence of the politics of the left, because the Labour Party leader last year was dealing with exactly the same thing as what Deputy Tadier is trying to achieve. In my view and in the view of all of those people who have subsequently commented across the party spectrum, Mr. Miliband said, and I was there and I heard it, that he was going to freeze the electricity bills of people in the United Kingdom. Such chaos then followed. **[Interruption]** These microphones are much more sensitive, so I need to keep my phone even further away. Market manipulation using the tax system, fixing prices, does not work. Making markets work properly is the right approach to deal with and that is what we should be doing. We should not be giving a tax relief that will not be targeted, that will not be guaranteed in terms of dropping people's heating costs. It will not be a guaranteed sustainable system and it will come at a cost. I do not believe that Mr. Miliband was correct in freezing energy and electricity prices. I do believe that the cross-party consensus, which has happened in the last 12

months in the United Kingdom, about appropriate regulation of the energy market has been correct and indeed there is more work to be done. I have stood in this Assembly and supported, strongly, the activities of the J.E.C. (Jersey Electricity Company) which obviously has a significant States shareholding. Energy prices for electricity are falling and they are going to continue to be able to get better value for money as we see the third interconnect being able to be connected and us being able to purchase electricity or J.E.C. being able to purchase plentiful, cheaper electricity within the European grid, as opposed to the high cost here. We should be doing everything we can to help our Guernsey colleagues as well in creating a single electricity market in terms of distribution. Accessing cheap electricity efficiently through a well-run J.E.C. is the right way of doing things, and making sure that the J.E.C. has active competition in terms of other energy providers. I have serious concerns about Jersey Gas and their pricing strategy. It seems to me that there is a real serious issue which the Competition Authority needs to look into and there is a serious issue that needs to be looked into in the decisions in relation to the concentration of power and in relation to the fuel terminal at La Collette, and I commend the work that Economic Development has done in braking the monopoly of the fuel cartel at the airport. These issues are absolutely the endeavours and the work that needs to be done in order to lower people's fuel costs. Members from every part of the Island will know pensioner households that now have the benefit of insulation that they never dreamed was possible to reduce their energy costs. It is wrong. It is not right to say that pensioner households and low income families have been suffering to this detrimental effect that individuals like Deputy Le Cornu wish to use their privileged place in this Assembly to cast these wide statements around. The investments that the Minister for Housing has made, backed by fiscal stimulus, have cut the energy costs of hundreds of States tenants with better insulation and better homes. Pensioner households not in receipt of income support, who own their own homes, have been benefited by the course of hundreds of pounds of lower energy costs with insulation boilers, with better central heating, cavity wall insulation and the rest of it, with thermostat controls on their taps and on their radiators. Those are the interventions that need to happen to cut energy costs. My final point: this is terrible value for money. It is the wrong thing to do. It is not guaranteed and it is expensive and it is a bad policy decision. It is a shame that we do not have the Constable of St. Clement here to give a rum baba equivalent of a speech on heating oil, as he has done so eloquently on other complexities in G.S.T. Those Members who did come to the briefing on Friday at the Town Hall, some of which do not even ever bother to turn up to briefings that are put forward - some Members will, of course, have excuses but some Members never ever turn up to the briefings that we put on to give Members knowledge - will have seen and heard from the chief customs officer who was very clear ... I cannot remember if Deputy Tadier was there or not. He was absolutely clear with Members when we asked him: "Is this an issue which we can easily legislate for in terms of domestic or non-domestic energy?" Now, Members know who the head of Customs and Immigration is. These individuals are non-party aligned. They are non-political and they give advice to Members of this Assembly with the experience and the wisdom that they have and the Customs Department have been brilliant servants in terms of what they do in revenue protection and all the work that they did. The chief customs officer said: "Please do not do this. It is complicated and it cannot be done easily." We are going to ask, in terms of having this definition... Deputy Tadier does not know what I am talking about because he was not there. He probably has not been to see the head of Customs and Immigration to ask about the difficulties. I will not give way unless there is a point of order.

Deputy M. Tadier:

Just clarification.

The Greffier of the States (in the Chair):

Well, he is not giving way.

Senator P.F.C. Ozouf:

No. He is having an opportunity to speak at the end. The head of Customs is very clear: “Do not do this. It is too complicated and you will create lacunas in terms of not being able to differentiate.” There is no tank, I am afraid, at the Harbour that has domestic energy and non-domestic energy. There is no tap that can have one G.S.T. and one is not. It does not work that way. There is not one wire for domestic electricity and one for non-domestic energy. It is completely unpoliceable. It is unenforceable. It creates lacunas. It is expensive. It does not work. It is bad value for money and it is not targeted. That is the reality of the proposition. It is a dreadful thing to do, but I offer, again, in the attempt to be constructive ... and maybe I am told by Deputy Young that is the power of oratory that deals with this. Well, it is the power of facts that I hope changes Members decisions, the facts that I have just explained. My final words on this amendment go to, if I may, Deputy Le Cornu. I did not enjoy the remarks of the Labour leader about energy prices because I think there was a better thing to do, the same thing that Deputy Tadier has done, but I certainly did enjoy the former Prime Minister’s speech on the Scottish referendum. Now, what has that got to do with this debate? Well, Deputy Le Cornu has been going around making comments in this debate about the negativity, about the class divide, in relation to whether or not you do support this or whether or not you do not, because this is clearly an issue of whether or not you care or you do not care, and this is an issue of uncaring Jersey and lots of people there.

[16:00]

There are better ways to do this and I use the words of the former Prime Minister when he so powerfully said, about a comment about the Nationalists, that they did not own the Scottish identity. I say to Deputy Le Cornu the same words as the former Prime Minister used and that is that Reform Jersey does not own caring for elderly pensioners, for the low income groups and energy costs and anybody that is being negative about Jersey, let them be cast, as the former Prime Minister said - that lovely word - asunder. That is where this amendment should go.

6.5.5 Deputy G.P. Southern:

The Minister for Treasury and Resources warned us against electioneering and then gave a quite genuinely wonderful and stirring hustings speech, the like of which we are unlikely to hear this time round because I am going to Grouville tonight to listen to the first attempts of the candidates. All they will get is 3 minutes and I am quite thankful for that, having heard the last hustings speech from this Minister here. The left cannot electioneer but one has to ask: who else is electioneering around here? The question needs to be asked: so why, in last year’s Budget, did this Minister, despite knowing that there were serious shortfalls in income tax revenues coming, choose to lower the marginal tax rate from 27 pence to 26 pence, giving away £7.8 million or thereabouts? That was last year. When will that be felt in people’s pockets? Why, this year; an election year. Okay. So it is all right for others to electioneer, but not for the rest of us. Now, the Assistant Minister had a nice phrase. He said about G.S.T.: “Keep it low and keep it simple.” How I agree with him on many things, but not necessarily on G.S.T. We know, and again I refer to the Minister for Treasury and Resources, fact: G.S.T. is a regressive tax. Proportionately - not absolutely but proportionately - hurts the poorest most compared to those that are better off. “Keep it simple” is the mantra. “Keep it low”, that is the second half. Keep it simple, yes. Keep it low: guarantees? No. What have we got? We are talking about the Budget here today; a Budget which was barely balanced, because we raided all the pots in order to make a balance for one year only. What is going to happen next year? Not the Minister for Treasury and Resources’ consideration. It will be somebody else’s responsibility by then, but we are talking around £100 million shortfall in projected revenues from income tax. That is a lot of money to make up. It is, I believe, a structural deficit. That is what is happening, as we found at in question time today. Even the Minister for

