

STATES OF JERSEY

OFFICIAL REPORT

FRIDAY, 22nd JULY 2011

PERSONAL STATEMENT	4
1. Statement by Deputy M. Tadier re resignation from Scrutiny Panel	4
1.1 Deputy M. Tadier:	4
PUBLIC BUSINESS - resumption	5
2. Draft Income Tax (Amendment No. 39) (Jersey) Law 201- (P.113/2011)	5
2.1 Senator P.F.C. Ozouf (The Minister for Treasury and Resources):	6
2.1.1 Deputy R.C. Duhamel of St. Saviour:	8
2.1.2 Deputy S. Power of St. Brelade:	8
2.1.3 Deputy T.M. Pitman of St. Helier:	8
2.1.4 Senator S.C. Ferguson:	8
2.1.5 Deputy G.P. Southern of St. Helier:	8
2.1.6 Deputy P.V.F. Le Claire of St. Helier:	9
2.1.7 Senator F. du H. Le Gresley:	10
2.1.8 Deputy J. B. Fox of St. Helier:	11
2.1.9 Deputy C.F. Labey of Grouville:	11
2.1.10 Senator F.E. Cohen:	12
2.1.11 Senator T.J. Le Main:	13
2.1.12 Deputy M. Tadier:	14
2.1.13 Deputy A.E. Jeune of St. Brelade:	16
2.1.14 Deputy P.J. Rondel of St. John:	17
2.1.15 Deputy M.R. Higgins of St. Helier:	17
2.1.16 Deputy E.J. Noel of St. Lawrence:	19
2.1.17 Deputy F.J. Hill of St. Martin:	20
2.1.18 Deputy D.J.A. Wimberley of St. Mary:	21
2.1.19 Deputy A.K.F. Green of St. Helier:	24
2.1.20 Senator A.J.H. Maclean:	25
2.1.21 Deputy J.A. Martin of St. Helier:	26
2.1.22 Senator P.F.C. Ozouf:	27
Senator S.C. Ferguson (Chairman, Corporate Services Scrutiny Panel):	34
2.2 Senator P.F.C. Ozouf:	34
2.3 Draft Income Tax (Amendment No. 39) (Jersey) Law 201- (P.113/2011): Amendment (P.113/2011 Amd.)	34
2.3.1 Deputy T.M. Pitman:	35
2.3.2 Senator P.F.C. Ozouf:	36
2.3.3 Deputy M. Tadier:	37
2.3.4 Senator F.E. Cohen:	39
2.3.5 Deputy P.V.F. Le Claire:	39

2.3.6 Senator S.C. Ferguson:	41
2.3.7 The Deputy of St. Mary:	41
2.3.8 Senator F. du H. Le Gresley:	42
2.3.9 Deputy G.P. Southern:	42
2.3.10 Deputy A.E. Jeune:	44
2.3.11 Connétable J.M. Refault of St. Peter:	44
2.3.12 Deputy T.M. Pitman:	44
2.4 Draft Income Tax (Amendment No. 39) (Jersey) Law 201- (P.113/2011) - resumption	47
2.5 Senator P.F.C. Ozouf:	49
2.5.1 Deputy M. Tadier:	49
2.5.2 Senator P.F.C. Ozouf:	49
LUNCHEON ADJOURNMENT PROPOSED.....	50
LUNCHEON ADJOURNMENT.....	50
3. Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201- (P.114/2011).....	50
3.1 Senator P.F.C. Ozouf:	51
3.2 Senator P.F.C. Ozouf:	52
3.3 Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201- (P.114/2011): amendment (P.114/2011 Amd.) - amendment to Regulation 2	52
3.3.1 Deputy T.M. Pitman:	52
3.3.2 Senator P.F.C. Ozouf:	56
3.3.3 Deputy M. Tadier:	57
3.3.4 Deputy G.P. Southern:	58
3.3.5 Deputy E.J. Noel:	59
3.3.6 The Deputy of St. Mary:	60
3.3.7 Senator A.J.H. Maclean:	61
3.3.8 Deputy T.M. Pitman:	61
3.4 Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201- (P.114/2011) - resumption	64
3.5 Senator P.F.C. Ozouf:	65
3.6 Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201- (P.114/2011): amendment (P/114/2011 Amd.) - amendment to Regulation 3	65
3.6.1 Deputy T.M. Pitman:	65
3.6.2 Senator P.F.C. Ozouf:	66
3.6.3 Deputy G.P. Southern:	66
3.6.4 Deputy T.M. Pitman:	66
3.7 Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201- (P.114/2011) - resumption	68
3.7.1 Senator F. du H. Le Gresley:	68
3.7.2 Deputy G.P. Southern:	68
3.7.3 Senator T.J. Le Main:	68
3.7.4 Deputy M. Tadier:	68
3.7.5 Deputy T.M. Pitman:	69
3.7.6 Deputy S. Pitman:	70

3.7.7 The Deputy of St. Mary:.....	70
3.7.8 Senator P.F.C. Ozouf:.....	71
3.8 Senator P.F.C. Ozouf:.....	73
4. Discrimination Law and Delay on Pension Reform (P.118/2011)	74
4.1 Deputy G.P. Southern:.....	75
4.2 Discrimination Law and Delay on Pension Reform (P.118/2011): amendment (P.118/2011 Amd.).....	75
4.2.1 Senator P.F.C. Ozouf:.....	76
4.3 Discrimination Law and Delay on Pension Reform (P.118/2011) - as amended.....	77
4.3.1 The Deputy of St. Martin:.....	77
4.3.2 Deputy T.M. Pitman:.....	77
4.3.3 Deputy M.R. Higgins:.....	77
4.3.4 Senator S.C. Ferguson:.....	78
4.3.5 Senator P.F.C. Ozouf:.....	78
4.3.6 Deputy A.K.F. Green:.....	78
4.3.7 Deputy M. Tadier:.....	78
4.3.8 Deputy R.C. Duhamel:.....	79
4.3.9 The Deputy of St. John:.....	79
4.3.10 Senator B.I. Le Marquand:.....	79
4.3.11 Deputy G.P. Southern:.....	79
ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS	81
5. Connétable J. Gallichan of St. Mary (Chairman, Privileges and Procedures Committee):	81
ADJOURNMENT.....	83

[9:00]

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

The Deputy Bailiff:

Before we return to the agenda I was given notice of the wish of Deputy Tadier to make a personal statement, which I agreed last night, and Deputy Tadier, perhaps if you would like to make that statement.

Deputy M. Tadier of St. Brelade:

I would love to but there is one technicality and that is that neither I nor the other Members have a copy of the statement. When that is circulated I will be happy to make it, thanks.

The Deputy Bailiff:

I would rather deal with it now; it is just about to be circulated. Senator Ferguson, is there anything that you wish to raise while it is being circulated? You have your light on.

Senator S.C. Ferguson:

Oh, no.

Connétable J.L.S. Gallichan of Trinity:

Sir, it is just to inform the House; I will, like the Deputy of St. John, be attending the last day at Trinity School at 1.15 p.m. I will come back this afternoon but hopefully I will not be late.

Deputy M. Tadier:

Sir, shall I start and then I think most Members have ...?

The Deputy Bailiff:

Members have received the statement; please, would you make it now.

PERSONAL STATEMENT

1. Statement by Deputy M. Tadier re. resignation from Scrutiny Panel

1.1 Deputy M. Tadier:

Can I just reiterate this is a personal statement. It is not the panel's statement; I think that is understood by Members. I would like to take this opportunity to explain to Members the reasons behind my decision to resign from the Education and Home Affairs Scrutiny Panel. I made the Assembly aware of my intention to resign following the debate and vote on P.84 - Prison Board of Visitors: Composition. It was not the loss of the vote *per se* which caused the resignation but it was the combination of 2 years of personal frustration; frustration which was shared by the panel as to the perceived stonewalling and lack of co-operation from the Minister for Home Affairs throughout the period following the publishing of the Board of Visitors' Report, with the way he dealt with the main recommendation of the report. It was quite clear from the outset that the Minister's personal position was that he did not share the sub-panel's views on changes to the composition of the board. The Minister then went on to suggest that the sub-panel's suggestion for a split board may itself not be human rights compliant because of the presence of Jurats on it. The position was met with incredulity for 2 reasons: firstly because the Minister appeared to misunderstand that this was not a split board but a lay board which could include a limited number of Jurats. Secondly, if his objections were correct they should have also indicated to him that the *status quo* was even more untenable. Ahead of the debate, scheduled for 12th July and taking place on 13th July, I was pleased to read the Minister's comments issued on 11th July, supportive of the proposition in which he said: "I am able to support this proposition, subject to certain additional considerations which are set out in these comments." He went on to say that he accepted that the present arrangement cannot continue much longer in the light of the human rights-based legal advice. My question is;

what happened between the mandate and the day of the debate that led the Minister to tell the chairman that he was now unlikely to be able to support this proposition? Despite the Minister's report of concerns there was no attempt on behalf of the Minister or his department to contact the panel to discuss these concerns, rather what we saw was legal advice being sought on the day and during the debate which appeared completely opposite to previous advice that the Minister had received. Ironically, the advice received made it even more clear that a mixed board was unlikely to result in a successful legal challenge. This should have permitted the Minister to drop his objections to a mixed board but what actually happened was that he reverted to supporting the *status quo* which the Solicitor General, on the day, said it was also unlikely to attract a successful challenge. In all this the Minister ignored the advice of the independent external legal advice sought by the panel, which was contrary to the latest variation of advice from the Solicitor General. While I acknowledge that the Minister is entitled to his view, the procedure, timing and manner, with which he dealt with the Scrutiny Panel left much to be desired. It left me and the remainder of the panel feeling that our work, which was generally seen as a successful and balanced review by many commentators, had been treated with contempt. The second major reason for my resignation and the impending resignation of the rest of the panel is the perceived interference from the Minister in objecting to the current BDO Alto review, which is being chaired by Deputy Trevor Pitman and included Deputies Le Hérisier, Wimberley and myself. By objecting to the perceived impartiality of Deputy Trevor Pitman I believe that the Minister has fundamentally misunderstood the nature of Scrutiny, whose members are fully capable of leaving aside preconceptions and looking at evidence in an objective fashion when they commit to performing scrutiny. It is perhaps ironic that the Minister talks of perceptions of conflict being important but did not use this argument in the case of the Board of Visitors. These 2 reasons should also be put in the context of a more general undercurrent of malaise and low morale, which has been prevalent among many Scrutiny members for quite some time. This feeling of futility is only exacerbated when relatively straightforward and well-evidenced recommendations are brought forward but not understood or even read by many Members. I still remain a supporter of the concept of Scrutiny but, as it currently stands, its effectiveness has been emasculated by a combination of lack of goodwill on the part of some Ministers, a lack of detailed and timely information from departments in relation to Scrutiny and a general perception that Scrutiny is less important than the Executive function. I would like to thank the panel members, past and present, for being able to work with them; it was a pleasure in all cases and I would also like to acknowledge the hard work and dedication of the Scrutiny Officers who, I imagine, also share our frustrations on occasion. As for me, I am happy to ensure Members and my constituents that I leave Scrutiny much wiser and with renewed determination to continue to fight for positive change in all aspects of Government and Island life by working both independently and with like-minded colleagues. I thank Members for their attention.

PUBLIC BUSINESS - resumption

2. Draft Income Tax (Amendment No. 39) (Jersey) Law 201- (P.113/2011)

The Deputy Bailiff:

This being a personal statement there are no questions permitted upon it. We now, therefore, return to the agenda and come to P.113 - Draft Income Tax (Amendment No. 39) (Jersey) Law - lodged by the Minister for Treasury and Resources and I ask the Greffier to read the citation of the draft.

The Deputy Greffier of the States:

Draft Income Tax (Amendment No. 39) (Jersey) Law. A Law to amend further the Income Tax (Jersey) Law 1961. The States, subject to the sanction of Her Most Excellent Majesty in Council, have adopted the following Law.

[9:15]

The Deputy Bailiff:

Minister, do you wish to propose the principles?

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

This proposition and P.114, which follows, will change, subject to the Assembly's approval, the way we tax high net worth individuals who will come to Jersey in future. While I will touch on the historical background of the matters concerning 1(1)(k)s I would restate that this legislation deals with future newcomers to Jersey. It will not affect those who are already here; that is an issue which I will return to in the budget later this year. I am bringing this proposition because I undertook to do so, at this stage, in advance of the budget. This proposition has 2 objectives: firstly, to simplify the regime for new high net worth individuals and secondly, to remove the barriers that prevent Jersey from benefiting from the 1(1)(k) regime to the full. Currently Jersey attracts 5 new wealthy immigrants per year. We would like to increase that to around 15. We would like to encourage those people to establish their businesses here and bring wealth and activity to the Island. At the moment we have around 140 1(1)(k)s in the Island; that is one-fifteenth of 1 per cent of the Island's population. They contribute £13.5 million - and this has been repeated many times in this Assembly - in direct tax and indeed, on top of that, tens of millions of pounds in indirect economic benefits. A very small number of people contributing a very significant amount of money to the economy and, in turn, in terms of the costs of the economy, much less. This proposition is part of a package of measures that will review the 1(1)(k) arrangements undertaken by the Treasury. I said that I would review the regime with a specific objective of increasing revenues and this is exactly what this proposition seeks to do. What was clear from our review was that the best way to do this was to attract more 1(1)(k)s and encourage them to bring their businesses to the Island. To do this we have to make our regime simpler, more transparent and give a very clear message that Jersey will welcome high net worth individuals and new high net worth individuals to Jersey. What will not work, unfortunately, is to simply increase the tax charged on those already here. That would, in our view, have the opposite effect and over time in fact revenues would probably decrease. This proposition is the second of 3 key stages. The first was to increase the minimum annual tax contribution required from new applicants from £100,000 to £125,000 and, as Members will recall, this was something that was signalled in the budget last year and is now in place with the Housing Department, who approve 1(1)(k)s. The second stage is this proposition today, which will make our regime more attractive to high net worth individuals by making it simpler and, more importantly, more competitive. This proposition will boost Jersey's economy by removing the barriers that stop 1(1)(k)s investing when they come to the Island and encouraging them to bring their businesses. Under the current tax rules 1(1)(k)s pay 20 per cent on any of their income which has its source in Jersey. Income from outside the Island can be taxed at lower rates at 10 per cent and 1 per cent. Jersey's source income includes bank interest, dividends, distributions from Jersey funds, trusts, companies and profits from Jersey businesses. Our current rules discourage, despite the best of intentions, high net worth individuals from investing in the Jersey economy. Members do not need, I am sure, reminding that the global economic downturn has led to capital drying-up, certainly for some businesses in this Island. Banks continue to have much tougher requirements in terms of credit. Investment from private individuals is therefore one of the key areas that we can invest and find money to invest into the economy. At a time when many businesses are seeking out investment I believe that we should be encouraging policies that encourage investment in the economy. The second major disadvantage of our current system is that it encourages 1(1)(k)s to hold their assets outside of the Island. This can be as simple as opening a bank account in Guernsey instead of Jersey. We tax Guernsey bank interest more favourably than Jersey interest and in our review we have concluded that this simply cannot be right or sensible for the Jersey economy. Wealthy individuals also, before they arrive, set up companies and trusts to hold their assets. Professional advisers are paid to manage and administer these structures. Investment advisers may be involved, lawyers and accountants and all of the service elements of the financial services industry are involved. All of this activity leads to