Treasury and Resources' advisers say they increasingly suspect that we do have a structural deficit. What does that mean? That means, after the election, chaps, we are going to be looking to raise some money or we are going to be cutting, seriously, public services. They have already taken £65 million of cuts. There is no fat on the bone to take, so either tax rises will be happening come next year or public spending will be seriously damaged. That is what the scenario suggests. So keep it simple; keep it low; keep it simple; keep it low. What is the Minister for Treasury and Resources' favourite tax because it is simple to collect? Somebody else does it for him. Why, it is G.S.T. Expect a G.S.T. rise. It is on the way. I suspect next year it will be here, after the election. That is what we are doing in this Budget. We are discussing this Budget to keep the possibility of tax rises off the agenda while we have an election. That is the political truth about what is going on today in this Budget. We know that of the options available one is an increased rate of income tax for those who are seriously wealthy. The other is to raise the cap on social security contributions. We are investigating property tax which, if we trebled our rates, could product an extra £30 million. The last option is raise G.S.T. by a further 2 per cent and that would raise £30 million. What is it likely to be? Ask yourself in all seriousness. I believe Treasury and Resources, whoever is there, will be picking on the simplest and easiest form of raising tax, G.S.T. The other half to keep it simple, keep it low, will not be around next year. It could be 8 per cent. It could be 10 per cent. That is the sort of numbers we are talking about. That is the reality of what is happening today. So the Minister chooses to play with income tax in order to deliver a benefit. Deputy Tadier is saying G.S.T., a regressive tax and let us direct the benefit that comes from reducing G.S.T. to the poorest end of the spectrum and let us do that. Not impossible, despite the obfuscation that arises from the Assistant Minister or the accountant because he knows full well that if you are running part of your work from your house it is a simple arrangement to come with the income tax collector to say: "I am 80 per cent office and I am 20 per cent residence or I am the other way around, 80 per cent residence and 20 per cent office" and the sum can be allocated, certainly with income tax, in order to clear that up. It is not impossible to make the monetary adjustments to say: "My heating or my electric is doing both those functions." You can come to an arrangement and agree that it is better to say 20 per cent, 30 per cent, just like heating your room if you are using it as an office, lots of ways of doing that.

Deputy E.J. Noel:

Sir, can I get a point of clarification from the speaker?

Deputy G.P. Southern:

No, I am not giving way.

The Greffier of the States (in the Chair):

The Deputy is not giving way.

Deputy G.P. Southern:

The Minister also seemed to imply that the Statistics Unit was producing evidence to say that the heating-oil market is not functioning correctly. Surely he did not mean the Statistics Department, surely he meant the Competition Regulator, those people are doing the investigation and we have been waiting quite a long time for their report. As part of his speech there was lots of protestation about how wrong they were and how they were ramping-up prices and a statement about electricity prices coming down. I thought electricity prices went up in order to pay for the new cable, that is the reality. The reality is in a small island it is very difficult to make competition work effectively and bring prices down. Small jurisdictions need regulation, not necessarily competition because a small market, how many competitors can you have? There is not that big a market share and inefficiencies are automatically built in. The prospect of prices coming down and our very limited insulation scheme, Green Deal scheme, 2 Budgets ago when I suggested that we, I do not know

what are the numbers, we double/treble the amount of money going to that, could not produce the hundreds and hundreds of houses being properly insulated. In fact it is a very modest scale and it is very slowly, slowly because we did not put enough funding in that particular fund to be effective on a large scale. That is something that does need doing but it has nothing to do with this argument, which is about G.S.T. as regressive, let us take it off one of the essentials and make sure this winter or next winter that the poor and the elderly can both eat and heat their homes.

6.5.6 Deputy J.A. Martin:

Deputy Southern, Deputy Tadier and Deputy Le Cornu, you will be sorry to hear that I just do not agree with anything they have said today. I will prefix that by saying the Minister for Treasury and Resources does need to get his act together on these fuel companies because this is a 15-year pledge now since 1999 since he has been in this House, that there is something seriously wrong under parliamentary privilege, what he calls it. But this amendment from Deputy Tadier, in fact anybody who does not know my credentials about caring, a side of A4, and he wants us to take £3.5 million out of Budget that he signed last week to say that the Minister for Treasury and Resources should go because we have got £100 million deficit. Does it add up? Then we have got the threat that G.S.T. might go up on food, bring it on in the next House because if they do do it then we fight and they know they will not get away with it. But today I take out £3.5 million from somebody and do I go then and say to maybe a low income parent: “Your child’s school is going to increase to 30 a class”? Or do I say to the old lady who is waiting for a hip operation: “The waiting list is going to go up by 6 months because we are taking this £3.5 million out of one of these 2 Budgets”? I am sorry, Deputy Tadier. If I was your schoolmaster or mistress this would be on an exam and you would not score, you need a lot more. He is telling us about luxury goods, where is the homework that he has done on it? Yes, it might need to be done but I cannot support this. The Minister went on too long because he does know there are things wrong and I hope he agrees with what I am saying. But you cannot have it both ways, you cannot one week have us in this House telling us that we must sack this Minister because we have a deficit, then just a click of your fingers and take £3.5 million out, and we do not know who it is going to and we do not know where it is targeted at. As I say, if they want to increase V.A.T. in the new House, if I am here I will fight for the rights of the less wealthy to have it targeted. This does not do it. I urge everybody not to support this amendment, whatever the ex-Labour Minister said. There are so many ex-Labour Ministers, that is the problem. **[Laughter]** My mum always says: “Labour know how to spend money, they do not know how to collect it” and I can see. Where would I fall in this so-called...? I am a caring person but I think I am a realist. This does not do it and I am not supporting it. **[Approbation]**

6.5.7 Deputy S.Y. Mézec of St. Helier:

That was a very, very disappointing speech from Deputy Martin there **[Members: Oh!]** and I am going to stand up for the Labour Party here because I am still a member of it, so I think I should really have that duty. I am, of course, very jealous of the Chief Minister for being able to spend some time at their conference. I was invited to it but, unfortunately, could not because of the election going on, *et cetera*. The Labour Party itself has never, ever raised V.A.T., it has only ever lowered it. The last time it did that was just a few years ago when the financial crash happened. It has also supported exemptions for it. Exemptions on V.A.T. exist in the U.K. If they exist in other places, of course, we can do them here. The point there is that their attitude on that tax is based from their values. They have a value that the poorest in society, in terms of tax, should be contributing the least and that the burden should lie elsewhere. That is the problem, is that many Members of this Assembly do not share that principle. That is a principle that is at the absolute heart of what I believe politically. I know it is at the heart of what some of my colleagues believe politically and it should really be in the heart of what several other Members of this House believe, given what was in their election manifestos last time round. I have just been on Google to try and

find what I could find from there and I will not single out any Member, simply because I have not been able to find what every single Member here said about it in the past. But the public of Jersey, when I have been knocking on doors in my constituency, are absolutely fed up with the G.S.T. issue because so many of them believe that it is simply immoral for tax to be on food or essential items, especially heating bills when we have got the winter coming up. But it is something that for so many of them they really are fed up with. I say to Members of this House to remember what promises they have made in the past and stick to them because Deputy Martin says that we should reject this and then if there is an attempt to raise G.S.T. in the future we can fight it then. That is absolutely the wrong strategy because when that eventually comes up - because it will come up - we have absolutely no idea whether the Members of the next Assembly will have the strength in numbers to defeat it because we have already had a series of uncontested elections and we have got no idea what most of those candidates believe on G.S.T.

[16:15]

The voting power of the electorate in the elections coming up will not be strong enough to be able to influence the overall view of the next Chamber because we have a flawed democratic process here. The only way that we are ever going to achieve some sort of reasonable end on this G.S.T. thing is by supporting it every single time it is brought up and sticking to the promises we make to the electorate. In my last election manifesto it said that I would back this and that is exactly what I am doing today. It says it in my new election manifesto, which I had printed over the weekend. It will say in every election manifesto I ever stand on because I believe it is wrong to tax the poorest in our society and I think it is a real shame if other Members do not agree with that.

6.5.8 Deputy M.R. Higgins:

I was not going to speak on this one but I have heard so much rubbish coming from a number of courses ... If you wish to know the 2 speakers who got my attention were the Minister for Treasury and Resources and Deputy Martin. The reason why is ... no, I am just making it clear, this Budget is so full of contradictions. On the one hand we say that we need to stimulate the economy and the Minister for Treasury and Resources is placing a great play on how they are pumping money into the economy. If he goes through the Fiscal Policy Panel reports he will see, for example, that he should not be cutting income tax, as he is proposing to do. Why? If you are going to do anything that is going to stimulate the economy it is supposed to be timely, temporary and so on. An income tax cut is a permanent cut that is going to last for many years. What he is doing is eroding the tax base and going to make the deficit situation worse. On the one hand he is criticising Deputy Tadier for doing exactly the same thing on G.S.T. by reducing revenue that they would get but on the other hand he is proposing to do exactly the same thing but in his case I think it is £7.5 million, as opposed to £3.5 million. In other words, absolute rubbish. What we have is a political Budget. It is an electioneering Budget and not one that is based on sound economic principles. Yes, stimulate the economy when you are in recession. I am not a betting man but I am prepared to say on 1st October, when the G.V.A. figures come out, we will still be in recession in 2015. The point I am making is it is an electioneering speech, electioneering Budget, reducing income tax and trying to encourage people to do it but then criticising others for also reducing tax cuts. Be consistent, Senator, and, Deputy Martin, look at it both sides. Do not be mistaken and think the Minister for Treasury and Resources is doing a brilliant job, which you seem to think he is.

6.5.9 Deputy S. Power:

I also remember, he is now the Constable of St. Clement, his speech in 2007 when we had the great debate on G.S.T. I remember what I said in 2006 and 2007 and that was I opposed G.S.T. but if it had to come in I would oppose any exemptions and I have stuck to that for 7 years. I still believe that the cost of collecting G.S.T. must be kept to a simple formula and the formula is a simple rate,

a flat 5 per cent rate without exemptions. Deputy Mézec talked about the U.K. having a V.A.T. with exemptions. The U.K. and Irish V.A.T. models are complete nightmares, complete nightmares and they are very expensive to apply, they are difficult to collect. There are a great deal of public servants in both the Revenue Commissioners in Ireland and the Inland Revenue in the U.K. who spend vast amounts of time calculating on a monthly basis what has to be exempted and how the individual claims are processed. In Jersey we have a G.S.T. model that is largely admired from many different perspectives and I would hate to see us bringing in a system that is more expensive to collect for less G.S.T. coming in and I think that is going to be something that I would avoid at all costs. I say this to colleagues, I dread the day we bring in a form of exemption system into G.S.T., whether it is food or whether it is, in this particular case, energy because it will be almost impossible to target correctly the benefits to those people that most need it. I think the system as it is works and works well. Once we extract the emotional and the political standard bearing from the G.S.T. debate I think we have a system that is effective. In 2006, when we debated it, it was a tax that was brought in to essentially finance the move to Zero/Ten. Whatever the wiseness of that then we have this G.S.T. system now. My message to colleagues today is that we must stick with a simple system that is fairly easy to collect, fairly simple to process and any move whatsoever towards exemptions, particularly one that is going to involve over £3 million, must be avoided at all costs.

6.5.10 Senator A. Breckon:

I do have a bit of a dilemma here because I originally opposed the introduction of G.S.T. on everything. I am pleased to follow Deputy Power because I would like to take up something he has just said. Of course, there will be exemptions and that will probably need to happen and something for the next House to decide. The reason I say that, if we look at budgets and where the income is coming from and every 1 per cent of G.S.T. raises £16 million to £17 million, and it does not take economists from all around the world to deduce that it is going to have to increase, and then in order for it to increase, there is going to have to be exemptions. This is possibly one example, and the other one is food. Although Deputy Power has just said it is complicated, I had discussions with retailers before it was introduced and they said they could adopt a bespoke system from the U.K. which would do exactly that. My dilemma is this: that although this is worthwhile, perhaps, just perhaps, it needs to be part of a wider review that the next House will need to take. There will be some hard decisions there, because if there were no exemptions, for example, if you raised it from the current rate of 5 per cent to 10 per cent, then you are going to raise another £80 million, and in the current economic climate, it would fill some of the gap. But the other thing of course is that it will take money out of people's pockets, and if you are trying to look at things like economic growth and generating greater recovery and that sort of thing, of course it will be negative to that. Regarding this specific proposition, of course, the Minister for Treasury said: "You cannot split wires and cables and pipes" or whatever. It is not about that, it is on a domestic bill. We have all seen them. Your bill is whatever it is and the G.S.T. element is separate, so it is not rocket science with a computer system to remove that and not collect it, and it means that people who are facing large bills, whoever they are, and then we have ... there has been some discussion about should we be treating everybody the same or should we target things. We know Social Security, there are various things available to people in certain income bands to assist with this. My dilemma is whether to support this now or whether it is at some time in the future for others to decide that we need to review the whole system and include exemptions. I know Deputy Ryan - I think it was a long time ago and he was at St. Helier at the time - and a panel at that time looked at all these issues, so somewhere or other there will be reports about it; I think the Corporate Affairs Scrutiny Panel at that time, so there will be information available and it should rightly go to the public. I can have some sympathy with Deputy Tadier, but it is a substantial amendment which is fairly costly and it does not take the other things in. I know he mentioned the fact that it would be complicated

to look at food and would it feed through to consumers. It is again in doubt, but I am undecided about this. I may well abstain.

6.5.11 Senator P.F. Routier:

I will be very brief. Senator Ozouf and I were involved in the Finance and Economics Committee and in some of the decisions after that with bringing in G.S.T., and it was very clear that it was vitally important to ensure that it was kept as simple as possible. I believe we should stick to that principle, as Deputy Power has explained very well, but what I think is if Deputy Tadier had wanted to have more success with this proposition, when taking away £3.4 million from the income of the States, he should have replaced it by being quite honest and saying: "We will need to put up G.S.T. by 0.5 per cent" and that would have balanced the finances for the States, which would have been a far better thing to have perhaps done for him. Not that I would have supported that, but certainly that is the reality of it, that if you are going to put exemptions in, the rate of G.S.T. will have to go up and the general public will probably be no better off, because they will still spend money elsewhere at a higher rate.

The Bailiff:

Does any other Member wish to speak? I call on Deputy Tadier to reply.

6.5.12 Deputy M. Tadier:

I thank Members who spoke for what I think was a useful debate. This is clearly an ideological debate going on here about whether or not it is right to tax life's basics. That is what it all comes back to and I will just emphasise that point. I did see some nodding heads the first time I said this, and it may be those nodding heads will still be there, if they have not fallen off yet. I have emphasised that I believe it is wrong to tax life's essentials. Domestic energy, heating, lighting, cooking is an essential commodity in the modern world and I think that if Goods and Services Tax has a place it should be on non-essential and luxury goods and services. That is essentially what this debate comes down to. If you are a Member of this Assembly who has opposed G.S.T., who thinks it is wrong to have a flat rate of G.S.T. without exemptions, then I ask for your support on this proposition. For me, it really is as simple as that. The problem is we are told that we need a simple system. It is simple because it is convenient for the taxman to collect. We hear that we have opponents of G.S.T., allegedly who opposed G.S.T., but who have done nothing to try and rescind G.S.T., saying that ideologically we must keep it simple, but the counter-side of that is that we have a system which is completely indiscriminate. It does not discriminate between good consumption, neutral consumption and bad consumption. If somebody wants to go out there and has the money to buy a sports car at the high end, which may cost hundreds of thousands of pounds, I do not think any of us object to them paying 5 per cent, perhaps even a 10 per cent rate of income tax. When it comes to a loaf of bread and some milk, some electricity to heat your property, we have been told ... I have been to badly-insulated properties, whether it is in the state sector or in the trust sector or even in the private sector, when the landlord says: "Well, it is your fault you live in a property which is badly insulated. It is because you are not keeping the window open. You are not keeping the window open in the middle of winter. Oh, by the way, you are not heating the place properly. You have to keep your heater on in order to dry out the walls because this is condensation and you have to keep your windows open." This is the reality for many living in this Island, so when we have trite comments that we must keep the G.S.T. system broad, simple and effective to collect, this means absolutely nothing to those living in those conditions at that end who cannot afford to buy decent food often and who are being taxed for some ideological basis because we have to keep tax simple. Our income tax system is not simple. There are many exemptions that come in. Look at the forms that you fill in. There are many exemptions; there are different rates of tax. There is a zero rate of tax for non-local companies; there is a 10 per cent rate of tax for finance