increased employment and economic activity but because of the way that the current tax rules work much of this activity takes place outside of Jersey and, I have to say, quite a lot of it in Guernsey. There is a third reason why our current tax rules limit the benefit to the Jersey economy. At the moment successful business people are discouraged from bringing their businesses with them to Jersey. The result is too often that the entrepreneur goes somewhere else or locates his or her business somewhere else. At a time when we are facing real issues in terms of unemployment we believe that we can create new economic activity in Jersey and we can see unemployment numbers coming down from greater activity in these areas, in all sorts of ways, by these businesses locating and being run from Jersey. Some time ago the Housing Committee set a target, probably in Senator Le Main's time and before, of welcoming a target of 15 high net worth individuals a year. I am afraid to say that at no time have we managed to come even close to that figure. In the last few years the number of consents have varied between 10 and just one, and one of the reasons is that Jersey sets very high standards in terms of who we issue 1(1)(k) consents to and that is absolutely right and this is exactly how we intend to continue. However, Jersey only benefits from significant contributions that 1(1)(k)s bring if we can attract them to come here in the first place. Many territories offer incentives for high net worth individuals arriving to their shores, including of course the U.K. (United Kingdom). At the moment we are simply not competing as well as we could and I want to change that. We issued 5 1(1)(k) consents in 2010... or should I say the Minister for Housing issued 5 1(1)(k) consents in 2010. A wealthy individual can go to Guernsey and pay a maximum tax contribution of £100,000 or in the Isle of Man pay a maximum contribution of £115,000; there is no minimum requirement. In some parts of Switzerland individuals can negotiate arrangements as low, in some cantons, as £35,000. By contrast, we require wealthy immigrants to pay a minimum of £125,000 and significantly more for those individuals fortunate enough or wealthy enough to have incomes over £1 million. If we are serious about attracting more high net worth individuals to our Island and benefit from the substantial economic benefit that they bring we have to make our regime for new arrivals more competitive. This proposition and the one that follows does exactly that; removing complexities surrounding the 1(1)(k) regime and introducing a low effective rate of tax after a very high level of income. We could of course simply introduce a cap, and we have given consideration to doing that, but I would say, in concluding, that that is not the right approach. We have concluded that Jersey is recognised as a premier jurisdiction and although we must remain competitive on issues we, I think, can charge a little more than our competitors. This also, I believe, is in the best overall interests of our Island community. I want to make it absolutely clear to Members that 1(1)(k)s will be continued to be treated in exactly the same way as other residents when it comes to income from property income in Jersey, and I know that a number of Members have raised concerns about this over a number of the questions that we have had in relation to 1(1)(k)s. I want to be clear that while we are making some changes to the 1(1)(k) rules the legislation before Members will ensure that 1(1)(k)s will be taxed at 20 per cent on their first £625,000 of their income and 1 per cent on any income above that. However, any income that comes from Jersey property investment will be taxed separately. New 1(1)(k)s will pay 20 per cent on all of their income from Jersey property; that does not mean that there is a competitive disadvantage from Jersey residents compared to (k)s. Dividends from companies which receive this income, if it is property income, will also pay 20 per cent and income from Jersey property will not count towards the £625,000 income. I mentioned that there were 3 parts to the package of measures intended to increase the benefit of the 1(1)(k) regime. The first was increasing the minimum contribution to £115,000. The second is this proposition before Members today. The third piece of work, which also we have concluded from the review that we have done, is that we need to market Jersey better. We need to send out a clear message that Jersey welcomes 1(1)(k)s, welcomes high net worth individuals to our Island, that we do have a tough regime but we are going to welcome individuals and we are going to attempt to meet that target of 15 new residents per year. Members have an opportunity of sending a very clear message that Jersey welcomes high net worth individuals to the Island and we can do so by approving both of the propositions today. I urge Members to support the preamble to the Bill.

The Deputy Bailiff:

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

The Deputy Bailiff:

The principles, having been proposed and seconded, it is open to debate. Does any Member wish to speak? Deputy Duhamel.

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

Just one small point; persons qualifying under the 1(1)(k) regulation; what exactly happens once these persons have been here for 10 or 11 years and gain their qualifications in their own right? Is the tax that is now being raised only for the 10 or 11-year period and then, thereafter, they revert to being a normal person?

2.1.2 Deputy S. Power of St. Brelade:

I listened to the Minister for Treasury and Resources' comments with great interest on this proposition and I was particularly interested to hear the Senator say that high net worth individuals would pay tax on their property investments in Jersey. Could the Minister for Treasury and Resources explain how a 1(1)(k) resident, who may have invested in residential property or commercial property, whether it would be taxed both if the property was held in a commercial limited liability company and whether it was held in their own name?

2.1.3 Deputy T.M. Pitman of St. Helier:

I will obviously save most of my comments for the amendment but I would have a couple of questions for the Minister. Firstly, how would he advise us that Government - if this is passed or my own proposition - verify the overseas income, the worldwide income, from 1(1)(k)s? Secondly, I would like him to just explain about his comments about ensuring the high quality of people because of course we have one former mercenary here; that is a fact.

2.1.4 Senator S.C. Ferguson:

I am concerned that such an important piece of legislation is being rushed through at the very end of the last session before the summer recess. We are seeing a considerable amount of such legislation and actions being brought, at times, which could be, in the well worn phrase, a good time to bury bad news. The legislation is important but is buried at the end of the session. This indecent haste resembles the current agenda to dismember Property Holdings with the concurrent risk of the transfer of property to the States of Jersey Development Company without obtaining the correct market value for the States. Do not forget, the current structures were set up by States decisions, which appear to be being ignored. While this is a welcome revision to the current law it should not be timed as it has been. The Minister for Treasury and Resources also talked of the target of 15 1(1)(k)s a year; what was the basis of this forecast? Where is the evidence for that forecast or was it just a figure plucked from the air?

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

I must say that is very instant; there cannot be many speakers around. It is nice to hear the Minister for Treasury and Resources being optimistic again. It is always nice when he talks-up the economy and says: "This is what we are doing and it is going to increase our income." But I ask Members to look at these principles and say: "Will this actually attract any more 1(1)(k)s to this Island than we currently do?" I believe the answer is no; 1(1)(k)s are very wealthy individuals and they have lots of assets and lots of income streams around the world. Do they declare those income streams in their entirety to any particular government? They usually often do not.

[9:30]

One of the things that we are involved in is providing mechanisms by which money can be held in trusts, by groups of individuals, whatever, where the beneficial owner is not known. That is common practise worldwide. Is it likely that 1(1)(k)s, or shall I say ultra-high net worth individuals, are going to come Jersey and say: "Yes, we will tell you exactly what we have all the way round the world and what income streams we have from that"? It is highly unlikely. It will not happen, it is not an attractive prospect, for a high net worth, certainly an ultra-high net worth individual to do so. Having made a declaration: "This is what I have got - all in the world - and these are my income streams", in what way can Jersey check that; verify that that is an accurate picture of this person's wealth before it charges 1 per cent on it? It cannot. There is no way that we can seek money that is held in a Virgin Islands' Trust with a body as the nominee shareholder in that particular organisation and chase the chain as it disguises where people's wealth is held. We cannot do that. So, can we charge 1 per cent on worldwide income? Can we heck. No we cannot. To suggest that ...

The Deputy Bailiff:

I ask you just to withdraw the word "heck" which is not a parliamentary expression.

Deputy G.P. Southern:

I wondered, Sir. I am certainly willing to withdraw it. We cannot.

The Deputy Bailiff:

Were you just testing to see if I was listening? **[Laughter]**

Deputy G.P. Southern:

No, Sir. At this time in the morning after 4 days in this Chamber I am not testing anybody. It is amazing I can stand and talk at the same time. Mind you, that is amazing anyway. Where was I? **[Laughter]** Thirty-five to 10; we cannot verify whether that is an accurate figure before we charge 1 per cent on it. Then just examine ... so it is an unattractive package. We are not likely to increase the numbers of 1(1)(k)s coming here. We are not likely to see this boom in taxation from it. It will not be a boom in taxation because it is 1 per cent and just think about that in today's age where we are taxing more and more increasingly personal taxation; 84 per cent of our total tax coming from personal taxation nowadays, and here we are taxing our own residents like we have never taxed them before while letting businesses off the hook with zero rate and 10 per cent rate so that their tax revenue generated has gone down and down and down over the years to a quarter of what it once was. That is what we are doing and we are saying to our residents, our voters; that these people can do business on this island like you and only be taxed at 1 per cent. What sort of a message is that to give to our residents? I would suggest that is the equivalent of a slap in the face. You pay 20 per cent but these people will pay 1 per cent and they might be doing exactly the same activity as you, the same business as you but they will get away with 1 per cent. What a wonderful world that is. Well, the Minister for Treasury and Resources is a very talented and clever man. If he can sell that to the voters good luck to him but I am not prepared to try and sell it to my voters. I will be urging them to vote against this pie-eyed plan.

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

I would share the concern about the amount of legislation - and I expressed that view yesterday and the day before - that is coming before the Assembly at this time. However, I am also going to support the Minister for Treasury and Resources this morning, because I believe - it is not a case of my opinion, it is a fact - that we have got unprecedented levels of unemployment in the Island. The economy is fragile. The global position has just been salvaged with a deal yesterday in terms of the eurozone and we have a ridiculous situation in Jersey where anybody from within the entire European Union can walk in here tomorrow and settle, arguably bringing zero benefit whatsoever and taking up one or 2 jobs as well as having demands upon the services of the Island with arguably no benefit and in some cases detrimental effect. There is no evaluation for literally millions upon

millions of people who can access this Island. Here we have a very small percentage of people who are going to be scrutinised in the main to a very high level. One of the interesting things about Jersey; I think most people that ever came here will agree with me that once you have been to Jersey and you have stuck around for a couple of months, it is very difficult to want to leave it. It grows on you. Jersey is a place that most people who have settled here recognise as a wonderful place to live. I am not dismissing the concerns of some similarly-minded politicians who have concerns about the inequity in relation to tax distribution and levying of tax but I would say quite clearly that the lack of tax that we have been able to take is because of a global position that has been forced upon us by driving down to the bottom. These situations and the poor regulation of banks have meant that the economies of the world have suffered. We have been under the knife, I would say, and not the microscope in relation to the Code of Conduct Group for the O.E.C.D. (Organisation for Economic Co-operation and Development) who have had to do away with 4 of our income streams which raised significant income, and it is because we have had to do away with those initiatives that we have subsequently suffered from a lack of income. That lack of income has meant we have had to put up taxes. It has been argued that we are not taxed across the board in many different ways. We have yesterday approved the long-term care strategy in relation to social security so we recognise that there are things that we need to be doing. There is obviously some inequity as well, clear inequity in relation to how long people have to wait to access accommodation in Jersey. Some people have to wait 10 years; these people will be able to come in and have access to very nice houses and a very nice way of life. But the up-side to that; I have never been one to look over my fence and have green eyes for the neighbour. I do not think that does anybody any good. The difference has always been in Jersey that you do not look with envy at the man in the street with the Rolls-Royce; you think to yourself, perhaps one day I will be able to achieve the same. The opportunities that these people will be able to bring are going to filter into the economy. At a time when there are high levels of unemployment I think it is prudent for us to support the Minister for Treasury and Resources. I also think it is prudent for us and for the next Assembly to recognise that when legislation is brought there needs to be a mechanism to ensure that Scrutiny can have some interaction. There is no possibility for this at this stage and I think what we need to do is ask the Minister for Treasury and Resources if he would agree, in us giving him support today, to report back every year as to the position of 1(1)(k)s - what they have brought in terms of income, how many we have achieved, what are the real benefits - so that Members can have a clear and concise understanding of exactly what the benefits are, because I do think they will bring some benefits but I think it is a body of work that we need to keep an eye on. I think we need to demonstrate that it is not only fair but it is providing jobs for ordinary people and right now jobs for ordinary people are what I am about. I am about trying to get jobs for ordinary people because they need these jobs and we do not need to lose any more jobs.

2.1.7 Senator F. du H. Le Gresley:

I have to be honest; I have lived in Jersey all my life - like a lot of people in this House - but I have always been uncomfortable with the 1(1)(k) regime. It simply stems from the fact that why should certain people in Jersey have a better tax arrangement than the rest of the population. The Minister, in his speech and also in his report, makes comparison between various other territories - this is on page 5 of his report. He lists Jersey, Guernsey, Isle of Man, Switzerland and Monaco. What is different about Jersey - and Members may not be aware of this and this is, I think, very important - is that we have this exclusive arrangement, which is going to change probably today for high net worth individuals who want to come and live here but in Guernsey the caps that apply are about all residents, they do not distinguish between the people who want to come and live there because they are extremely wealthy. Anybody in Guernsey who is wealthy is subject to these caps. The Minister may be shaking his head, I do not know if that is true or not but that is my understanding that these caps in Guernsey apply to all residents and not just to the wealthy immigrant population. This has come from Wendy Martin, Director of Tax Policy so I assume it is correct and it is also what is on the Guernsey website. So that is Guernsey; so it is fair and equitable in Guernsey. The

Isle of Man, their cap of £115,000 - I am reading again from something I printed from their website, the Treasury Income Tax Division - they changed their cap some years ago, I am not sure of the exact date but they do say: "This new form of relief is statutory, simple to understand and is available both to current residents and new residents alike. The fundamentals of our tax system are not being changed." So, basically Isle of Man and Guernsey; the caps apply to all residents. I also researched Gibraltar. Gibraltar has very low caps in comparison to Jersey, Guernsey and the Isle of Man, however, they - like Jersey is trying to and has done for many years - treat high net worth residents in a different way. They call them Category 2 Gibraltar Tax Residents but what is so interesting, and I think Members may be interested to hear about this, is that they have very strict rules about Category 2 individuals. I printed this off probably about 2 weeks ago from the Gibraltar websites where they say: "The Category 2 individual must be of substantial and sound financial standing and have a minimum net worth of £2 million. The Category 2 resident must either own or rent approved residential accommodation in Gibraltar. The Category 2 individual is not allowed to engage in a trade, business or employment in Gibraltar. Category 2 status is granted on an indefinite basis but the Category 2 residency certificate needs to be sent to the Gibraltar Finance Centre for endorsement every 3 years. The Category 2 individual must have private medical cover in Gibraltar." What this is implying to me is that in Gibraltar they may welcome high net worth individuals but they keep very tight control on their activities, where they live, and they are not allowed to engage in a trade, business or employment. I can only give you the facts that I have gleaned and I leave it to Members to decide whether the 1(1)(k) system is fair or equitable.

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

I shall be supporting this proposition and I will tell you the reason why in simple terms. Indirectly and directly I have been involved with 1(1)(k) residents for many a year and I am not talking about the direct amount of money that they supply by way of tax; I am talking about the support that they give to this Island. Huge support; a lot of it is anonymous although there are some high profile ones who we have seen over the years. Without them this Island would not be the same place as it has been. This Island is very much involved in charitable support and 1(1)(k)s that I have known over the years have supported charities and the work involving the Island communities to such an extent that many of the charities would not have been successful without their support. Therefore, I think that we in this Island are a very multi-racial society now and that must include the walks of life that people come from and obviously go to as well and we should welcome the good nature of many of these people and the way that they support, which they do not have to.