companies; there is a 20 per cent rate of tax for energy companies; there is a marginal rate of tax, which is 27 per cent, going down to 26 per cent with allowances; there is the '20 means 20', which is a sliding scale; there is the 1(1)(k) system of tax, where it is 20 per cent on the first £625,000, but 1 per cent on top of that. Then there is the old 1(1)(k) system, where you just pay what you like, mate, come in, you are still paying less than many middle-earners in Jersey. It is a simple, broad-based tax system, but only when they want it to be. That is the reality of it. Now, Senator Ozouf, as Deputy Martin has alluded to, has been in this Assembly 15 years, and every time someone comes up and says: "We must do something to challenge the cost of living in Jersey" whether it is Deputy Higgins challenging the fact that V.A.T. is still charged on items, we are told: "Oh, this is a matter for the J.C.R.A (Jersey Competition Regulatory Authority)."

[16:30]

If it is fuel, we are told by Senator Ozouf constantly: "Why is it that the margins that are being charged in Jersey are higher than in the U.K.?" We all know that. It is because the cost of living in Jersey is higher; you have to make more profit to survive in Jersey. J.C.R.A, C.I.C.R.A., what are they going to do about it? What have they done about it in the past? Senator Ozouf has made this into an 'us' and 'them' issue. I have not stood up here saying that this is something that Reform Jersey has a monopoly on, but I do have to take task with the Minister saying that during his term in office, whether it has been as a Senator or more recently as Minister for Treasury and Resources, people in this Island have seen their standards of living go down tangibly for the most part. The inequality gap has increased under Senator Ozouf's tenure as Minister for Treasury and Resources. We have seen taxes shift from personal taxation to corporation taxation under the Minister for Treasury and Resource's tenure. This has not been accidental, this has not been due to outside forces *per se*, this has been deliberate political will, supported by the nodding heads in this Assembly, which will give automatic stamping of policy to the Council of Ministers and whatever they want. For Deputy Martin to stand up here and say: "This is not an issue for this House to make a decision on, it is for the next Assembly to make a decision on" is completely fanciful. A third of the Assembly have already been re-elected and they will be endorsing Senator Ozouf's position on this, because that is what they do. They are here to endorse the Minister for Treasury and the Council of Ministers for the most part, and I hope there will be some notable exceptions. That is not a swipe at any individual, that is just the fact that we know our system is fundamentally broken, just like our tax and spending system. The old economic model is fundamentally broken. I will have a little wager with the Minister for Treasury and Resources. The Minister for Treasury and Resources says that he wants to take on these issues about competition, which he has not managed to do yet. I will say: "That is fine. Let us take G.S.T. off domestic fuel as an interim measure." Let us see how it works out, until the Minister for Treasury and Resources has sorted out these issues. We will give him another 3 years potentially - the public might give him another 3 years - to sort these issues out. In the meantime, we, as this outgoing Assembly, will say we will take G.S.T. off domestic fuel to give the Minister for Treasury and Resources time to sort it out and then when they are under control and this great jam that is being promised to us tomorrow has been brought in - we do not know what flavour of jam it will be, no doubt it will be high in content of sugar - will be put to us, and we say: "That is fine, Minister. You have sorted it out. You are the hero. You have come in on your white horse and you have sorted out all the competition issues, you have made Jersey a more equitable society, where the poor can afford to buy good food and everybody is living in harmony in Senator Ozouf's future society." At that point, by all means let us put G.S.T. back on fuel. I am not going to deconstruct everything in great detail. I do not think it is necessary. It will not win many more votes. I will leave it there, and I do ask Members to support this proposition. It is fundamental. I do not believe that Ministers have delivered on their spending promises. I believe, if only as a token gesture, let us show the next Assembly and the

public that we want these issues to do with high price of fuel and G.S.T. to be tackled in a more fundamental way.

Senator P.F.C. Ozouf:

May I make a point of clarification? I mean no disrespect to Deputy Tadier, but he said of the responsibility of the Competition Law. That is not my responsibility, and I know that Senator Maclean agrees, but it not me that is responsible for the Competition Law.

The Bailiff:

Very well, thank you.

Deputy M. Tadier:

May I address that as clarification, if the Minister is allowed to make clarification after ...

The Bailiff:

Yes.

Deputy M. Tadier:

The Minister has been in this Assembly for 15 years. He refers to me as a Back-Bencher to seek to put pressure on C.I.C.R.A. and to take it up with them, so the Minister is in a much better place than I am or have ever been in order to deal with these issues of competition. That is simply the point I am making, and he is also in a position as Minister for Treasury to bring in methods as a Minister to deal with these issues and he has not done it. All I am saying to the Minister is let us take G.S.T. off for 3 years and I will give him another 3 years - or whoever is his successor - to deal with those issues.

The Bailiff:

Very well. We come then to the third amendment lodged by Deputy Tadier. The appel has been asked for, so I invite Members to return to their seats and the Greffier will open the voting.

POUR: 9		CONTRE: 39		ABSTAIN: 0
Senator A. Breckon		Senator P.F. Routier		
Deputy G.P. Southern (H)		Senator P.F.C. Ozouf		
Deputy of Grouville		Senator S.C. Ferguson		
Deputy M. Tadier (B)		Senator A.J.H. Maclean		
Deputy M.R. Higgins (H)		Senator B.I. Le Marquand		
Deputy J.M. Maçon (S)		Senator F.du H. Le Gresley		
Deputy R.J. Rondel (H)		Senator I.J. Gorst		
Deputy N.B. Le Cornu (H)		Senator L.J. Farnham		
Deputy S.Y. Mézec (H)		Senator P.M. Bailhache		
		Connétable of St. Helier		
		Connétable of Trinity		
		Connétable of St. Clement		
		Connétable of St. Peter		
		Connétable of St. Mary		
		Connétable of St. Ouen		
		Connétable of St. Brelade		
		Connétable of St. Martin		
		Connétable of St. Saviour		
		Connétable of Grouville		
		Deputy R.C. Duhamel (S)		
		Deputy R.G. Le Hérisssier (S)		

	Deputy J.A. Martin (H)		
	Deputy of St. Ouen		
	Deputy J.A. Hilton (H)		
	Deputy J.A.N. Le Fondré (L)		
	Deputy of Trinity		
	Deputy S.S.P.A. Power (B)		
	Deputy K.C. Lewis (S)		
	Deputy E.J. Noel (L)		
	Deputy T.A. Vallois (S)		
	Deputy A.K.F. Green (H)		
	Deputy G.C.L. Baudains (C)		
	Deputy of St. John		
	Deputy J.H. Young (B)		
	Deputy S.J. Pinel (C)		
	Deputy of St. Mary		
	Deputy of St. Martin		
	Deputy R.G. Bryans (H)		
	Deputy of St. Peter		

6.6 Draft Budget Statement 2015 (P.129/2014): second amendment (P.129/2014 Amd.(2))

The Bailiff:

Very well. So we come next to the second amendment lodged by Deputy Young and I will ask the Greffier to read the amendment.