[9:45]

2.1.9 Deputy C.F. Labey of Grouville:

I must confess I was hoping to speak after Deputy Southern, because I really did not understand his speech; it is a shame he is not in the Chamber now. He spoke about 1(1)(k) residents paying 1 per cent tax and I thought the Minister for Treasury and Resources made it perfectly clear in his speech and in the proposition that 1(1)(k)s will be paying 20 per cent on their Jersey income, the same as Jersey residents, so I am a little confused at that. I must confess my experience of 1(1)(k)s living in my Parish has been a very positive one. I feel they have always contributed [**Approbation**] very well, not just where they have been required to contribute in the tax take but also in the community, some more conspicuous than others. But they have, nonetheless, I feel certainly played their part in the community. There is one thing that I would like the Minister for Treasury and Resources to confirm in his summing-up and that is I am worried about the figure of 15 1(1)(k) residents a year; that is what we are trying to attract. It does seem to be an awful lot and with this I am worried about the amount of properties. Over a decade that is 150 properties. These are substantial properties usually with substantial amounts of land that go with them and I would like him to

confirm if there has been a job of work done to indicate what this may do to the local property market and how it may distort things.

2.1.10 Senator F.E. Cohen:

There undoubtedly are moral issues around making special immigration arrangements for wealthy immigrants in the same way as there are moral arguments around the special exemptions that are made in relation to tax for the immigration of artists and creative individuals in Ireland. However, we have the benefit of not having to make the moral balance because it was made a long time ago and we have the wonderful benefit of knowing the amazing contribution that wealthy immigrants have made to this Island. Individuals have come to Jersey now over many decades and have learned to love the Island and love it with a passion. In fact, it is often said that immigrants can learn to love the Island more than some indigenous people. Many have established huge charitable trusts and many have left very significant fortunes for the benefit of the Island and the Island's charities. They bring with them not just wealth but entrepreneurship and gratitude for living in a beautiful Island where they are able to live safely, without interference and able to educate their children under a system that is much envied around the world. They have, as Members will know, the highest level of scrutiny on entry and individuals wishing to come to the Island, in most cases, are subjected to exceptional scrutiny, where they are required to identify their source of wealth, their source of income, their business history and are subject to rigorous and sometimes onerous personal examination. We are, in this context, in a highly competitive environment. Once we have made the decision as we did many years ago to embrace the benefits that wealthy immigrants can deliver to our community, we are competing against the Cayman Islands, Switzerland, the British Virgin Islands and of course most notably our near neighbour, Guernsey. To some extent some of our competitors have a much more attractive environment and much simpler environment and our great asset is that we are a better place to come and live and wealthy immigrants are prepared to pay a premium to come to Jersey over many other places. That is often down to the issues I have outlined including education, natural beauty and of course our excellent communications with the mainland and Europe. I fully support the Minister for Treasury and Resources and I am aware of some of the advice he has been given and I fully support the excellent work of the Comptroller of Income Tax and the Director of International Taxes in this area. I must say that I have encouraged the Minister for Treasury and Resources to go further and to consider the concept of a cap and a cap at a very high level, because there are cases when an individual's affairs are so complex that the cost and problems of an annual full tax return make it prohibitive for them to come to Jersey. I have encouraged the Minister for Treasury and Resources to accept the principle of a very high cap as an alternative with a short form declaration as is the case in Guernsey. That would put us firmly in competition with Guernsey, albeit that our offering would be significantly more expensive but I do not think that is a problem. There are other issues that are evident in Jersey where wealthy immigrants have had a significant impact in the past and quite honestly we could do with more in the present. That is we have significant problems in the housing market and the effect of new people coming into the Island as 1(1)(k)s or as a new entrepreneurial class as I am going on to in a moment, can have a dramatic effect in encouraging the housing market to get moving again. For someone who buys an expensive house, buys it from someone who buys a less expensive house who then has to acquire another house, usually at a lower price, and thus it goes down the train. A single wealthy immigrant can have a significant impact on getting house sales moving again. One of the issues we are suffering from in the Island at the moment is lack of volume in the housing market as well as undoubted price falls pretty much across the board. I do not think that we should underestimate the affects that 1(1)(k)s have had in the housing market in terms of creating volume in past years and the fact that the tailing-off of 1(1)(k) immigrants in the Island over recent years has in itself contributed to some of the problems we face in the housing market. There is of course the additional impact that 1(1)(k)s directly and indirectly employ Islanders, often in new businesses that they or their children encourage and sponsor. They also employ tradesmen and people across the board in the Island. The Minister for Treasury and Resources I heard refer to the tens of

millions of pounds of additional benefit that wealthy immigrants provide annually in the Island. I would say it was many, many, many, tens of millions of pounds in indirect benefits. I would also encourage the Minister for Treasury and Resources to consider in the longer term a new entrepreneurial immigrant. There are opportunities to provide residential rights to people outside the Island who have shown themselves to be entrepreneurial successes; people who I term “midstreamers”, who have built up businesses, who have made some fortune but perhaps not as much as a 1(1)(k), who is often a retiree, who wants to be active, who wants to base themselves in a place where there are not just tax benefits but benefits in terms of security, natural beauty, a high-quality education system and good communications to the U.K. and Europe. I can assure Members that there are huge opportunities in this area. It is a vast, untapped resource that the Island could take great opportunity from creating the right environment to encourage midstreamers. As I have said, these are not people who are enormously wealthy but these are people who are entrepreneurial successes, wish to establish new businesses or re-base their businesses, can employ our nearly 1,500 unemployed in the Island and create great opportunity for Islanders both in terms of tuning education towards the services that are required by these new entrepreneurs and generally benefiting the Island. I would therefore sincerely encourage the Minister for Treasury and Resources to look at this new class of individual at some time in the future. So, with that, the Minister for Treasury and Resources has my full support. I will only be supporting this proposition and I urge all other Members to do the same.

Deputy G.P. Southern:

Through the Chair may I seek a point of clarification from the Minister for Treasury and Resources? Having heard the speech of the Deputy of Grouville, I believe Members may be confused about what is being proposed.

The Deputy Bailiff:

Can you clarify that very quickly?

Deputy G.P. Southern:

The question is whether these new 1(1)(k)s will pay 1 per cent tax on most of their income or 20 per cent tax.

2.1.11 Senator T.J. Le Main:

I would like to say that perhaps I have got more experience in this area than any other Member in this Assembly, having worked closely with the Comptroller of Income Tax over the last 11 years as Minister for Housing. I have interviewed, with my Assistant Ministers, very, very many 1(1)(k)s' incoming inquiries and the evidence over the years is absolutely overwhelming in regards to the benefits to Jersey. Not only tax, but also inward investment, employment, very often assisting financially local businesses who are having difficulty in perhaps borrowing from banks; the entrepreneurs - these 1(1)(k)s - take chances and they are prepared to invest in local businesses and in the Island where maybe a bank is reluctant to do so. They also, I am well aware and I have no intention of disclosing names, I cannot disclose names, but I know of many who have donated huge sums to churches, to charities and are doing so through trusts and otherwise on a yearly basis. Everywhere in the world governments encourage and want to welcome wealthy migrant investors to their shores. Look at the U.K.; for years and years and years they have quietly, without much publicity been welcoming with huge incentives wealthy foreign people to come and live in the U.K. Look at the influx over the years of the Arabs, the Russians and other people from all over the world. They do not give them nationality but they give them residency. The investments that accrue through those wealthy individual businesses are indeterminable. I know many cases, as I say, that really are absolutely fantastic in their charities, their employment in Jersey. I have, over the years, interviewed, as I say, many and I have turned down some. There have been quite a few who have not met the criteria that we need as an Island that needs to maintain its reputation.

[10:00]

The 1(1)(k)s that the Minister for Housing and the officers, when they determined applicants... they have to be high quality individuals and full checks are made on everyone. Many years ago when I was a new Member of this House, when I was in my 30s - that was a long time ago - I was perhaps a little bit apprehensive of 1(1)(k)s as I really did not understand the benefits that could accrue from people who brought their wealth and entrepreneurship to this Island. I would say that whatever we do, we will never satisfy the half a dozen in this Assembly that, for one reason or another, just do not want, do not like or are jealous of the wealth creators who we are hoping that we will support today. The real facts are that I very much will be supporting the Minister for Treasury and Resources because, as I say, through experience I well know the huge benefits, not only financially but very much socially and charitably, that they bring to this Island. As I say, I would like to say a public thank you to all those who are involved in the huge amount of monies and issues that they do for the Parishes in Parish involvement and in fêtes and organisations and charities and I say welcome them all and I am very much in support and will do all I can while I am in this House to make sure that we make them most welcome and long may they make this Island a prosperous, safe and lovely place to live.

2.1.12 Deputy M. Tadier:

Senator Cohen made a remarkable statement, in my opinion, saying essentially that there certainly are moral issues surrounding 1(1)(k)s being let into Jersey and the whole tax regime that has been put in place for their benefit and perhaps for the benefit of the Island as the argument is going, which I will try to refute to some extent. But then he makes a comment saying that we do not have to make the moral balance, because we are in a fortunate position in that that has already been made for us a long time ago, and that is the end of the argument. There never really has, certainly in my living memory, been a debate about the morality, about 1(1)(k)s, about taxation in general, about progressive/regressive proportional taxation in the Island and that is part of the problem. We have inherited a system or a system has grown up which does not necessarily have a legitimate mandate or backing of the people of Jersey or of this House, it is simply because it is there. One can imagine similar arguments being made in the Caribbean, saying that we do have slavery, yes, there are moral issues to do with slavery clearly, but we do not have to worry about that because that decision has been made for us and the French are doing it, the English are doing it, they are doing it in South Africa, so that is all fine and it provides jobs and it provides housing, Deputy Le Claire, so that is okay, is it not? How many in this Assembly ...

Deputy P.V.F. Le Claire:

Can I ask, is he saying that I am suggesting that slavery is acceptable?

Deputy M. Tadier:

I am not giving way but I will accept a point of order. If there is a point of order I am happy to give way to the Deputy.

The Deputy Bailiff:

No, it is not a point of order.

Deputy M. Tadier:

Are there any Christians in this Assembly, because I came in this morning listening to people mouthing the Lord's Prayer? I certainly know there are Christians in the Assembly in the form of Deputy Southern, Deputy Trevor Pitman, Deputy Shona Pitman and the Deputy of St. Mary and myself, insofar as we support Christian values. Does anybody remember the parable - I think it was a parable - of the widow's mite, where an elderly lady goes to the temple and gives 2 copper coins, puts them into the collection pot and then a Pharisee comes up, very grandiose, very much in the public eye, a pillar of society, gets out a big wad of whatever the currency was, dinars or in those

days - perhaps Senator Cohen can help refresh my memory, certainly were not euros in those days - puts a big wad in there, then walks off. Then I think Jesus asked: "Who gave the most out of those?" Of course it was the Pharisee gave the most money. He said: "No, it was the woman." The reason I bring this point out is of course we know that 1(1)(k)s in society can contribute a lot. Certainly, most Jersey people could also contribute lots if they did not have to pay 20 per cent tax; they would have a lot more disposable income to play with. Some, I am sure, go to Parish fêtes; they support the Parish, they go to Parish Hall Assemblies, some do not know what is going on in the Island at all as I found out when I was knocking on doors 3 years ago. They said: "What? What is an election? What is a Deputy? I am flying off to America in the morning so I am happy for you to leave me a leaflet and I will read it in a couple of months when I come back." These are all very complicated issues. We shy away from the moral issues surrounding that. There are a lot of people who contribute to Jersey. I go around the charity shops and it is not 1(1)(k)s who are working behind the counter in Oxfam, in Headway, at CRY, at Barnardos; it is usually retired ladies, housewives, young gentlemen who cannot get work in the Island; they cannot get work despite the prevalence of 1(1)(k)s in the Island. They are giving up their time but also having to pay up to 20 per cent tax on everything they earn and they have to declare it because they do not have ways to get around it. It does not tell the full story when we say it seems to imply that only 1(1)(k)s are ones contributing to the Island. There is also this argument having been made that for some reason they create jobs over here. Now, they may or not create jobs. There is absolutely nothing in this law which requires a 1(1)(k) to come to the Island and provide jobs for people in the Island. They could equally come over here and not provide jobs. They could come over here, keep their money here, just live in their house for part of the year and not provide any jobs. It is also entirely possible for them to create jobs at or around the minimum wage which do not provide any benefit to the Island, to locals, that is why I have been asking for statistics from the Minister for Economic Development, because anecdotal evidence tells me that some companies in the fulfilment industry seem to employ a majority of unqualified labour, and that is not to disparage those workers themselves but it is to point out that catalysts in our current system seek to maximise their profits by paying the minimum amount of labour out by contributing the least amount to our society and by hoarding the most wealth for themselves. It is systems like we perpetuate in Jersey which create or maintain the distance between the poor and the rich, but not simply that; they increase the distance and the gap between the least well-off and the most well-off, not simply in the Island but throughout the whole of the world, which is responsible for causing problems such as shortages in affordable housing, such as shortages in land use because that land is being used for them when it could be used for other purposes. There is also the moral issue of how they jump the queue when they get here. Now, I would like to know how Christians, which I know Deputy Le Claire is, for example, how he would square that up? How do we say, in the Strategic Plan which we voted for by a majority which includes terms like fairness and equality in the Island, not only can you jump the queue and come here when other hard-working people ... Polish people, who interestingly contribute to society; work in shops, they pay Social Security contributions, they often work for low wages, they live in unqualified housing which does not affect qualified housing in the Island and they pay tax also where necessary at a higher rate than 1(1)(k)s so let us also hear it for the immigrant workers in the Island because they contribute greatly to our Island. How is it that they have to wait here 10 years, pay shocking amounts in rent - often those properties might be owned by very wealthy people who do not even live in the Island anyway ... so there is an issue with housing. I know that we want to create jobs. I am saying that we do not even know if this works in creating jobs. What we do need to look at in the world and in Jersey is the distribution not simply of income and resources but the distribution of labour because when you have perverse consequences of people with a disproportionate amount of buying power that can come to the Island and put small traders potentially out of business. We heard the same arguments yesterday. The reason we do not want big shops to be able to open in Jersey is because it puts the small traders out of business. The exact same argument can apply with the purchasing power of 1(1)(k)s in the Island who are given essentially tax breaks to come here. They are given breaks to jump the

housing queue and then set up businesses which do and can prejudice local businessmen and local technicians. So, these are the considerations which need to be put out. I will not be popular for saying them. Of course it is more balanced and of course, as I have said, 1(1)(k)s can and do contribute in many ways in the same way that poor musicians and other people who do charitable work can also contribute. So, I am not going to support this because it is inherently flawed; we have not had the basic debate about the moral issues. I think Tony Benn put the argument succinctly, although it is not a direct parallel, that simply to use an argument saying everybody else is doing it therefore we must do it which is one of the arguments which is being used ... he said that if everybody else was pimping-up their daughters for prostitution then that does not mean that I would have to do it. It is a completely flawed argument. We do need to take a moral stance and say Jersey's values are not simply mercenary and they are not financial and that if we spent as much time producing and rushing through laws like this as we did about talking about fairness and discrimination laws in the Island - which we do not have in place even after 6 years of Ministerial government - then I think the public would have a lot more respect for government when they talk about hollow words such as equality and fairness. It is not jealousy, Senator. I do not see how it can be called jealousy because it is to do with fairness and taxation; it is simply not to do with jealousy. I am jealous for those who cannot afford to own their own houses in Jersey. I am jealous for those who cannot afford to necessarily buy fresh bread when they want to in the Island and it is because of the system it is not because of the individuals within the system. Good luck to anybody who wants to work hard but it does not necessarily go hand in hand that hard work makes you a millionaire overnight. In fact, most of the people who are struggling and work 60 or 70 hours a week will never be millionaires and it is because we have people in society who are so wealthy and that that wealth will never be distributed whatever happens, that they cannot get on to this ladder. So, the American dream which was referred to earlier is that if I work hard I can get that Mercedes, I can get that ... no, you will not get that because the system is set up against you. What we need to do is have more equality between minimum and maximum wages, *et cetera* and that is what will make for a fair society. It is not laws like this which simply look for short-term solutions which we have heard will not work anyway because there are so many mechanisms in the Island for people to avoid paying taxes. How do we know where people's incomes are coming from? How do we know where their assets are? There are so many mechanisms in place for that not to be the case. I would ask Members to seriously reconsider. I know we want to be seen to be doing the right thing and be supporting Ministers but when they are based and predicated on flawed premises in the first place, I think that we have a moral obligation to kick these into touch and look for tougher but fairer measures to be introduced in the future.

The Deputy Bailiff:

Deputy, I did not want to interrupt you in the course of your speech - you clearly feel passionately - but you used earlier in your speech the expression that Members were "mouthing" the Lord's Prayer. Could you please explain the sense in which you used that expression because if you were meaning to imply that Members did not intend what they were saying, I think most Members would find that very objectionable. **[Approbation]**

Deputy M. Tadier:

I am happy to. When I say mouthed, clearly I did not mean that the words were not necessarily coming out of their mouths. What I am saying is it is easy to say words entirely in sincerity but there may also be logical consequences from what you believe that are not immediately apparent in belief systems which can be very complex. So, it is easy to say something but if you think through all the logical consequences of what you believe, they may not necessarily stack-up and there may be inherent contradictions. That is what I was implying in it and I think that is a valid intellectual argument to be putting forward.

2.1.13 Deputy A.E. Jeune of St. Brelade:

I listened with interest to what Senator Cohen was saying this morning but it raised a question for me so I would like to ask the Minister for Treasury and Resources in his summing-up whether he could say the entrepreneur category referred to by Senator Cohen, which I believe he has discussed with the Minister for Treasury and Resources, would those persons fall within the number of 150 heads of household per year count.

[10:15]

2.1.14 Deputy P.J. Rondel of St. John:

I have heard a lot of negative speeches on 1(1)(k)s, not only today but over the last few months in this Chamber. I sincerely hope that we will soon be getting to the end of bringing in further legislation to do with 1(1)(k)s, because we are sending out the wrong message to people who are residents in the Island. If I could take up a particular issue with Deputy Tadier; when he spoke he mentioned about the ordinary people working in various charity shops. Please could he tell this Chamber how he can identify a person who may be working in a charity shop as not being a 1(1)(k) or being a housewife, *et cetera*, because I am aware of a number of our 1(1)(k) residents who do go and help out in charity shops across the Island. **[Approbation]** We are being so negative in the way we are speaking and trying to get other people to integrate. I have said it before in this House; many 1(1)(k)s are now second or third generation people with their grandchildren in this Island and contributing. Many of them are carrying local names; names that have been here for hundreds and hundreds of years, going back to the beginning. I think it is time we came off the fence of hitting out at a group of people. I do not want to go on because I have said it so many times in this Chamber but we are killing a goose that lays a golden egg. I was speaking to a gentleman walking up the street who works within our States departments who has responsibility in this particular area. It is very difficult. We are competing for these 1(1)(k)s to pay tax with all the other jurisdictions around the world and although we would like to have 15 1(1)(k)s every year, it is not going to happen because all these other jurisdictions are competing for the same people. Do not kill the goose that is laying the golden egg because many of us here - and I know when I was in business I would say 15 per cent of the work that passed through my business at that time was for 1(1)(k)s and it was repeat business, year on year. That was a lot of money and I have been retired 20 years. That money is still circulating within this Island. Do not, please, Members who talk negatively, it is a far bigger picture where these peoples' money is circulating decades and decades after they have arrived. Please do not kill that goose.

2.1.15 Deputy M.R. Higgins of St. Helier:

Earlier we heard Deputy Le Claire talking about he is asking the Minister for Treasury and Resources to bring forward evidence of the contribution of the 1(1)(k)s to the Island in the future. I would have liked to have seen the evidence now. We are being asked to adopt a policy that will bring in more people who are very wealthy people who are going to pay, I think, less tax because I am just not convinced ... I agree with Deputy Southern on the fact that this Island has a history of helping people with their Tax Planning (to put it in the very friendliest way), of making sure that they get the best return on the money that they have. They know where to put the money and how to avoid, let us say, penal taxes and everything else. The point is that these people, if we say that we are going to tax them on their world income, I do not believe we will ever tax them on their world income; we will never know what it is, we will never be able to verify it one way or the other. So, I would have liked to have seen some evidence of the contribution that the 1(1)(k)s have seen. We have seen a report that initially we were not going to see which was commissioned from the firm who promote high-wealth people and making sure they are getting good benefit and then that is put to us as being told that these are the advantages of having 1(1)(k)s. It was a biased report from an organisation that had no credibility. I do admit though, I will say this, that some of the very wealthy in the Island, the 1(1)(k)s do make a very good contribution to the Island. I know a number of them and I am very grateful for the work that they have done but I am only aware if a

few of them. I also know there are others who various organisations have approached and they have never heard a thing and you do wonder about what some of them do. We have no evidence of their real contribution. We have to take it on faith that all of them are doing charitable things, they are doing good for the Island, they are employing lots of people. I must admit I am not a great believer in the trickle-down theory that because they are wealthy they are going to employ lots of people and they are going to spend lots of money in the economy. These people can jet out of this Island and they can do whatever they want anywhere else. They do not necessarily have to do it. There is no evidence whatsoever. That is the first point: evidence of contribution. If I had evidence then I might change my stance. At the moment we just take it as a leap of faith. Secondly, we already have in Jersey a 2-tier society and there is a difference between the haves and the have nots. This is not envy or anything else; it is a statement of fact. There are some people who are extremely wealthy and there are some people who are really suffering and we do have a real division in our society. We have people who have houses and we have people who will never have a house. We have children - and I know my children - my daughter is 40 and she has got a property, my son will never, ever be able to buy a property and his house and that is true of many families in this Island. My son, in fact, is leaving the Island. He is going to work abroad. Others have left as well. I know many families are thinking about leaving the Island because of the way it has gone to being a very expensive place in which to live. I happen to believe that by bringing in policies such as this we are exacerbating the problem. We are exacerbating the 2-tier society that we have. I think it was Senator Cohen who mentioned about the wealthy immigrants coming in and the effect they had on the housing market. Yes, they do have an impact on the housing market but not necessarily in the way that he is talking about, because many of them have entered the buy-to-let market. I believe that the new Waterfront development is 90 per cent sold and 50 per cent occupied. Well, what does that tell you? The people who have bought them have bought them as investments not to live in. Why are people not living in them? Because the rents are too high. I have looked at the Dandara website in the past and they extol the returns you can get on your investment. For foreigners to buy properties in the Island and the returns they can get very much because the government are prepared to pay rates too to many of the people they bring in. What I am saying is that if we are encouraging buy-to-let on this basis, what we are doing is taking away properties that are not there for the ordinary Jersey person and pricing them out of the market. You may say: "Rubbish" Senator Le Main but it is your policies and the policies of your colleagues in the Council of Ministers that have made this Island what it is at the moment and made many people not have homes. **[Approbation]** We are also told, for example, that we have to adopt this particular policy for competitive reasons. Basically this is another example of a race to the bottom. We are constantly trying to outdo or outbid our competitors and so what we are now doing is we are following what we did on company taxes. Just look at the situation; we now have a situation where 84 per cent of all taxes in the Island are raised from personal individuals. We have no company taxes. We have created a situation where foreign firms who own businesses in the Island are paying nothing towards the upkeep of this Island. We have got to be grateful for the fact that they employ people and those people pay income tax. We also have a situation; because of the rules to do with the O.E.C.D., you cannot discriminate between foreign owners and local owners and so therefore the deemed distribution provisions were thrown out because we were trying to claw-back from locals taxes that we could not impose on foreigners. So, as a consequence, there are no company taxes except on the finance industry; 10 per cent and utilities 20 per cent. But there is a big hole which has got to be filled by ordinary people in this Island. As I said, we are engaged to the race to the bottom. We are trying to get more wealthy individuals in the Island by offering lower and lower rates of tax to attract them with the net result that we will get even lower tax from them and again ordinary individuals, the Jersey middle-income earners are the ones who are going to be paying the taxes, because rightly, those who are not well-off pay little or no tax but if the rich are not paying their share of it then the tax burden is falling purely on the middle. I do not think it is fair that those people should be doing that. One thing that I do agree with Senator Cohen about and something I believe strongly in is the need to encourage entrepreneurialship. It

seems a bit strange this. It is a bit different on the one hand saying: “I do not want wealthy people in the Island if they are just going to pay lower tax.” It is to do with contribution that matters to me. I have no objection to them being here if they really are and I can see demonstrations of where they are contributing to the economy. Senator Cohen said: “Oh, these people come in and they contribute to the economy by buying houses.” Let me just mention something about the housing market. One of the problems we have had, we have had high economic growth in this Island. One of the contributors to economic growth is building development housing but it is a false form of economic growth. What we have done is we have built all these flats and houses, many of which are now not occupied. They are unaffordable by ordinary people in the Island. What we are doing at the moment, according to Senator Cohen, is that if these people come in it will prop-up the housing market. The housing market is unsustainable. We have a situation where the prices are extremely high for flats and houses, where people cannot afford to pay for these houses, the banks are assisting on deposits that they cannot possibly achieve and secondly the earnings/price ratio is way out of kilter. In the U.K. I think it is 3 times your income is what you can afford to buy a house. In Jersey I think it is 5 or 6 and even now the banks are not being prepared to do that because they have got their hands burnt elsewhere. So, we have a situation where all we have to do is drive around the Island and look at the “for sale” signs; I have never seen so many in my life. It is my view that the only way the housing market will survive is if we have unfettered population growth because it is not sustainable at the present time. People are hanging in there, prices are starting to fall slowly but surely, and all it takes is an economic crisis and we will get negative equity. I know it sounds scaremongering and everything else. It is a statement of fact. We have an unsustainable housing market and everybody is just hoping that we are not going to have problems when it crashes around our heels. Anyway, what I would say is that I would like to encourage wealthy people to come to the Island to invest and I would rather see a tax regime that assists them with investment. I do not mind rewarding them if they come in here and create new businesses that will create sustainable rather than false growth in terms of housing and are creating employment. That is the policy we should be having; encourage them to come in, pay them, reward them for that type of activity rather than just simply say: “You are rich. We want you to come in. You can pay less,” in the belief that you hope they are going to make a contribution to the economy.

Deputy A.E. Jeune:

May I ask a point of clarity of the last speaker? The speaker referred to a report from a company that had no credibility. Could he identify the evidence he has for this?

Deputy M.R. Higgins:

If you look at the detail of the firm and the background of the firm that produced the report for the department, their main business is providing facilities and services for the very, very wealthy. Really, if you are going to look at tax, you want someone who is objective and has not got a vested interest in getting wealthy people to come to the Island.

2.1.16 Deputy E.J. Noel of St. Lawrence:

I would just like to firstly pick up a point that Deputy Higgins mentioned. The firm concerned; yes they do advise wealthy individuals around the world and they were employed by us to produce a report purely on the basis of how can we attract and get more money out of high net worth individuals. So, they were the most perfect firm to choose to do that piece of work. They were not engaged to have a moral debate on our behalf as to the rights and wrongs of attracting high net worth individuals. They were employed to give us advice on how we can attract more of these people and benefit our economy. I would like to pick up a couple of points that Members have made. Senator Le Gresley mentioned that Guernsey, Gibraltar, Isle of Man and others had caps and they do and we do not. We have a minimum. So, we are not saying just come here to Jersey and give us £125,000 a year. We are saying come and give us a minimum of £125,000 a year. So there

is a fundamental difference there. On the Deputy of Grouville's point; 1(1)(k)s are going to be taxed at 20 per cent on their first £625,000 of their income and then 1 per cent thereafter.

[10:30]

That is what has been suggested. That brings me on to Deputy Southern's point where he said that we could not verify someone's worldwide income, these high net worth individuals, and so how do we know what 1 per cent to charge on. He is perfectly right but I defy anybody to be able to verify any taxpayer's income because we cannot. It relies on a declaration and when you make that declaration, if it is false you are breaking the law so every single taxpayer in the Island we rely on the same thing. So I am afraid Deputy Southern has missed the point quite fundamentally there which brings me on to Deputy Tadier's point and, again, if we did not have these individuals within our community, within our Island, then is he suggesting that we tax the remaining people in the Island at a higher rate to make up the shortfall or is he suggesting that we cut services because, at the end of the day, we have to balance our books and we have to provide the services that people want and deserve. To come back to Deputy Higgins' point, he asks for evidence. He does not see that there is any evidence that these individuals contribute to the Island. Well, there is £13.5 million that comes into the Treasury every year. That is pretty strong evidence. He says that he knows that these individuals do contribute to the Island because his own organisation in the past has received substantial sums from 1(1)(k)s in sponsoring the Air Show. There is a very well known 1(1)(k) who brought one of his business' aircraft over and had it in the Air Show and sponsored many events so he has seen the evidence at first hand. I saw the evidence at first hand of 1(1)(k)s over the weekend and I experienced it and there was some at Trinity Manor to celebrate its 100 years and I had not been to the Manor for something like 25 years until Sunday and it is a magnificent building. It is part of our heritage and we do not have to pay a penny to upkeep it. It is absolutely immaculate. Again, Deputy Higgins asks for evidence that 1(1)(k)s provide employment. For those who are fortunate enough to go up here, there is a photograph of the 11 staff that these particular residents employ. The evidence is there. One does not need to look very far and, yes, as probably my good friend, the Deputy of St. Mary would say, the evidence is not hard in that it is statistical but it is all around us and we can see it with our own eyes. If I see a burning candle in front of me, I do not need the evidence, the data, to say that if I put my hand in the flame, I am going to burn myself. It is plain for all to see. I would just like to remind Members that this debate is not about the rights and wrongs of a 1(1)(k) regime. It is about extracting more benefit for Islanders out of those individuals. I support the Minister for Treasury and Resources.

2.1.17 Deputy F.J. Hill of St. Martin:

I enjoyed Deputy Tadier's speech. I thought it was most thought provoking, uncomfortable as it was; and that is basically what it was, uncomfortable. It was talking about morals and it does become uncomfortable when we talk about morals and particularly when we talk about equality and fairness. But I have always been opposed to the principle of people being able to buy their qualifications, the principle of buying your qualifications when others, even locals and their families, have to live here to qualify and even those people who come to the Island to give of their time and their work have to qualify and that is the principle. Unfortunately, that is not the proposition today and I think that is a proposition maybe for another day and as much as I do not approve of the principle, we have got what we have got and the proposition before us today is hopefully to tighten-up on the present arrangements and if we can, I use the word "squeeze", because I can understand the more money you have got obviously the less you want to part with it, it is natural but that is not the proposition today. As I have often said, sometimes we have to go along with things we do not agree to and I am going to have to go along with this because hopefully we will be able to get a better return on what may be perceived immoral earnings but at the same time, at the moment, it is legal. So I will be supporting it but as I have often said in the past, I will do so squeezing my notes.