The Greffier of the States:

Page 2, paragraph (a). After the words “as set out in the Budget statement” insert the words “except that the investment of income taxation during 2015 shall be reduced by £277,000 by maintaining for the year 2015 the current reduced rates of stamp duty and land transaction tax for first-time buyers on properties up to a value of £450,000 and not removing this concession on 1st January 2015;”.

6.6.1 Deputy J.H. Young:

Hopefully this second amendment will be a little bit simpler than the previous one, and hopefully it might be better received. Quite clearly, this took me by surprise when the Budget came out because I had heard the announcement that we were making changes in the Budget to support first-time buyers and I believed it. Then, when I started to track through the documentation, it is really hard because when you look at this nice little posh bound Budget booklet, I think it tells you - which I have lost and put it in a drawer - it tells you that basically this is to assist first-time buyers and then you look through the proposition that we are now amending, the Budget Statements, and I could not find it, and I thought: “Well, where is it then?” So I tracked it back and you have to look back at the changes to the various pieces of legislation in order to find it. Then when you find a new scale stamp duty for properties, one of which relates to the stamp duties payable on the actual transaction itself, on the purchase price, and another one on the borrowing. When the Minister for Treasury and Resources spoke this morning he waxed lyrical about how this was helping first-time buyers because there is going to be a new scale on the borrowing. Of course, then, as well, I do not quite know where we are with the kind of cross-firing of amendments that are going on at the moment, is that the Budget documentation proposes that there will be increases in property tax on higher value properties. So there are 3 sets of changes in that legislation and I have mentioned them in my report. There we are, Part 1 of the schedule of the Stamp Duties and Fees (Jersey) Law 1998, and paragraph 4 of the schedule to the Taxation and Land Transaction (Jersey) Law 2009

because obviously this tax affects both sorts of property purchases and flying freeholds that are done through different legal devices there. But nonetheless it is always the purchaser that pays those pieces of tax and not the buyer. I spent quite some time and I must have driven the Income Tax Department mad trying to find out what was the effect of this change, and I think about 4 emails later, they were very, very helpful and I compliment the Income Tax Department immensely in the help they gave me to try and work out how this amendment works. I was staggered to find that for first-time buyers, the first-time buyers will lose the concession that they have had since 2012 when the figure of the first-time buyer relief was set at £400,000 and then in the 2012 Budget the Minister for Treasury and Resources increased it to £450,000. He then left it at that, renewed that increase in 2012 and then it was further redone in 2013 and again in 2014. So in effect this relief from stamp duty for first-time buyers in house values priced at up to £450,000 has been in place for a good number of years. Clearly I was very unhappy to find that that has now been withdrawn in this Budget. So the effect of that would be, as I have spelt it out, that without this change £1,500 tax is payable by a first-time buyer on a house valued £450,000 and then from January 2015 if the proposed Budget is unamended, this will go to £7,000, and of course that is a tax increase of £5,500 and that is on a value difference of £50,000. So effectively what we are saying is, I think, well, the buyer is going to have to pay a charge of about 11 per cent on that extra value. Why? Well, I suppose they are doing the misdemeanour of paying £450,000 for a house. I can see why everybody wants to get house prices down but why punish the purchaser? If anybody is supposed to be punished it should be the seller, not the purchaser. So, what we are doing is we are making it more difficult for first-time buyers by imposing this tax. So, frankly I cannot see ... you know, I am really puzzled, I thought we were supposed to be helping first-time buyers and, you know, it is a reality that house prices are where they are. Are we going back into the realms of price control and stating what the price should be? Are we trying to control and interfere in the market again? Are we going to go down that route? I sincerely hope not. The market, in time, will find its level and it will find its level in relation to supply and people's ability to pay. People have paid £450,000, £500,000 for their houses or whatever, and if we have had that scale in place for 3 or 4 years I cannot see an argument for taking it away. I think the fact that the Minister for Treasury and Resources has lodged an amendment to my plans, which simply says revert it back to what it is, suggests that I am right. I make the proposition.

The Bailiff:

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

6.7 Draft Budget Statement 2015 (P.129/2014): second amendment (P.129/2014 Amd.(2)) – amendment (P.129.2014 Amd.(2)Amd.)

The Bailiff:

Very well, then as Deputy Young has said, there is an amendment to his amendment proposed by the Minister for Treasury and Resources and I will ask the Greffier to read that amendment.

The Greffier of the States:

Page 2, amendment. For the sum “£277,000” substitute the sum “£115,000”, after the words “for the year 2015” delete the words “the current” and for the words “and not removing this concession on 1st January 2015” substitute the words “by introducing a relief which reduces the rates of stamp duty or land transaction tax as set out in the Appendix on properties bought by first-time buyers worth between £400,000 and £450,000.”

6.7.1 Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

I do thank Deputy Young for bringing an amendment in relation to this matter because I think that we are all absolutely in agreement that we should be doing everything that we can to effectively

help home ownership. The amendment that is being proposed is, I hope, regarded almost as an improvement; dare I use the word a win-win in relation to dealing with the underlying the issue that Deputy Young has raised. But also doing it in a way that solves the problem, which, I have to admit, is an underlying problem of the stamp duty arrangements that we have. Members will be aware that first-time buyers ... and this is an odd definition and it is a definition which the Minister for Housing may well want to speak on this. It is not the definition, I think, that we really like because it is a relief that is available although there are some concessions that the Minister can make only available to first-time buyers. It was originally designed to target primarily young people to get on to the housing ladder and the underlying issue is of course that it is trying to reduce this cost of stamp duty associated with the purchase of somebody's or an individual or a couple's or a family's first home. If I may, I know Members have had an awful lot of papers but in my remarks I would just ask Members to just have the comment that I have presented which I hope explains what we are trying to achieve, which is effectively the last page of the comment that has been made.

[16:45]

I think that there is no doubt that there does need to be an upper threshold in place where any concession on stamp duty is no longer available. If, for example, you are a first-time buyer and could be, for example, buying a £750,000 or £1 million home, I think everybody would agree that that would not be the right ... it would not be appropriate to effectively, with stamp duty, to give that sort of relief. Therefore, it is worth Members just looking and perhaps understanding ... I hope this is a fairly simple graph, there are really just 3 points in it. The first green line is the rate of stamp duty which rises, and what we have done here is effectively the effective rate of the purchase of the amount of money that you will pay at different prices. So without first-time buyer relief at £300,000 you effectively pay an effective rate of stamp duty of about 1.38 per cent. That rises until... and the debate that we are having is where the line, the cliff-edge, basically hits whether or not it is at. As Deputy Young has rightly said, the old arrangement was that it would kick-in effectively at, originally, £400,000. It was then extended to £450,000 and the Budget proposal brought it back to £400,000. Now, the property tax review which has been published alongside the Budget - there are no decisions in it - we are absolutely conceding, saying positively, accepting, promoting the fact that the whole issue of property tax is an important area and corporate services have rightly called on us and encouraged us to do more work on it. The whole issue of property tax needs to be looked at as a whole. I am disappointed with the way that the property tax review has been misinterpreted by, particularly, some aspects of the media. I genuinely do not think it is intended, it just simply is not understood, but we will not go through that now. But effectively, the underlying issue of the property tax review has been to identify where there are frictions, where there are problems, where we can do better in terms of collecting tax from the property market and also providing relief to those people who we are wanting, as an Assembly, as a society, in order to help get into home ownership. Also, which is quite an important underlying principle behind this amendment, is to not engage, in our benevolence in our attempts to get people into the housing market, not do things which distort behaviour and have an unintended consequence in terms of its effect. I have to accept, and I completely accept, that cliff-edges are never a good thing. The amendment attempts to deal with, I hope in a very constructive way, the cliff-edge that I had in my own underlying proposition of kicking-in at £400,000 and indeed Deputy Young has in his, kicking-in at £450,000. Because the way that it works is that if you fall over by a pound, the value of the property, you effectively get the higher relief. Members can see that a first-time buyer pays nothing at zero, that is the bottom of the chart there. A first-time buyer pays nothing at £300,000 and it gradually rises up in terms of a very, very low amount of stamp duty until previously the period of £400,000. Now, unamended, that is what the situation used to be until 3 years ago. As Deputy Young has absolutely said, that was then moved along, that is the red line, effectively the