2.1.18 Deputy D.J.A. Wimberley of St. Mary:

It gives me great delight to follow Deputy Noel, the Assistant Minister for Treasury and Resources. There are 2 main issues here, are there not? There is morality and evidence and I will start with morality. The comments of the Minister for Treasury and Resources are quite interesting. He says the Deputy queries the morality of the 1(1)(k) regime. The Minister for Treasury and Resources does not consider this is relevant to the amendment at hand. Now, I was delighted to hear the ex-Minister for Planning and Environment, the Assistant to the Chief Minister (External Affairs), who said that this is a moral issue and, of course, he is absolutely right. Following on from Deputy Tadier's mention of the Lord's Prayer that we all say every morning and in the preparatory prayer, we say, *à la gloire de ton saint nom* so the question is what glorifies God? I have a copy here of the Poverty and Justice Bible which is published by Christian Aid, I think, and they highlight all the references to justice or fairness in orange. As someone has said - I cannot remember who - if you cut out all the references to justice and fairness in the Bible, then the thing falls apart quite literally, it just falls apart. That is interesting, is it not, because Jesus does not talk nearly so much about sexual morality as about fairness, wealth and the difficulty that wealthy people might have to get into the Kingdom of God so that is a major theme and you cannot escape that. I think that is the context for this debate because, as the Deputy of St. Martin said, this debate is about what the tax rate should be in effect and what the framework should be but you cannot evade the fact that the context is as I have said. There is a moral dimension. Just as an example of this whole dimension missing, an answer to a written question from Deputy Pitman, 5th July this year: "It is clear from the review undertaken that the best way to increase the financial benefit to Jersey is to encourage more wealthy individuals and their businesses to the Island." As you can see, it is a morality-free zone and I just want to question that. Now, what the 1(1)(k) regime is part of is globalisation. It is part of a situation which has obtained for the last 20 or 30 years where companies go round the world looking for the cheapest labour, looking for the lowest regulation, looking for the lowest standards of employee protection, because they can make more money if they do that. It is also part of globalisation that wealthy individuals scour the world for the best deal and as the Minister in his comments says, the people we are dealing with have a free choice of where in the world to live. Most of us do not have a free choice, of course, of where in the world to live but the people we are talking about have a free choice of where in the world to live. It is as if they are completely rootless; they float around just looking for the best deal and there is something unsettling about that and we are part of that approach to life if you like. There is another issue around globalisation and that is the race to the bottom. We have heard the Deputy of St. John talk about the goose that lays the golden egg and we have heard from another speaker - I forget who - that we have to balance our books. There is a contradiction in there because the race to the bottom, the fact that Jersey has to have lower rates than somewhere else which will then promptly introduce lower rates so that we then have to introduce lower rates, you end up with a dead goose. You end up with a dead goose that does not lay any golden eggs and this is the natural progression of this whole policy. It is unsustainable. It is unsustainable on a global level. As Deputy Pitman points out in his amendment, I think it is there in his report, it will come to an end sooner or later but maybe that is a debate for another day. What is not a debate for another day is the fact that the public also share this moral concern. Hark, now, I can hear the good Senator again scoffing away in the back row so I shall produce some evidence as is my fashion. This is from the objections they made to the Wolf's Caves application. People objected to the size of the house. Why does this person who will end up living there - and it will be a 1(1)(k) I have no doubt - need 7 rooms for this and a store and a gym and a swimming pool all right on the edge of the cliff in the middle of a stretch of cliff where there are no other houses from Sorel to Bonne Nuit? Very strange. Well, that is what one of the objectors claimed, on the cliff: on the cliff. The proposal includes building a new car park on previously undeveloped agricultural land, realigning the coastal cliff path and I am using these as an example of the impact of your average, if you like, 1(1)(k), in fact, in this case, a future 1(1)(k). I want to end this little section with a quote which I found really quite interesting which is absolutely on the nail for this debate. "Dear Mr. Cohen. To allow development on this scale on

such a small existing footprint is tantamount to selling the family silver” and remember what I am talking about is the moral dimension, how people out there sense these things. “Jersey is delightful ...

Senator F.E. Cohen:

Sir, if the Deputy would give way for one moment, I will be brief. Firstly, the Deputy is disclosing a private letter to me. Secondly, it relates to a building that replaces a much larger existing building and thirdly, the building is being constructed by Jerseymen. **[Approbation]**

The Deputy of St. Mary:

Well, that is very nice to have 3 completely irrelevant points made. I thank the Minister for that and they are not confidential, they are objections and therefore on public record, I believe. “Jersey is delightful because of her enchanting secret scenery and her secret places. If the Island is sold-off to the highest bidders and developed in this crass style, we may find the ‘very wealthy immigrants’ change their minds by which time regrets will be too late.” I find that quite a moving declaration. Jersey is delightful because of her enchanting scenery and her secret places and talking about being sold-off to the highest bidder. That is the moral issue but it does bring me nicely on to the question of evidence and we started some months ago with: “I do not need any evidence” and now the good Assistant Minister is producing a little bit of evidence but the fact is that his initial approach to this matter was: “We do not need any evidence.”

Deputy E.J. Noel:

Would the Deputy give way?

The Deputy of St. Mary:

I am always happy to if it is going to be important.

Deputy E.J. Noel:

What I said in those questions is that I would come back with further evidence.

The Deputy of St. Mary:

I am sorry, the Assistant Minister did say and it is on Hansard: “I do not need any evidence” and that was the gist of his approach to this whole matter. He and the Minister for Treasury and Resources and the Minister for Economic Development are on record as saying there are no downsides to 1(1)(k)s coming to the Island and that is a matter of evidence, whether this is so or not. I just have a few points to make on this matter of evidence. The first is housing. Now, we have heard from Deputy Higgins, who made some very good points, I think. When I was canvassing, I went up a very nice engineering brick drive up a slope through big flowerbeds on either side to what I thought was a house and it was certainly big enough for a house and it turned out to be the garage and stable block. So then I thought: “Well, there is nobody living here so what is going on?” and I looked around and I saw down a slope past another side building past some more flowerbeds a huge house which I eventually found by going down the road 100 metres and turning left and so on. The point I want to make is that people could have lived in the stable block, it was that big and the house itself was also enormous. It is not a matter of envy.

[10:45]

It is a matter of supply and demand. The point is that we have a housing shortage and we have a fair number of people, obviously all the 1(1)(k)s who are very wealthy, living in houses that could... that have the footprint, that have the floor space, to house many, many people. Of course the market does not work like that but the fact is that there is a displacement effect which has never been looked at and I can see the Assistant to the Chief Minister (External Affairs) laughing but the fact is that if a certain amount of capacity is built for 2 people which could house 20 people, then

there is an economic effect there which clearly should be looked at and it is a real effect, not an imaginary one. The second point to make is the 15 each year which the Deputy of Grouville mentioned and I think the Minister seriously has to look at that, even in pragmatic terms. What is the effect of 150 1(1)(k) houses in 10 years? What is the effect on the market? What is the effect on the amount of land that that will take and the fact that that land is then not available for other building for other properties, that is if it is new-build. Even if it is not new-build, you could take your average 1(1)(k) house and basically set up a housing co-ownership project in one of those houses. So there is an impact and I would like the comments of the Minister on this 15 each year because I do find that there are bound to be economic effects in the housing market and the displacement effect working now. The third point is ...

The Deputy Bailiff:

Could I ask Members opposite to keep a little quieter? **[Approbation]** Sorry, Deputy.

The Deputy of St. Mary:

How I do love the partisan foot-stomping. But there you go, that seems to be part of what goes on. The third point I want to make on evidence - and we have had no evidence and would it not be nice to have some evidence - is about the demand-pull of 1(1)(k)s. Now, it is often extolled and, in fact, the Minister just said: "Look, look at all these local people being employed to build a house for a 1(1)(k)." They could have been building 20 houses for people that the Minister for Housing wants to house but they were not; they were building a house for a 1(1)(k) and that is the point. Remember they have big pockets, deep pockets. If they want the Deputy of St. John to come, they will pay double and that is fine, is it not **[Laughter]** **[Aside]** but there are some ramifications of that remark I can see coming out of the woodwork but anyway, the point is that they can get what they want quicker by paying more and that will have an inflationary effect. It will reduce the purchasing power in the pocket of others assuming that the economy is the same size or it will have an effect of dragging more people in to service those demands. Is that what we want? Well, maybe it is, maybe we want to see the Island carpeted with houses for people to live in who are servicing the 1(1)(k)s but I am not sure and I think those effects, the inflation effect, the displacement effect on other people's purchasing power and the effect on population overall should be part of a reasoned case and that is what we have not got. As Deputy Tadier pointed out, we have never had a proper debate around this. The fourth point on evidence is investment and I am frankly alarmed when I hear the talk that the 1(1)(k)s will come in and they will bring investment capital and I know this is going to be controversial, but I think we need to look at these matters. The phrase that comes to my mind is "cuckoo in the nest" because remember in all that I say, Jersey is a small economy. It is a small jurisdiction so when someone comes in with £500 million capital to use or do what they want with, that will inevitably have a big effect in a small pool. What comes to my mind is watching Dragon's Den which I used to do in the days that I had a TV and some of the deals that were done after: "I like your idea" says the kind, basically 1(1)(k), the kind rich investor to one of the quaking applicants: "I like your idea. We will do a deal. I will put in so much (£100,000) and I will take half the business" and I thought that is not very generous, that is quite a high price for that investment. So the issue is here just what kind of investment are we looking at and are these huge amounts of investment money going to have a distorting effect when there are other sources when people might be able, for instance, to be guaranteed low interest loans which could in turn be guaranteed by the 1(1)(k)s? Now, that might be a more equitable way round to do it but the idea that they will directly invest fills me frankly with alarm because of their vast cash power, capital power in relation to the rest of the economy. I do take on board what the Minister for Foreign Affairs said about mid-streamers. That is a different situation; that is a different market; they are not 1(1)(k)s. Maybe we should encourage those with accelerated residency and so on but I think that is a different issue. So those are the evidence issues: housing, the 15 a year, the inflation demand and the investment and we have not heard a peep on any of those. Then just a few points of detail. The Minister points out that that can be dealt with under the amendment. There is

at last an acknowledgement that this is not just about tax; it is about the desirability of Jersey as a place to live and about the air connections to elsewhere and so on and therefore people are willing to pay a premium. I think that is a very important point. It has not been made over past years but it is now clearly on the radar. The Assistant Chief Minister said it and I think it is now generally accepted. On the matter of tax competition and the competitiveness of Jersey in relation to tax, there is a table in the Minister's report, and I think in his comments as well, where he nowhere states what the other taxes are, for instance, V.A.T., (Value Added Tax) which in the Isle of Man is 17.5 per cent. We are told that 1(1)(k)s spend a lot of money and the Isle of Man will cream off nearly 20 per cent of that. We will take just 5 per cent. Finally, a suggestion which comes from the Fiscal Strategy Review background supporting research where they say that the best tax according to the O.E.C.D. is a tax on property. "The O.E.C.D. study finds that property taxes are the least harmful of economic growth followed by consumption taxes with income taxes being the most harmful." Within property taxes, the study finds that recurrent taxes on immovable property are the least harmful to growth while other property taxes have an insignificant impact. I just mention that as a possible way forward for the Minister for Treasury and Resources to find some more revenue from 1(1)(k)s. I do not expect him to make public declarations on this matter necessarily but I think it is worth considering that as they own large expensive properties, I think without exception, then maybe a way to increasing the yield would be to consider raising the rates on their properties which would not be such a headline measure but would certainly raise a substantial amount of revenue.

The Deputy Bailiff:

I was pausing as to whether or not I would make any announcement but Members may be interested to hear that one of the listeners over the radio had not appreciated that the stamping of feet represented approval for what was being said, and so I thought I would announce that so that the public are aware that the stamping of feet is generally thought to be a sign of approval. I call on Deputy Green.

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

There are a few points I would just like to pick up on. It has been difficult as we cannot name people and therefore the benefits that some of those people bring are not known but there are 2 names that spring to mind that are in the public domain and would not have been 1(1)(k)s but would have come here under that regime that existed at the time. I just wonder if Islanders would consider Jersey a better place for the contribution made by Lord Trent, Jesse Boot, or whether Jersey is a better place for the contribution made by Sir Billy Butlin. I think we would all say yes but 1(1)(k)s are much more than that, of course. Reference was made earlier to the contributions they make to charities and I know they make significant sums; 2 of my charities have benefited from that and when I say "my charities", charities that I am active in. I do not benefit from them of course. We were asked earlier do these people work in the charity shops? Some of them do but more than that, they very often pay for the charity shop and I can think of 2 charities where wealthy immigrants have paid for the fit-out of the shop and ensured that it got up on its feet as well as supporting it in the future. **[Approbation]** So there are benefits from that point of view. Then we talk about fairness. Is it fair that they pay as a proportion less than some other people might pay as a proportion of their tax? Of course simply the answer to that is no, it is not fair. What is fair really is that everybody contributes the similar percentage of their income but is that right? The answer to that is no, it is not right, because we want to protect the lower income people. We want to help them and we want to provide them with services, good health services; we want to provide them with good education; we want to provide them with a whole raft of different things to support them in life. So where will the burden fall then if we have accepted that the lower income people should not be paying income tax? Well, the burden will fall on every of the tightly-squeezed middle-earners of Jersey and for me, I am quite comfortable so long as the 1(1)(k)s are making a significant contribution in income tax and in the quality of life by the other things that they bring and the employment. I do not have the experience of Senator Le Main. I have only met 3 of these

“animals” if I can put it that way, 2 of whom are established in Jersey at the present time and I have seen significant benefit from those, both in terms of employment, and not at minimum wage, not just building houses but providing services and all the rest of it, 2 that I have seen since I have been Minister for Housing and one that I gave approval to recently to come to the Island and that brings me on to reputation. The bar is high. We check that very, very clearly and, in fact, I have sent back one to get more information because I want to be absolutely certain that the reputation of that person is first-class and nothing that we can be ashamed of. So do we want to attract more people to contribute to Jersey, to bring their entrepreneurial skills, to bring their money? Yes, we do, because Jersey has benefited from that in the past and it is the ordinary working person - the lower-paid person - that benefits probably the most from this in the benefits of the services that we can provide. Our Health Service, our Education Service, are far better than you would find in comparable sized islands or communities and why is that? Because we have the money to do it and we have people demanding it. We could let 1(1)(k)s come here and pay no tax but if we did not have the quality of Education Service and we did not have the quality of Health Service, they would not come, no matter. They are here because we provide that, they are funding that, and I do not see a problem in supporting it. One other comment that I picked up on earlier, and I was surprised when Senator Ferguson implied, that this was about bearing bad news or could be perceived as bearing bad news at this time. This is a good news story and we ought to send that message clearly from this House. You are welcome, we want you and Jersey is open for business.

2.1.20 Senator A.J.H. Maclean:

I think the last speaker took most of my speech. He sounded like the Minister for Economic Development and I thoroughly endorse exactly what he has just said. I am pleased to note, I think, that it is a very, very small minority of Members of this House who are not supportive of what we are proposing here. We heard economic arguments from the Deputy of St. Mary who is just disappearing as I speak with his own brand, in many respects, of economics.

[11:00]

I am not sure that they appear in any textbook but nevertheless the theories that I think are flawed and I think without doubt the evidence that other Members have called for, a small minority of Members have called for, to support the policy on 1(1)(k)s is very simple as far as I am concerned. We have 140 1(1)(k)s in the Island at the moment. That is a very, very small number. They contribute in direct taxation £13.5 million. In terms of return on investment, I think as direct taxation alone, it is a fantastic return and we should be very, very proud of the fact that we get that sort of return from these individuals. Now, we cannot discount and we should not discount the considerable additional benefits that they bring to the Island, the tens of millions of pounds that I have absolutely no doubt and I was very pleased to hear the Deputy of St. John giving an excellent speech earlier on today. He has evidence from his former business career of having to work for 1(1)(k)s who come to this Island. He ran a small business and he, like many other small and medium-sized businesses in the Island, would stand testament to the considerable value to those businesses which are the lifeblood of this economy from the 1(1)(k)s that exist in this Island. There are some Members here who quite rightly are calling for economic growth. How are we going to ensure that we continue to have economic growth? It is a key platform for the future prosperity of the Island and part of that is diversification, part of that is ideas. Ideas come from people from outside of the Island who relocate here, 1(1)(k)s, wealthy immigrants who bring their incredible wealth but also their expertise from outside of the Island and make no mistake, they do employ a lot of local people and they contribute within the Island. They bring their businesses here. We are looking for wealth creators and that is exactly what these people are, they are wealth creators. I can give examples. There is one fairly recently, a 1(1)(k) who moved to the Island to set up a medical research facility, something different, something not in the finance industry. Members are often calling for diversification of the economy, something we in Economic Development work hard to

achieve. We work hard to drive inward investment to Jersey because we know if we bring these wealth creators to the Island, we bring their business here. They will employ people and they will contribute enormously to our community and the costs of our very impressive public services that we have for the benefit of all Islanders. Most importantly, we have to recognise that the type of 1(1)(k)s coming to the Island now, are much younger; they are much more mobile and they have choice. They have an awful lot of choices. They could go to many other places around the world. It is an extremely competitive area and we have to be competitive and what the Minister for Treasury and Resources is bringing forward with this proposal today is to simplify a system that we have had in place for some time, to remove barriers, to ensure that we are competitive in relation to other jurisdictions. I for one, and I am sure other Members feel much the same, do not want to see wealthy people who could create jobs in this Island and pay and contribute to our economy and our lifestyle moving to places close at hand like Guernsey and believe me, we are seeing it happening. They are going there because it is easier, it is more competitive and they can get in there. I do not want to see us losing business to Guernsey and I do not want to see us losing business to Switzerland or many of the other very attractive places around the world where these highly mobile and wealthy young entrepreneurs are choosing to go to instead of Jersey. This proposition today will help rebalance that. I will help ensure that Jersey gets its fair share of this valuable area. We need to be able to go out and market Jersey as being, as the previous speaker, Deputy Green said, open for business. It is a phrase I use all the time when I travel to London, when we do inward investment seminars and so on. We are always talking about the Island being open for business, the right business, and these types of people are certainly the type that we want to attract here. I will just make one other comment if I may. It was a point that Senator Le Gresley raised earlier on which I thought was rather strange because he gave some examples about what was happening. He was talking about caps and he was referring to what is happening in other jurisdictions like Guernsey and the Isle of Man but he also mentioned Gibraltar and he seemed to be suggesting that Gibraltar has got it right and that we have got it wrong and this proposition is wrong. What Senator Le Gresley was saying was that in Gibraltar, they have type controls and those controls include stopping people moving to Gibraltar from entering into trade, setting up a business or employing people but that is exactly what we want to do. We want them to come here. We want them to start business. We want them to employ people. That is what we want. We do not want to go down the Gibraltar route and I found that a particularly curious statement. I think, in summary, one could almost call upon a famous quote from the days and times of Winston Churchill where: "Never has so much been given by so few to so many" and in all seriousness, that is exactly what this is about: 140 people making a £13.5 million of direct taxation contribution to the quality of life in this Island for services, for health, for education, and that does not include the tens of millions of pounds of additional benefits that they contribute to the community in many, many other ways that other Members have mentioned. I fully support this proposition.

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

I was going to brief and I still will be brief. I just cannot let that remark go from the Minister for Economic Development. These people were giving their lives, millions died. **[Approbation]** I am sorry, absolutely do not go there. I just cannot believe he said that. I did stand to say what is the price of morality? I got God, Sunday, everything shoved down my throat yesterday: untouchable, and we had a lovely speech from the Dean. Where is the Dean today? I would say probably out of the 140 1(1)(k)s many do do, and I know many do do, good work. Many are here to not hide their money, it is good for them to have their money here and be under no illusion about that. We have had the gambling and we have had people dissent or abstain or vote against who do not believe in gambling but still the Minister for Housing says they are vetted thoroughly. Well, I tell you what: they have better accountants and things. You do not know where a lot of these monies started from, where it was given, where people... I think it was rat-man landlords they used to call them in the East End: they made millions out of people's absolute poverty and living in substandard housing all made millions. So I think some of this is what they are going to be taxed. It is more the

“so many for the so few” remark. I am still trying to do the maths in my head. We have got 140 already who give £13 million; £13 million sounds like a big figure. I am trying to divide it by 140 and we are talking multi-millionaires. So yes, they do do a good service. They obviously give good work to high paid accountants and trust fund managers in Jersey but I disagree with the Minister for Housing. They do not come here for our excellent health system; they are all private and they go to Harley Street when they are ill and they send their children to the most expensive private schools on the U.K. and why not because they can afford it. Even our best private schools over here cannot compete with the ones on your resumé: “I went there in Jersey or I was at Oxford or one of the private schools.” So I will finish here. I know you are making heavy weather and I am quite happy because I am going to a C.P.A. (Commonwealth Parliamentary Association) Conference in an hour so I wish you all luck. [Members: Oh!] I am sorry I will not be here for the rest of the afternoon and God speed with the rest of the agenda. [Laughter]

The Deputy Bailiff:

If no other Member wishes to speak, I will call on the Minister for Treasury and Resources to reply.

2.1.22 Senator P.F.C. Ozouf:

I recognise that this is a debate which is going to ensure that there are strongly held views put across by Members who are absolutely, if I may say, entitled to their views on the fundamentals of politics and they are free, of course, to debate their moral issues, *et cetera*. I will deal with the issue of the church and the relationship that I have with politics and the church in a second. The fact is that I believe that we are here to serve the best interests of the overall community. That is what we are here to do and those are the guiding principles that I take in the discharging of my responsibilities. I want to say that I am grateful to my Assistant Minister, Deputy Noel, and to the Minister for Economic Development and his Assistant Ministers and to my other Assistant Minister, the Constable of St. Peter and the Minister for Housing and the previous Minister for Housing. I am often regarded as the individual who reports to this Assembly, who takes the Assembly’s wrath in relation to 1(1)(k)s but this is a team approach and indeed there is a segregation of duties which I think is absolutely appropriate. Economic Development market this, the Minister for Housing decides and I set or invite the Assembly to set overall policy. There is an important segregation of duties. Some Members of this Assembly think that Ministers are too powerful. I think there is some truth in that but in this issue, there is a shared responsibility of Ministers and I thank all those Ministers who have been part of bringing this forward today because I have had a sub-group chaired by my Assistant Minister on this. I hope that we will be responding to some of the issues that may relate to the principles of the articles of the law and we may cut short, I hope, some of the debate later on so I am going to respond to some of the issues that relate to some of the detail and hopefully that will speed things up later on. Deputy Duhamel asked whether or not it falls away after 10 years. The case is that the 1(1)(k)s continue with their arrangements longer than the 10 years in order to ensure that they pay their minimum contribution for the period of time and that has been the established principle and there is no change for new arrangements as of now. In terms of the very important issue that Deputy Power raised about whether or not there were any issues about getting around through the ownership of companies the issue of the 20 per cent rate; Schedule A, as it is known, will have a look-through provision in relation to companies and I am absolutely convinced that the Comptroller has the necessary powers in order to ensure that whether the investment in a property or a commercial property is held in a company, that we will get that. I need to say to Members that the Comptroller and his staff look through the court list in relation to transactions. I know they follow up on transactions. There is awareness in a local market of who owns what and I am absolutely confident that the Comptroller will ensure that all of those 20 per cent rentals are charged to tax. I need to say to the Deputy of Grouville that it is the issue that new 1(1)(k)s - and it is only new 1(1)(k)s we are dealing with - will pay 20 per cent up to £625,000. It relates the 20 per cent across the board relates to property income. It is up to £625,000 and is the 20 per cent. I will deal with the issue of the cap which is

related to that issue in a moment if I may because there is an important issue which Senator Le Gresley was pushing me on in relation to a cap.

Deputy G.P. Southern:

I asked a specific question to clarify the issue of the confusion of the Deputy of Grouville appeared to me about the 20 per cent applying to income streams derived from property or land whereas for the 1(1)(k)s, the rest of that local-based income as a product of whatever they are investing in, is taxed at 1 per cent.

Senator P.F.C. Ozouf:

The crucial point there is that it is taxed at 1 per cent after the £625,000 and I will deal with this issue of a cap in a moment because it is really very important. Deputy Pitman spoke and my Assistant Minister dealt with this issue about whether or not the tax arrangements of any individual, and particularly 1(1)(k)s, were going to be properly investigated by the Comptroller. I think that our Tax Department has a very, very good track record in terms of enforcement and in terms of investigation. That does not mean only for 1(1)(k)s. It is the case for all individuals and the Assistant Minister pointed out that it is the legal requirement for somebody to complete their tax returns properly and accurately and this Assembly has given the Income Tax Department further resources in terms of investigators and that is for local residents. If I may say, there is a complete Chinese wall between Ministers and the department and I am absolutely confident that we have got the right procedures and the right staff - the really highly trained staff - in our department in order to ensure that there are appropriate audits and checks on tax returns to the extent that that is necessary to ensure that we are protecting tax revenues and we have been doing some good work on that.

[11:15]

The Minister for Housing also made the point that unlike regimes in other places where you just simply buy a property and enter, we are pretty tough. We require there to be appropriate application procedures where - and I regret the Deputy having made some comments about an individual - individuals must go through proper police checks. The source of their revenue is checked, we have an I.M.F. (International Monetary Fund) rating which is probably one of the best in the world in terms of source of information, source of capital, *et cetera*, and those rules apply to 1(1)(k)s just as everybody else. The service providers that are serving these individuals must know the source of funds; they must be at the highest level of international standards so it is not only just the Minister for Housing but it is also the arrangements that are in place in our financial services industry which gives me great comfort in terms of the decisions that are recommended to the Minister for Housing. We have the toughest rules in the world and long may that continue. I am uncomfortable, if I may say, with the remarks of Senator Ferguson. She and I have worked very co-operatively at Corporate Affairs and she made some comments about Property Holdings which, with all respect to her, I do not think are relevant to this overall piece of legislation. I know that she and I may have a difference in terms of the performance issues and the management of Property Holdings. I just would remind her that I will bring back to the Assembly any requirements of any changes in relation to changes in Property Holdings to this Assembly as is the requirement to do so. There will be no transfers of property from Property Holdings to S.o.J.D.C. (States of Jersey Development Company) which are not needing to be brought back to this Assembly and have to be required under Standing Order 168 under the protocols that this Assembly has agreed and we are trying to serve better the interests of the department and get better use of the property assets of which there are £1 billion but I am not going to dwell on that. She said that this legislation was being rushed and she could criticise me for being late. I signalled that this was going to be something that I would bring forward in the budget last year. I said that I would bring it earlier but because of the pressures of the C.S.R., (Comprehensive Spending Review) F.S.R., (Fundamental

Spending Review) Zero/Ten and all the other issues, I am late in bringing it. I would remind her very politely again if I may that this has been the subject of numerous questions in this Assembly, testing, the repeated questions. I think 1(1)(k)s have been tested by questions my Assistant Minister has answered on more occasions than anything else. We have consulted, we have published reports, we have had full disclosure in relation to that and so I regret that perhaps she is not able to scrutinise in the way that she normally does but I think that there has been huge scrutiny, massive public awareness, and consultation on these issues and I hope she takes comfort from that because I also think she knows that we have been really strengthening the tax policy arrangements in the department. We now have an excellent tax policy team which is working on our tax policy issues maximising the interests of our Island community, maximising revenue and they are my advisers in relation to this and if I may say, they are doing a jolly good job. I need to respond to Deputy Southern. He says that he enjoys it when I am being optimistic and I am absolutely optimistic in relation to our ability to attract high net worth individuals to this Island. We have a fantastic Island. We are sending out a message of balanced public finances. We have got enormous progress in relation to the way that we are dealing with efficient services. I am an incredible optimist about Jersey and I am even more optimistic after the legislation that this Assembly has been passing in the last difficult 2 or 3 weeks in terms of reforming our public finances, dealing with issues such as Social Security and we can end this summer period and say that we have even got a better Island and we are more optimistic and I hope he joins with me in that optimism. I am grateful for Deputy Le Claire's support in relation to this issue. I know that he asks questions and he is in a dilemma about these issues and he asks me to report about the progress going forward of 1(1)(k)s. I think that there is more awareness about 1(1)(k)s than probably many other issues but I take on board his thoughts about an annual report subject to confidentiality. We have been in a position that there have been individuals who have been potentially affected by the debates of this Assembly as we have heard and I am wanting to preserve the confidentiality of those individuals. One of the reasons why people come to Jersey is because they can confidentially carry out their activities and in fact confidentially do a great deal of work in the voluntary and charitable sectors of this Island. Many 1(1)(k)s do not want any public recognition or any awareness of what they do. The Deputy is nodding. Other Members are nodding and we are aware individually of the massive contribution of individuals and long may that continue. Senator Le Gresley I know struggles with this issue but he raised a point almost on the other struggling scale in terms of what is fairness. I think the issue of Gibraltar has been dealt with. Absolutely clear, this is not the Gibraltar regime. We want 1(1)(k)s to bring their business to Jersey, bring jobs and prosperity; Gibraltar does not appear to do that. Maybe they will follow us, they have followed us in other areas too in the past. He does raise a really important issue about this issue of a cap and he is right. We do not have a cap, unlike Guernsey and unlike the Isle of Man, for local residents. We require residents not to have a cap and to pay at the full rate and I recognise that issue. It is an issue that I am struggling with in terms of competitiveness at the very high levels of income and this issue, as previous 1(1)(k) regimes, is only dealing with new arrivals. I have to say to the Senator, and I am happy for him to come and be briefed on this issue, if we were to introduce a cap of say £125,000, we would deplete our revenues and I am wanting to protect revenues in terms of the Island and this is going to be an issue because it could be said that we are almost too tough on very high net worth individuals in Jersey but they are here, they are paying and that is an issue which is no doubt going to have to have further debate but it is going to cost revenues and I am not going to do anything in order to cut revenues. I need to boost revenues for public finances in order to pay for our political priorities. I am nervous about the issue but I am looking and I signal to the Senator that I am looking at issues where there are potentially issues about income offsets for high local earners which could be a trade-off in relation to issues and I am looking at things like interest and others but I will come back to that in the budget. Deputy Fox made the vital point that they do not have to come here and that is what this debate is about. This is a debate about putting a regime in place that is going to attract new people. The Deputy of Grouville said that she was concerned about the issue of numbers. First of all, I confirm to her that the 15, if we get there, is going to be within the