cliff-edge was pushed up to £400,000. Members can see that a first-time buyer that falls even £10, even theoretically £1,000 either side of that cliff-edge would effectively pay a very different rate of tax. I accept that as a problem and it is one of the things that we are wanting to do in the property tax review, which is the dream would be to effectively remove these distortions, these potential cliff-edges and slab effects that we have effectively inherited. Now, Deputy Young has been quite critical of the choice of the £450,000 amount, and I would just say to him that it was extended in 2011 to £450,000 because at that stage the average house price index in 2011 for a 3-bedroom average first-time buyer house, had risen quite steeply; it had risen up to £431,000. Now that was higher than the £400,000. Of course, first-time buyers are not often in the situation of buying a 3-bedroom first-time buyer house, they are often buying properties at much lower levels. They are probably buying ... and it is difficult to get statistics on this, we are getting more and better statistics on this, but for example a first-time buyer flat is in the region of £280,000 to £245,000 depending on exactly how much it is as a standard one-bedroom flat. A 2-bedroom house is definitely below on average to £400,000. So really this debate is about the extension of the relief on a family 3-bedroom home. Most of the ... I do not think any Member would want to give relief to stamp duty on a first-time buyer that was buying a very expensive one or 2-bedroom flat. There is, I think in future, some more sophisticated levels, and if I may say, a future, and it would not be the right thing to do now, but the way in which we have put the different limits for the first-time buyer deposit scheme that we introduced which had different values for different types of properties, was a much more sophisticated way of dealing with this. This is an inherited rather blunt instrument and it is effectively a blunt instrument. I do think Deputy Young is being a little unkind in simply saying it was wrong to lift the amount up and then down to £400,000 and £450,000. The average price of a 3-bedroom first-time buyer house has fallen back and the latest information from the 2013 house price survey indicates that prices are within the region of £400,000 and £420,000 for a 3-bedroom house. I say again, they are still below that for a 2-bedroom house. Now, we have really tried to find a compromise. We have tried to find a way of going halfway and improving the slab effect and improving the cliff-edge that exists. I hope Members are absolutely clear that the graph shows how that changes and how that simply comes into force plus or minus a pound. I am not saying that there is any dishonesty in the way that the stamp duty calculations and contracts before the Royal Court will be made but it is inevitable that buyers will be making offers and purchasers will be effectively putting the consideration at the levels of these slab effects. I do not think ... I am not suggesting anything inappropriate but sometimes we will have seen properties with a higher contents value which is a whole, you know, difficult issue. It is a fixture and fitting part of the property. I know that somebody bought a house with an Aga, and the Aga, which is £3,000, was that fixed or whatever. These things are difficult. We should effectively not have rules which encourage this kind of complexity. I can hear Senator Ferguson telling me off again, I think. I am not sure, I will listen to it later.

Senator S.C. Ferguson:

Have you looked at the prices of Agas recently? [Laughter]

Senator P.F.C. Ozouf:

Obviously not. I am obviously not wealthy enough to buy Agas these days. If they are more expensive, I apologise and nothing against Agas, they are very good even though they are not very environmentally friendly, I am told. Anyway, the fact is that we are wanting to remove a distortion and that is why this amendment is made. In fact it is a better amendment, I have to say, than our original amendment because effectively it now graduates the tax payable. It does not quite do everything that Deputy Young wants to do but it certainly goes a long way to achieving what he does. I say that all first-time buyers of one-bedroom flats, 2-bedroom flats, 2-bedroom houses will not be affected whichever way we do this. Who will be affected are those people who are seeking

to buy who are first-time buyers and that is the problem of course, first-time buyers are probably not first-time buyers if they are looking for a 3-bedroom house because they have already probably bought a flat if they have been saving and working since their early 20s, and that is a whole issue which we want to deal with in the reform of the property tax review. There is a lot more we can do, more targeted and with a better impact and that is the property tax. This is effectively, I think, a halfway house. It is an interim arrangement, it can be done immediately, it does not have the down-side of the slab effect. It is sensible, it will not distort behaviour and it is affordable. This is not really about the money, I have to say, at this kind of level. I know every penny counts but this one is more important in terms of delivering our objectives. Deputy Young said this Budget was not about helping homeowners. I disagree. This Budget is about helping homeowners particularly with the associated issue of stamp duty on mortgage interest, stamp duty on the registration of debt and it is, at its heart, and I will not carry on ... I will not apologise for saying this again. People will go into homeownership if they are confident. If they are confident about the economy, if they are confident about the future, and that is at the heart of this message of this Budget, it is sustaining and getting economic recovery and getting Jersey moving again and giving people confidence. One of the reasons our income is down in terms of forecasts is because stamp duty plummeted and stamp duty plummeted because people were not confident to buy homes. Confidence is returning but we do not want to see unintended consequences and this deals with the effect of what Deputy Young means, in a better way, and I hope Members are going to agree to it.

The Bailiff:

Is the amendment seconded? **[Seconded]** Senator Ferguson.

6.7.2 Senator S.C. Ferguson:

I just have a couple of questions. This Assembly has just rejected an amendment by Deputy Young which was reducing ... giving up taxpayer's income and this one is doing exactly the same thing when in fact it is reducing taxpayer's income. The one that Deputy Young was dealing with was advantageous for the old and the reasonably old. This one is for the younger part of society. There is a slight difference in scale in the contribution to the Exchequer but I wonder what is the ... we are advised to accept one and reject the other, which seems to be somewhat contradictory and I will be grateful for the explanation.

6.7.3 Deputy G.C.L. Baudains:

If I understand this correctly, the slab effect is caused by the fact that once you reach a certain level then the entire property falls under the higher scheme. Would it not be simpler instead of what the Minister for Treasury and Resources is proposing to have a system whereby up to, say, £400,000 you paid a reduced rate but thereafter you pay the full normal rate?

Senator P.F.C. Ozouf:

Would the Member just give way? Just to be helpful, the Deputy is absolutely right but that is not the system we have in Jersey. They have that in the U.K. where the full consideration ... this is the debate we will have later on, the full stamp duty rate. I do not know what the figures are in the U.K. but 3 per cent, once you reach a property of £300,000, the stamp duty rate goes up by a per cent, you pay the stamp duty on the full amount. In Jersey, our system does go like that so you pay on the first £100,000, x, the second £100,000 only the difference between the incremental effect; so that the slab effect is not there. This is not the U.K. system, I say to Deputy Baudains. He is worrying about something that is not there.

Deputy G.C.L. Baudains:

I thank the Minister for Treasury and Resources for the explanation. What I was trying to understand, and I hope he will address it in his summing up, is why we did not move to a system like that because it does seem to me to be simpler than what he is proposing.

6.7.4 Deputy J.H. Young:

I am grateful for the Minister for Treasury and Resources taking steps towards my amendment and he has conceded a number of things. But I think the scale that he has produced, and I think the chart really shows it beautifully and the coloured lines is the one, the Treasury's new scale, as it were, rather than going straight up from the first-time buyer scale to the standard one at one point, the step was what the Minister for Treasury and Resources referred to it, goes up in sections. But it does so over quite a narrow range so we have a nice low scale then it shoots up and then flattens off again.