150. She makes the point that where did the 15 come from I think and another Member raised that. That was based way back, I am advised, from the Policy Advisory Committee. It was a target from the 1970s. It was reviewed in the 1980s and the 2000s but we have not reached anything like the 15 and, in fact, perhaps we would not have had to take some of the really difficult decisions if we had reviewed the 1(1)(k)s arrangements earlier and we had been more successful. The £13.5 million is good but this Assembly intended to be better on that in the past and we will keep under review the 15. I would signal that the 15 should be the target for the next 3 years, subject to the States approving this and we will constantly review it and the segregation of duties which exists between Treasury and Housing is the Minister for Housing is responsible for ensuring that there is an allocation of property in relation to that. That is obviously going to be changed by the new Work and Pensions and the Housing Law and these issues will be kept under review and that will be separate from the Treasury in terms of decision-making and I think that is the right thing to do. I welcome Senator Cohen's comments. I have been fairly difficult probably again because I have not accepted the issues of a higher cap and a higher cap with non-disclosure and there is a debate that we have had very helpfully about that issue but I will continue to look at that issue. I am proposing what effectively I signalled in the budget last year. Whether or not we can do any more and go further, that will be the subject of some further work. Deputy Tadier spoke about morality and the church and the Lord's Prayer. I have to say as a politician, I believe in a separation of the church and State. I am sorry if that is unpopular but I have never used Bible quotes and I have never used anything in relation to the issues of using selectively Bible quotes to make any political points and I do not propose to do so. I keep my own views to myself and I am not going to present any sort of particular moral religious issues on that. He spoke absolutely correctly about the voluntary sector and other Members have responded on that issue too. It is enormously powerful and it is enormously important to Jersey and that is why we are funding the third sector co-ordinator, to help the third sector and the voluntary sector, to recognise even more what people do in this Island in terms of volunteering, whether they are 1(1)(k)s or whether they are the latest arrival in Jersey, and I think we have got to do more in terms of this Assembly in recognising the Third Sector and the charitable sector. I have been humbled and impressed by what I have seen with the Minister for Health and Social Services and the Minister for Social Security about just what the scale of voluntary and charitable sector does in this Island and how this Island would be significantly worse off at the Parish level and across the board without it. But it is more than just giving cash and that is the important point. Cash is important but time is important too and I would not want to state any particular names but this Island is the success it is because of the fusing of the fantastic talents of our immigrant community. I have celebrated Polish Day, Bastille Day and Madeira Day in the last week with different residents. We celebrate everybody that comes to this Island. I am the grandson of a French immigrant. This Island is great because of the fusing of talent from across the whole income spectrum and long may that continue. I would say to Deputy Tadier that one of the things that the Minister for Economic Development and I are working on is working out how we can set up Jersey as a centre for expertise in philanthropy. There is a phenomenal opportunity for using our wealth management skills using our Foundations Law, where there is a world in which the people are giving huge amounts of money for beneficial works, whether it be the Bill Gates Foundation or others. This Island has an expertise in wealth management in looking after money and we can do more in terms of setting up just how important this Island could be in helping philanthropy around the world, not only in terms of new people but using our expertise and that is a fantastic opportunity for Jersey in the future and I am going to be part of hopefully doing that. I have dealt with the issue of the 150 for Deputy Jeune. The Deputy of St. John, I have answered his questions. We are a fantastic place because of all of the contributions. Deputy Higgins, now I want to try and get him to be a little bit more optimistic if I may. I will not deal with the personal circumstances of somebody leaving. Why would somebody leave this Island when they are enjoying across the board lower tax, stable public finances, improving public services and the kind of Island that we have been passing legislation for in the last few days? I do not think there is any other place in the world that is as fantastic in terms of the range of things that we do here. If people

are downbeat, then we must help them to recognise how good this place is compared to other places. He berates me constantly about selective information. I regret that. He attempts to suggest that I am rewriting history. I do not think that is right and I would just remind him in terms of his economic analysis, he claims to be economically literate and indeed he claims to be an expert. The Chairman of the F.P.P. (Fiscal Policy Panel) pointed out to him last week that Jersey was moving to a normalised economy. In fact, the chairman of the F.P.P. said that we should have been probably moving to a normalised economy earlier. Now, that is difficult because he is selective in what he says. The chairman of the F.P.P., F.P.P. members who give us a hard time, had some news for him and they had some good advice to him - and I am not giving way - it is not a race to the bottom. This is a higher rate of income for new arrivals in other places. This is not a race to the bottom; this is a carefully judged premium attraction for Jersey with tough controls that is not something that other Ministers for Treasury and Resources would do. Other Ministers for Treasury and Resources would be going lower. They would be going down to £30,000; maybe they would be using the "non-dom" arrangements in the U.K. of £30,000. We are higher, we can afford to do it, and I still believe that we will get people on the back of it. Deputy Southern has left. I am sorry about that because I think that, notwithstanding the premium, we will get people into Jersey. The Withers Report was a good report. It was the right people to have but also my own tax policy team were the right people to do it. Deputy Martin said - and I just need to correct this - people were coming to hide their money here. They have to have full disclosure here. They have to complete a tax return and I do not think she is quite right in relation to that. The average of the 1(1)(k)s of the past is £100,000, I think it is £98,000, I did it on my calculator. This arrangement will get a bigger arrangement for new 1(1)(k)s coming into this Island. So I think that I covered all of the points that were raised. The issue of Guernsey. There are 2 caps in Guernsey. There is £100,000 for Guernsey source income and there is £200,000 for non-source income. I am not giving any advice to my friend the Minister for Treasury and Resources in Guernsey but his regime is encouraging his and high net worth individuals to put their money elsewhere too.

[11:30]

Maybe we benefit from some of that but it is put in place, as I understand it, that they pay the minimum contribution. I understand that very few people pay the £200,000 in terms of their matters. Our regime is going to be a good regime because it is going to attract investment, the thing that Deputy Higgins is concerned about. He wants capital, he wants investment into our economy and this is what this regime is going to do for new 1(1)(k)s to come to Jersey and I think that that is a really exciting thing to do, not only in financial services, not only in the 10 jobs that Deputy Noel was talking about but in the whole range of jobs in terms of our economy. New information technology businesses, the whole range of it, I am really excited by businesses that high net worth individuals can bring to Jersey and the multiplier effect that they can have on our economy. I do not want to say much more apart from to say that this proposition is designed to boost revenues. It will mean that we have a competitive but premium offer in the international marketplace and we are going to be sending out a clear message in accepting these principles that we welcome high net worth individuals, we are determined to compete in the quality marketplace and that we want to grow and we want to benefit our Island community. I urge Members to support the principles.

Deputy T.M. Pitman:

Just firstly I want to apologise for the concealed number, probably a 1(1)(k) who phoned me. I do apologise for that but I did ask the Minister to explain how he was going to pursue that money and he did not really do it. I know he said that we had great people in place but how can it be done because I do not think it really can with due respect.

The Deputy Bailiff:

In relation to the first point, your name has been added to the list of those who will be a contributor to the fund.

Senator P.F.C. Ozouf:

The issue is absolutely an important one of which I have asked the Income Tax Department and had many discussions with them about collection and whether or not they have got the requisite staff and ability under the general anti-avoidance arrangements that they have got and I am absolutely confident that we have boosted the collection arrangements of our Tax Department and that they will be incumbent on every individual. High net worth individuals invariably do not complete their own tax returns; they are using professional advisers, they are using accountants, many of the big brand firms; they have their reputations as well to look after in terms of accurate disclosure. When I complete my tax return, I have to sign with the person that does it the fact that I am being fully disclosed and there are all sorts of protections in place. The Comptroller is not shy in coming forward with investigations and in terms of following up and long may that continue and I hope that that gives the Deputy comfort.

The Deputy of Grouville:

Could I just ask something because I do not think the Minister answered my point and I did not want to interrupt him in full flight. What I asked was if there has been any analysis on the impact that 150 properties taken out of the local market will have over the next decade if indeed we can attract 15 per year?

Senator P.F.C. Ozouf:

I do apologise to the Deputy. We have done some analysis with the Housing Department in relation to the available number of 1(1)(k) properties. If this regime is approved, I do not imagine that there is going to be a deluge of properties. We do think that there is an ample supply of properties at the very high end that have been on the market for some time in terms of ... I think that she probably can think in her Parish of a number of properties that have been on the market for some time, 15 in the next year would not have any problem at all in the market. In fact, 15 for the next 3 years would not have any detrimental impact to the Island. I think that there is also an issue that some of the 1(1)(k)s that are thinking of moving to Jersey are not, if I may say, those individuals that are seeking large country mansions. They are looking for apartment living often. They are looking for a lower footprint. Very high quality in terms of some of the accommodation that they are looking at and looking at the analysis of people that are coming to Jersey, I do not believe that it will be detrimental to the Island. I think it is going to be beneficial, as Senator Cohen said, in relation to the overall movement of the housing market and I have to say that Treasury welcomes that because we also get stamp duty thanks to the good endeavours of the Deputy of St. Martin on share transfer as well of course now. No problem in relation to the market. It has been well examined by the Housing Department and I think the Minister is nodding.

Deputy M. Tadier:

Can I ask for clarification? The Minister said that he believes in the separation of church and State. Did he mean that I was wrong or any Member is wrong to use religious arguments or quote from the Good Book during the sittings and does his belief in the separation of church and State extend to the removal of the Dean and to the abolition of prayers in the Assembly?

The Deputy Bailiff:

Deputy, this is not a debate about church and State. It is a minor point and not one that needs to be...

Deputy G.P. Southern:

Can I have a final go on clarification? Am I correct in saying that after paying 20 per cent on the first £625,000, that the rates of tax for 1(1)(k)s will be 20 per cent on any income derived from property and 1 per cent on any local business or world business otherwise?

Senator P.F.C. Ozouf:

Deputy, 20 per cent on Jersey property Schedule A, absolutely no exceptions, does not count towards the £625,000 which deals with many of Members' concerns about investment in the property market, and I am looking also at the offset of interest, *et cetera*. That is a signal that I am on the case in relation to some of these issues too. No promises but I am looking at it. In relation to the other investment, while the Radio Jersey headlines say 1 per cent for new immigrants, absolutely right, but only after you have earned £625,000 at 20 per cent and that is a very, very high bar and it is higher than the competitors. I think the matter is clear. I cannot really clarify any more.

Deputy G.P. Southern:

But 1 per cent on any other local business other than property?

Senator P.F.C. Ozouf:

I have been absolutely clear.

The Deputy Bailiff:

The principles are proposed and the appel has been called for. I invite Members to return to their seats and I ask the Greffier to open the voting.

POUR: 35	CONTRE: 10	ABSTAIN: 0
Senator P.F.C. Ozouf	Senator A. Breckon	
Senator T.J. Le Main	Senator F. du H. Le Gresley	
Senator B.E. Shenton	Deputy R.C. Duhamel (S)	
Senator F.E. Cohen	Deputy G.P. Southern (H)	
Senator S.C. Ferguson	Deputy S. Pitman (H)	
Senator A.J.H. Maclean	Deputy M. Tadier (B)	
Senator B.I. Le Marquand	Deputy of St. Mary	
Connétable of St. Ouen	Deputy T.M. Pitman (H)	
Connétable of St. Helier	Deputy M.R. Higgins (H)	
Connétable of Trinity	Deputy D.J. De Sousa (H)	
Connétable of St. Brelade		
Connétable of St. Martin		
Connétable of St. John		
Connétable of St. Saviour		
Connétable of St. Peter		
Connétable of St. Lawrence		
Connétable of St. Mary		
Deputy of St. Martin		
Deputy R.G. Le Hérisssier (S)		
Deputy J.B. Fox (H)		
Deputy of St. Ouen		
Deputy of Grouville		
Deputy of St. Peter		
Deputy J.A. Hilton (H)		
Deputy P.V.F. Le Claire (H)		
Deputy of Trinity		
Deputy S.S.P.A. Power (B)		
Deputy K.C. Lewis (S)		
Deputy I.J. Gorst (C)		

Deputy of St. John				
Deputy A.E. Jeune (B)				
Deputy A.T. Dupré (C)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				

The Deputy Bailiff:

Senator Ferguson, does your panel wish to scrutinise this legislation?

Senator S.C. Ferguson (Chairman, Corporate Services Scrutiny Panel):

Some of the more recalcitrant of my colleagues say yes but I say no.

The Deputy Bailiff:

Very well. Minister, do you wish to propose Article 1?

Senator P.F.C. Ozouf:

I propose to speak to the Articles *en bloc* if I may if that is not a problem in relation to the amendments.

The Deputy Bailiff:

Very well.

2.2 Senator P.F.C. Ozouf:

As I said, I think we have already covered many of the issues so I will just run through very quickly. Article 1 covers the treatments of the 1(1)(k)s. Paragraph 2 clarifies who are already in Jersey will be continued to be taxed at the current regime so this only deals with new residents. Paragraph (b) defines the people who will be taxed under the new rules, people granted 1(1)(k) status on or after the day that the law comes into force so not yet and we will be dealing with the *Acte Opératoire* if the States approve it. This is not retrospective in any way. (3B) sets out how they will be taxed. If a person's income chargeable on tax under Schedule D exceeds the limit prescribed by the regulations, the excess tax is chargeable at Schedule E at the rate prescribed in the Regulations. Tax is charged under Schedule D on all income with the exception of property income as we have already rehearsed so income earning from renting or developing property will be taxed at the new rates which will be at 20 per cent. Paragraph 3 specifies dividends by a person that are paid out of profits charged to tax at the standard rate to be disregarded in calculating his or her income under Schedule D for the purposes of (3B). This article means that if people put their Jersey investment properties into companies - that is the issue that Deputy Power wanted me to deal with - and that is the Article (3C) that deals with that. Paragraph (c) amends Article 135A(4). It is a very complex law to allow the States to make regulations to set the tax rates that apply and the income levels that apply to it. (d) defines application in relation to the matters the Minister for Housing deals with. 2 is the closing citation and the act of declaration has been circulated which we will deal with later which probably is not part of this. I move the articles.

The Deputy Bailiff:

Are the articles seconded? [Seconded]

2.3 Draft Income Tax (Amendment No. 39) (Jersey) Law 201- (P.113/2011): Amendment (P.113/2011 Amd.)

The Deputy Bailiff:

We now come to the amendment of Deputy Trevor Pitman and I ask the Greffier to read the amendment.

The Deputy Greffier of the States:

On page 9, Article 1. In paragraph (b), for the inserted paragraph (3B) substitute the following paragraph: (3B) Notwithstanding the rate of tax required by Article 1 to be charged for a year of assessment, so much of the income of a person to whom this paragraph applies by virtue of paragraph (3A) as is chargeable to tax under Schedule D shall be charged to tax (a) on so much of that income as does not exceed the limit prescribed for the purposes of this paragraph, at the rate of a 25 pence in the pound; and (b) on so much of that income as exceeds the limit prescribed for the purposes of the paragraph, at the rate prescribed for the purposes of this paragraph.”

The Deputy Bailiff:

Deputy Pitman, before I ask you to propose the amendment, am I right in thinking that this is really a package of amendments of P.113 and what we are going to come to in P.114 in a moment?

Deputy T.M. Pitman:

It is a package. I was advised by the Greffier that I should ask indulgence to explain what the package does. I do not want to speak twice.

The Deputy Bailiff:

That is why I was just asking that question.

Deputy T.M. Pitman:

Yes but they can all stand alone, that is the point, and be voted on their own.

The Deputy Bailiff:

I understand the vote is to be taken alone but you wish to put them forward as a package; is that correct?

Deputy T.M. Pitman:

It was not what was advised to me by the Greffier but if that is what you want to advise, I can hastily try and ...

The Deputy Bailiff:

No, whichever way is convenient to deal with it. I was going to give you latitude to describe the other ones if you wanted to but if you do not wish to do it in that way, that is fine.

Deputy T.M. Pitman:

Yes, I would rather speak twice if I may. I am not going to repeat myself very much I hope.

The Deputy Bailiff:

Very well. Would you like to propose your amendment?