[17:00]

So, clearly we have got a very higher rate of tax being applied to the properties between £400,000 and £450,000 and then when you get to £450,000 the rate drops. This seems to be really unfair. Why should you want to target people like that? I can see why, if the Minister for Treasury and Resources wanted to reconstruct a scale for first-time buyers and have it progressively set at a lower level than standard buyers, but it seems to me that this - I am just trying to think of the word for it - it is structuring a device to just impose a higher rate tax for a particular band. The Minister for Treasury and Resources' proposal would increase the tax by a first-time buyer buying a property of £408,000 by £500, compared with now. On £415,000, they would have to pay an extra £1,500, that is £415,000 purchase price. But £426,000 purchase price, the increase would be £2,500. At £432,000 price, the increase is £3,500. At £444,000, the increase is £4,500 and a property of £450,000 it gets back to the same point where he originally started off, that the Minister for Treasury and Resources originally proposed in his Budget, of £5,500. So there is no getting away from it. First-time buyers buying properties between £400,000 and £450,000 are going to face quite swingeing rates of additional tax. Of course, the Minister for Treasury and Resources said: "Well, okay, it is a Budget for first-time buyers because they are getting stamp duty concessions on the borrowings." Now I have not proposed that I am talking about the stamp duty on the purchase itself, which is by far the bigger figure. By far the bigger, the most significant one, and of course I am not advocating that people should purchase those homes with excess borrowing. I think if you were to do that that would be a bad thing. My assumption is we are talking about buyers here that can raise a deposit, first-time buyers where life is a struggle enough as it is, facing an additional tax in a Budget I think that the scale, it is a concession, it is less than the kind of very crude proposal that was originally put forward, which was very savage. It is less savage but I still do not think it is the right thing to do and if it were me I think I would have a scale, a nice progressive scale for first-time buyer homes and another scale for standard buyer's homes in the line that Deputy Baudains suggested, rather than this very, very crude device. So I think for me the Minister for Treasury and Resources' amendment, though well meaning, fails. So I am arguing against it.

The Bailiff:

Does any other Member wish to speak on the Minister's amendment? No? Then I invite the Minister to reply.

6.7.5 Senator P.F.C. Ozouf:

Goodness me, I do not know whether or not I need to make an impassioned speech to convince Members or not. I have not got a sense of where they are. I say to Deputy Baudains, I genuinely understand his concern and I totally understand why he and other Members are not experts in stamp duty because it is complex. Members are not expected to be experts in everything. But what he is

saying would be correct had he been dealing in the House of Commons because the full rate of stamp duty does take effect on the full consideration at the point of the inflection of the higher prices. That is not what we have here. We reformed our stamp duty in the incremental way to stop that and were I to be a U.K. M.P. (Member of Parliament) I would be calling upon ... maybe they just cannot afford it but it is the wrong impact and all our advisers on that long-term tax policy, one of those leading economists that I spoke about, when they looked at our long-term tax view which was discussed with the Fiscal Policy Panel, said: "This is the best piece of work I have seen from anywhere in the world I can see on property taxes anywhere." So our stamp duty rates are generally much better and they do not have any detrimental effects. So I say to Deputy Baudains, we have already done it. What we are saying is ... in general effect, he is right, and what we are saying - and I am just going to quote Deputy Young - has bamboozled Members with numbers and used the word "savage" which I think is probably a little overplayed, if I may say. I am just going to give Members 3 numbers, if I may. This amendment, if you are a first-time buyer, if the proposition is unamended would mean that a first-time buyer pays - forgive me if I have got this plus or minus £100 or so - but at £450,000, without the amendment and Deputy Young has been successful, a first-time buyer would pay £1,350 in stamp duty. With the Treasury proposition, a property of £400,000 would be £600. Now, I fully accept Deputy Young's amendment unamended would have put that figure of £400,000 property up to £600,000. So it would have been ... if that is savage, I accept, it is a lot of money but £450,000 is quite a lot of money. So the effective rate is quite low. What we are proposing is to graduate that increase so that you do not have the cliff-edge. I accept that there is a cliff-edge in this area only in our stamp duty arrangements. There is only a cliff-edge in this area, all of our other ones are as Deputy Baudains is trying to do. I think this is the right thing to do. It is a compromise, it does not have the slab effect, it improves our original proposition, which I hope shows that we are listening when somebody comes forward, and we really thought hard about coming up with something that was sensible that could meet Deputy Young halfway. I cannot remember the question of Senator Ferguson and I apologise. But Senator Ferguson asked me something and I cannot remember what it was. I know, it was why I was proposing this one as opposed to the O.A.P. (Old Age Pensioners) one. Simply this: this one is different. I accept the mathematics that in effect it is going to lose stamp duty and this amendment is going to lose effectively. Taken on an average number of properties, it will lose the Treasury about £110,000, as opposed to the underlying amendment which is about £260,000. Now, I say that that is not wasted money, either of that, because it gets people into home ownership. Now that is a good thing, unlike the previous proposition which was dead weight and was money that was lost and did not change people's behaviour. It was going to give them money straight in their pocket and not do anything at all. Anything that helps getting people into home ownership is a good thing, and what I would say is with a recovering economy, with people getting back and being more confident, we are going to encourage more people into home ownership. The other concessions that we have put into this Budget, which is taking away the stamp duty on debt, should help people yet further, and anything that stimulates the economy is going to encourage people to get into the home ownership market and that is a good thing. So I would hope that stamp duty rates... I am going to get my forecasts wrong again, I apologise for that because the forecast will be wrong. I hope the forecasts are wrong with stamp duty. I hope that the confidence will return and lots more people buy and sell houses, and this is a compromise and I hope that it is one that Members would support. I urge Members to support the amendment.

The Bailiff:

Do you ask for the appel?

Senator P.F.C. Ozouf:

Yes, please, Sir.

The Bailiff:

The appel is asked for, then, in relation to the amendment of the Minister to the amendment lodged by Deputy Young. I invite Members to return to their seats and the Greffier will open the voting.

POUR: 32	CONTRE: 9	ABSTAIN: 0
Senator P.F. Routier	Senator A. Breckon	
Senator P.F.C. Ozouf	Senator S.C. Ferguson	
Senator A.J.H. Maclean	Deputy J.A.N. Le Fondré (L)	
Senator B.I. Le Marquand	Deputy M. Tadier (B)	
Senator I.J. Gorst	Deputy T.A. Vallois (S)	
Senator P.M. Bailhache	Deputy M.R. Higgins (H)	
Connétable of Trinity	Deputy J.H. Young (B)	
Connétable of St. Clement	Deputy S.J. Pinel (C)	
Connétable of St. Peter	Deputy R.J. Rondel (H)	
Connétable of St. Ouen		
Connétable of St. Brelade		
Connétable of St. Martin		
Connétable of St. Saviour		
Connétable of Grouville		
Deputy R.C. Duhamel (S)		
Deputy R.G. Le Hérisier (S)		
Deputy of St. Ouen		
Deputy of Grouville		
Deputy J.A. Hilton (H)		
Deputy of Trinity		
Deputy S.S.P.A. Power (B)		
Deputy K.C. Lewis (S)		
Deputy E.J. Noel (L)		
Deputy A.K.F. Green (H)		
Deputy J.M. Maçon (S)		
Deputy G.C.L. Baudains (C)		
Deputy of St. John		
Deputy of St. Mary		
Deputy of St. Martin		
Deputy R.G. Bryans (H)		
Deputy of St. Peter		
Deputy N.B. Le Cornu (H)		

6.8 Draft Budget Statement 2015 (P.129/2014): second amendment (P.129/2014 Amd.(2)) - as amended

The Bailiff:

Very well. Then we return to the debate upon Deputy Young's amendment as amended. Does any Member wish to speak? Yes, Deputy of St. Martin.

6.8.1 Deputy S.G. Luce of St. Martin:

Very briefly. The good news - and I will address the Minister for Treasury and Resources here - is that I have to tell him that the Aga in our house is run on electricity, **[Laughter]** and the bad news for the Minister is that he told us that he thought hard about his amendment to Deputy Young's amendment. What I would say to him is he should be thinking hard and I am disappointed that he did not come up with a scheme before the Budget and not after the amendment by Deputy Young.

6.8.2 The Deputy of St. Ouen:

Just briefly. I would like to congratulate Deputy Young for highlighting this, what we now term, 'slab effect' with regard to the support provided to first-home buyers and making the Minister for Treasury and Resources concentrate his mind on this particular issue which was clear has not been considered before. I am, however, concerned with regard to some of the comments that are made because we all know and recognise the need for first-time buyer property and indeed we have got a lot of classified first-time buyer property currently on all sorts of different developments across the Island. To suggest that the whole lot needs to be looked at, well, maybe so but we have also had shared equity schemes, they seem to have come and gone. We had a deposit scheme that was initiated as a pilot and now we have got a Minister for Treasury and Resources, and we will discuss it later, just proposing to utilise money that was set aside to continue that scheme for some other purpose. We need to have very, very clear policies on how we are going to support and provide homes for first-time buyers or whatever category you like to call them; young people and others who wish to purchase their own home. We cannot go skipping from one bright idea to another because people need certainty. I say to the Minister that, yes, this may be a short-term measure but you are going to have to - and others - deal with this issue about how we support people into home ownership and come up with something that we can properly rely upon. Thank you.

6.8.3 Deputy A.K.F. Green of St. Helier:

I just want to follow the Deputy of St. Ouen because the words that he said about having to have a proper scheme to support first-time buyers is absolutely correct and it is not first-time buyers we need to support, we need to get away from that concept because first-time buyers, a young couple, for example, that buy their first home in the back streets of town because they can get a small cottage for £240,000. Then the family comes along and they want something better. They are not first-time buyers any more and yet those sort of people still need support because they are people that [**Approbation**] have looked after themselves, worked hard for themselves and we do not deem them as first-time buyers. Then somebody who has a very wealthy background buys a 3-bedroom house at £400,000 and they are a first-time buyer and that is where the system is not right. What we need to have, and this is not just words for this Budget, it is being worked on at the moment by the Strategic Housing Unit; we need to have a different definition and I think it is around affordability, around affordable homes, looking at people's different circumstances, encouraging people to take responsibility for themselves. We will have schemes coming forward. Shared equity has not been and gone, shared equity is very much alive in Trinity and I believe it will be alive in St. Martin soon, hopefully. Shared equity is definitely there but that is just one scheme. We need to have other schemes such as, I believe, rent-to-buy for people that find it difficult to get their deposits together but have sufficient income to pay a mortgage. So rent-to-buy, they would rent for, say, approximately 5 years and then they get a mortgage for the rest of the house. All these schemes need to come in. When we debated the Island Plan recently, we allocated homes at 80/20 for the summary site and of course that 20, we will be looking at how we can help with different schemes there. It will be a start. The deposit scheme that we brought in was a ...

The Bailiff:

Deputy, it is quite an interesting summary [**Laughter**] of all the Minister for Housing's issues at the moment but can I bring you back to the amendment?

Deputy A.K.F. Green:

Yes, you can but what I am saying is: this is right to do this at the moment and all these other things that people want to see are in the pipeline.

6.8.4 Senator P.F.C. Ozouf:

Very briefly. I just do need to respond, if I may, very politely, to my good friend the Deputy of St. Martin and the Deputy of St. Ouen because the Deputy of St. Ouen was right when he said: “You should not be skipping from one policy initiative to the other.” Absolutely not.

[17:15]

So I say to the Deputy of St. Martin, in his slight prod of: “Why did you not think about this before, Minister?” Well, I would respectfully draw the attention of the Deputy of St. Martin to the long-term tax policy where there are 82 pages of rich content of hard work on exactly the issues that we are doing, and with a Green Paper asking for comment, a proper consultation can remove the areas that we have. I regard this amendment now as a temporary interim arrangement for a more wholesale review of the first-time buyer arrangements. This is temporary, it will work, I hope Members are going to support it. I hope Deputy Young is going to be magnanimous in accepting the improvement that we have made and not be too cross that it has been amended. I hope he will take it with good grace. I would just say 4 things about why this is a temporary arrangement that should work, but underlying this there are 4 things that we need to deal with the issue of first-time buyers: (1) supply and proper housing policy and proper planning policies; (2) a well-functioning mortgage market; (3) removal of subsidies that do not work; and (4) confidence, which is what this Budget is trying to achieve.

6.8.5 Deputy J.A.N. Le Fondré:

I would really just like to ... although I am happy to support the amendment, I would have probably preferred to support Deputy Young unamended. But I think I would like to reiterate really the comments made by both the Deputy of St. Martin and the Deputy of St. Ouen. It would have been far better for this to have been brought in before the Budget rather than just ... and it just comes across as a little bit all *ad hoc* at times. I think the other message really was that, certainly the professional comments made in the last couple of weeks were challenging the message that originally went out that the original Budget helped first-time buyers. The professionals were very clearly of the view that it did not and that is why I think we do owe a debt of gratitude to Deputy Young for putting it back to where we are. That is really all I wanted to say so I will happily support the amendment and let us see how we go.

The Bailiff:

Does any other Member wish to speak? Then I invite Deputy Young to reply.

6.8.6 Deputy J.H. Young:

I hope I can learn to sound gracious. **[Laughter]** I am left ... I think it is good that we have a proposal that is going to provide some relief from what the Minister for Treasury and Resources originally proposed. I am left with a big question: how on earth did we get to the point where we even proposed such a thing in the first place? But that is not being magnanimous so it is better to have a convert than a pressed man, as it were, and so I am grateful for the Minister for Treasury and Resources' amendment. The only point I would like him to do, before we vote on it, is that I would like him to make a commitment if he could circulate round his calculation because I think he said I bamboozled the Assembly with figures and he challenged the figures that I had used. I had said that a first-time buyer would pay, under the current scale, £1,500 and of course I was ... and that would be still the case under the ... had my original amendment went through. If he can look at the schedule to the Stamp Duties and Fees (Jersey) Law 1998 schedule 1 and if he could circulate what these fees will be, because I did get emails from the department confirming the figures that I have given you. They are not my figures off the top of my head but I accept that they are still a lot better than was originally proposed and so that is good, that is better news for first-time buyers. So I make my amendment.

The Bailiff:

Very well. Do you call for the appel? The appel is called for, then, in relation to the amendment of Deputy Young as amended. I ask Members to return to their seats and the Greffier will open the voting.

POUR: 42		CONTRE: 2		ABSTAIN: 1
Senator P.F. Routier		Senator S.C. Ferguson		Deputy M. Tadier (B)
Senator P.F.C. Ozouf		Deputy of St. Martin		
Senator A. Breckon				
Senator A.J.H. Maclean				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				
Senator I.J. Gorst				
Senator P.M. Bailhache				
Connétable of Trinity				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. Saviour				
Connétable of Grouville				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérisssier (S)				
Deputy J.A. Martin (H)				
Deputy G.P. Southern (H)				
Deputy of St. Ouen				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy M.R. Higgins (H)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy G.C.L. Baudains (C)				
Deputy of St. John				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

The Bailiff:

Very well. Now, the next matter would be to take the sixth amendment lodged by the Minister. Do Members want to take that or adjourn?

Senator P.F. Routier:

May I propose that we do adjourn? A number of us have an event to go to this evening, **[Laughter]** which, as people are listening, is the hustings at Grouville so may I suggest that we adjourn?

The Bailiff:

Very well, do Members agree that? Then, in a moment we will adjourn until 9.30 a.m. tomorrow but can I remind Members that there is the team photograph which is to take place at 9.00 a.m. tomorrow for all Members and the Greffier has asked me to ask all Members to be there on time. Very well, the Assembly is adjourned until tomorrow morning.

ADJOURNMENT

[17:20]