2.3.1 Deputy T.M. Pitman:

I do have to stand first and apologise, for I am sorry; I can only say a really misuse of Churchill annoyed me. I have got family who gave everything and it is totally wrong to mix those metaphors, mix that message and I am sure the Minister for Economic Development did not mean it, to say so many owe so few so much, absolutely sickening to ordinary people of Jersey who made this Island, completely out of place. It was quite apparent from Deputy Tadier’s speech, I really congratulate him, it was an excellent speech, so often the argument is with this side with the House but what I want to say is it is indeed a package and if I could beg your indulgence. This first amendment, which is referring to P.113, simply seeks to increase the 20 per cent rate up to 25 per cent. It could be adopted if Members wished even if my P.114 amendments were not accepted. The result would simply be that the 25 per cent would apply to earnings up to the limit of £625,000 favoured by the Minister instead of the normal 20 per cent. Quite simply, I have moved for this increase because I

believe, as a growing number of others do, that the higher, a progressive taxation rate if you like, will have to come in for higher earners and by that I mean those over £100,000. That is why I am doing this. I am going to save most of my comments for what I call the main proposals in order to save the House so we do not have to be any longer than necessary. I have to say though that you know you must be doing something right when you are warned not to speak and when you get jokes from certain Senators that there is no point in raising important issues if you might be shot. Great, but I will deal with that afterwards and some of the people we are happy to let into this Island. I have to point this out about the £100,000 of our wage threshold because it would be entirely inconsistent if I now stood up and just proposed that for 1(1)(k)s. I do think it is going to have to come in for all of those higher earners, as I have said. It has been mooted before. It was even put in the Minister's document some time ago. It was not explained very well. Why is it going to have to come in? Because I think the evidence before us is quite simply that without such a move - and the Minister did promise us there would be no sacred cows some time ago - all we are going to see is further increases in stealth taxes. We are going to see G.S.T. (Goods and Services Tax) continue to rise, the cost of living for ordinary people - Mr. and Mrs. Average, if you like - will continue to grow. I think if we are having no sacred cows, then I am afraid that has to mean what it says. There can not be these great untouchables. Members may wish to not support the 25 per cent; that is fine. As I say, I hope they do. It will not undermine really the other propositions which are to push the Minister's figure back up to the first £1 million and to have at least a bit more realistic 2 per cent instead of 1 per cent on everything else.

[11:45]

As I say, I do not want to repeat myself so I am going to save most of those arguments for later. I know Senator Le Gresley in the past has talked about the need for this 25 per cent. It did feature quite heavily at the election. When you look at where we have gone with Zero/Ten, certain companies paying nothing, it is fine to talk about a small minority in this House not approving of 1(1)(k)s. Well, although I have got a package here today, I have also got another proposition which is sitting with the Greffier. I was waiting for the result of this and this is about having a referendum with the public because I can assure Members that I am absolutely confident that if we put it to the public - which is what is going to happen probably in Switzerland very soon - there will be at least an 80 per cent who say: "No, this is not good enough." So there is another option if Members do not want to look at any of these issues. I think I will leave it there because most of my comments, as I say, are for the other aspects. If we put it up to 25 per cent, will we be saying Jersey is closed for business? Well, I think that is a spurious argument really. We hear it all the time. The world has moved on we are constantly hearing. Well, the world has moved on and I am going to be dealing with some of the halfbacks of the Minister's speech later on but just consider Switzerland alone. He seems oblivious to moves that have happened in Zurich and, as I say, the way they are going towards a referendum. The world is moving on. More and more people are saying no, I am afraid; words like fairness, moving to a fair and equal society can not just be words on a strategic plan and I think Jersey may be an Island but we do not exist in a vacuum and I think sooner or later - and it may be in the next House now, of course - we are going to have to face up to those issues. So I will just leave it on the 25 per cent issue and I will save all my main comments for that and I hope I have not taxed your patience too much.

The Deputy Bailiff:

Is the amendment seconded? [**Seconded**] Does any Member wish to speak?

2.3.2 Senator P.F.C. Ozouf:

Some Members might not be clear about what we are debating here. It is a proposal to lift the 20 per cent rate up to 25 per cent and it is nothing to do, if I may say, with the rights and wrongs of the existing regime. It is simply amending the proposals for any new high net worth individuals

that we would attract. I have put a comprehensive comment in on this issue. I have made a comment about the competitiveness issues of Guernsey. Members might want to refer if they want to page 3 of the comment on P.113 and look at the tax charged and to the maximum liabilities and to look at the competitive issues that the Deputy is arguing, that we should be effectively making ourselves significantly uncompetitive compared to those other places. It is uncompetitive in relation to Guernsey as I have already explained and I would also say that Switzerland, he refers to one canton who is having a debate about these issues. There are cantons in Switzerland that pay as little as £35,000 in order to come into the jurisdiction and I do not believe that what he is proposing is going to change. He says that there is a referendum and that may well be the case but I am afraid that the fact is that the Federal Government has made some changes to some of the overall matters in terms of the tax regime but they are not changing on the basis on which the tax is paid. Most cantons remain committed to the system. The fact that one does not and the one that is having a referendum is not relevant I do not think to this debate and quite apart from what Switzerland does, there are also the issues of all the other jurisdictions which are important and our main competition being in relation to this particular geographical area being Guernsey and we have already had a debate about that. I mentioned in my comment to the Deputy's proposition that the impact of increasing the rate to 25 per cent would make it easier for people to qualify for the regime. This is because he has not suggested increasing the minimum tax contribution at the same time. If we keep the minimum tax contribution at £125,000 then under the Deputy's propositions, an individual will only have to have an income of £500,000 to generate the £125,000 at 25 per cent. Under my proposition, the same individuals need to have £625,000. It is clear that the higher the income the individual has the greater economic benefit to Jersey and so I think there is almost an unintended consequence in what the Deputy is suggesting. The Deputy suggests that he would deal with the hiccup by introducing the minimum tax contribution. I have already explained at length that it is already very expensive for high net worth individuals if we have got that premium quite rightly so if we make ourselves more expensive then we would become less attractive and I ask the Deputy how this proposal fits in to his overall objectives. The Deputy says in his report that the States have been misled, that the Withers Report does not say that 1(1)(k)s do not make investments in Jersey. I do not think the Deputy understands the difference between money that 1(1)(k)s spend here and then have in terms of their spending and the amount of money that they are capable of investing in the Island. High net worth individuals invest in their homes, in their communities, goods and services and participating in Jersey life. However, when deciding where to invest their excess capital in order to generate income on their successful businesses, this tends to be unfortunately outside of the Island and this regime unamended encourages them to do so. That is not the fault of tax policy, nor the 1(1)(k) regime, and my propositions are intended to deal with all of these issues. This issue is not competitive. It is not wise. I think it has some unintended consequences in terms of the £500,000, *et cetera* and I urge Members to reject this proposition and the subsequent amendments that will follow but we will deal with those when we come to them.

Deputy T.M. Pitman:

On a point of order, can I just correct the Minister because I think he has misled without intending to.

The Deputy Bailiff:

That will not be a point of order, Deputy, and you will be able to reply.

Deputy T.M. Pitman:

Alright, okay.

2.3.3 Deputy M. Tadier:

I think there will be other Members wishing to speak. What is quite interesting, reading through the comments and listening to the presentation that there was with States Members... which

incidentally I think other speakers have said was done and undertaken by a company who have got an interest in making sure that high net worth individuals pay as little as possible to Government so that there is more wealth for them to manage and therefore to take. This is the inherent contradiction. We have employed a firm, essentially the poacher turned gamekeeper, except the poacher has not turned gamekeeper. What one would normally expect to do is employ somebody independent but I think that point has already been made. There is this new acronym or rather abbreviation which has been put into wide circulation now which is H.N.W.I.s (High Net Worth Individuals). It is interesting that this has only really emerged in that form such as I have seen it in the last few months. H.N.W.I.s exist yet we do not have anything similar such as Y.P.W.C.A.H.s or the Y.U.I.S. which is the Youth Unemployment Income Support is what it stands for, the youth who are unemployed and on income support and the Young People Who Cannot Afford Housing. I have never seen a report coming from this Assembly with those abbreviations in it, the Y.P.W.C.A.H.s or the Y.U.I.S.s trying to address those problems, even though they are Jersey problems. We have an abbreviation, a kind of nihilism if you like, which exists to describe individuals who do not even live in the Island who we are making very detailed and complicated laws and provisions for so that they can come to Jersey which must be very difficult for them because they have got so much money they do not know what to do with it and they want to avoid tax liabilities whereas we are not providing legislation for those individuals in our own Island who are struggling. Deputy Trevor Pitman's amendment is brilliant. This is pure genius. This is exactly what should be brought. We do not see enough dialectical politics going in. We often make amendments which try and moderate only to get very small concessions which we have lengthy debates on which we essentially fail to do anyway and Deputy Pitman's amendment is spot on. It is saying that those who have got the most in society should be able to contribute more. We have heard comments that Jersey is perhaps - and this has just been pulled out of the hat this morning - a centre of philanthropic excellence, whatever that means, and I really do not know how that is going to happen. There is, of course, another option: that Jersey becomes a centre of moral and ethical excellence and takes a stand and says: "We know that there are unscrupulous practices going on whereby rich individuals can essentially avoid paying tax because they are better than you, that they have got more resources and they are mobile but we are not going to support perpetuating this ethos. We are going to say they have to pay more on their higher income." I do not know why people in this Assembly and in the public think that just because somebody is extremely wealthy that they automatically want to avoid paying tax or that they are scrooges and that they would not love the fact of paying 25 per cent tax. After all, we know that they are all philanthropists. They all give their money to charity. They all set up trusts and they all work in voluntary shops and in hospice, *et cetera*. That is all they do. So I think they would quite welcome the opportunity to give 25 per cent of their wealth to an Island which they have recently been proud to call their home. What this proposition does is makes the bar much higher. It says that if you want to come and live in Jersey with its finite resources, with its beautiful beaches, beautiful views, you can come over. You can even jump the housing queue but in order for us to know that you really want to come to the Island and you are not just doing it to avoid taxation and doing it for mercenary reasons, we will ask you to pay slightly more than our local residents who currently pay up to 20 per cent of their income and you have to pay 25 per cent of your income to come over. That would really separate the wheat from the chaff because there is a risk at the moment that some 1(1)(k)s only come to the Island for financial purposes. There is a perception out there that some 1(1)(k)s come to the Island for financial reasons to avoid tax liabilities. Now, of course, we know this is not true because they are all pillars of philanthropy so what it does, it gives them the opportunity and for those silly Jersey people who might say things about 1(1)(k)s which are hurtful, it gives them the opportunity to say: "No, we are coming here because we want to contribute to your Island. We have got loads of money so 25 per cent for us is very insignificant. We have still got 75 per cent of a massive amount of money that even thousands of you put together will never have and because we love your Island so much, we will do that." So I think it is an excellent proposition and it gives us the opportunity to let 1(1)(k)s shine in their full glory and in what they

can contribute. I think if that happened, if 1(1)(k)s were coming over in the droves contributing 25 per cent of tax, then the rest of us would not have to pay any tax and we could just work really hard on the land for those 1(1)(k)s there.

2.3.4 Senator F.E. Cohen:

The suggestion of a 25 per cent rate of taxation for 1(1)(k)s in my view is something that we do not even have the latitude to consider. It would simply stop any new 1(1)(k)s from coming to Jersey and because it would send out such a negative and discriminatory message, it would result in 1(1)(k)s who presently live in the Island leaving in droves. The moral issues are driving this and it is for each of us to wrestle with the moral issues as individuals but penalising 1(1)(k)s with a discriminatory tax rate as a mechanism of justifying our moral views is not the answer. I will be voting against this amendment and I urge other Members to do the same.

2.3.5 Deputy P.V.F. Le Claire:

There is obviously a moral debate occurring and my moral dilemma has been outlined by previous speakers. Deputy Tadier used my name in particular when referring Members to the morality of slavery. He also used my name again when it came to whether or not the rich man was giving more than the poor woman in the Bible. I do not know why the Deputy seems intent to pick on me but there we are. He seems to be focused on me for some reason. I do not know if it is because his party is standing a candidate against me or because he has certain issues he is trying to preach to me across the Chamber. But I would agree with him, while not being entirely pleased with him this morning, that there is a moral debate but unfortunately the Deputy is more intent on preaching to me than listening to me. If he had listened to me on occasion, he would hear what I am saying rather than just constantly admonishing me. I have been saying that there is a need to provide for the poor in terms of jobs and everything else and a way of doing that is by getting the revenue from the people that are wealth creators.

[12:00]

They not only have the wealth, they also have the ability and the contacts and the networks to create wealth and one of the things it might be difficult for the Deputy to listen to me because there are some Members out there speaking as I try to make this point. Nevertheless, if no one else is listening, at least it is going to be on Hansard so I can point the Deputy to it later. Unfortunately, I did not put it across as well as I might have done. I am not the best at speaking but I was trying to put across the point in my previous speech that once people have come here, they will grow to love the Island. Everybody stands up and says how great the Island is, what a wonderful place it is to come and it is. You do not need an international company that whose expertise is in wealth-creation to be able to sell somebody with money that Jersey is a wonderful place to live. All you have got to do is invite them over for the weekend. If the sun is shining, they will be sold. Jersey is a fantastic place to live and what I was saying is that especially ... if you Members that berate me, so sorry, I have got some experience in life, I have been well-travelled and I have a wide variety of experience not only from the Royal Marines but also from international security work I have been conducting since then in other, as Deputy Fox was saying, former lives. I did not just walk in here off of a busking contract in King Street. Now, Members may know of a person by the name of Warren Buffett. Now, Warren Buffett is a very interesting gentleman along with Mr. Gates, talented at making significant amounts of money and very talented at predicting and tracking and giving people advice on how to plan to create wealth. He is a very interesting man because not only is he a high net worth individual but he is also, as I said, a philanthropist but somebody that has stuck onshore with the tax liabilities in all of his companies. He has not sought to put any of his business into offshore jurisdictions and what he said is that he would put down a 1 million dollar challenge for any executive in the United States, or anywhere in the world I believe, to prove to him unequivocally that they paid more in percentage terms in tax than any of their secretaries

and he would give them 1 million dollars and that money is still sitting on the shelf today. So nobody will pay more as a percentage of their tax than their secretaries and let us not get away from the fact people have money because they know how to make it and they know how to keep hold of it. But there are some people like Warren Buffett who also have a moral belief in the making and the holding of money and the gifting of money and Bill Gates has gifted so much money as well and there are dozens and dozens of people we could mention that gift money. So while there is a moral debate ongoing here, I think Members need to take on board the fact that my eyes are far wider open than just little old Jersey, okay. I have been away. I have bodyguarded people of enormous wealth and I have seen people with enormous wealth surrounding them and I have seen the effects that those people's wealth can have in terms of employing people and the economy. I have seen once they go, the dire effect it has upon the economy when they leave, even in small numbers, absolutely catastrophic in some cases. So I am going to ask Deputy Pitman, because I think he is absolutely right in the moral stance that he is taking here, to settle my concern that this is, as Senator Cohen has said, this thing if amended - because I was quite keen to support him... if it is going to be amended, is it going to drive away the existing 1(1)(k)s because I did not believe that was the case. Now, when he sums up, if Deputy Pitman can make that quite clear, because I think that was something that was put across that was a little bit spurious, I think that we need to be clear about this. Do we morally believe that people that have the ability to pay more should be paying more? Then now is our opportunity if that is not the case to support Deputy Pitman because I do believe that if we have a wonderful Island, and we do, then these people under these new conditions will come. We are spending money in attracting them. I do not know what we have got but we have certainly got one civil servant whose entire dedicated time is on making sure they are comfortable when they come and understand the systems. They are shown around the Island and so they should be, absolutely, 100 per cent. So my view is this so Members are quite clear in case in the next debate somebody wants to stand up and have another pop at me. I believe and I have always believed in people being allowed to make money. I do not think there is anything wrong with that. I think it is great but I also believe and I come from a poor background that that money can then be used to help the poor. It is wrong to criticise those that cannot pay tax and it is equally in my mind as wrong to criticise those that have lots of money. You should not criticise; it gets you nowhere. We should project a positive message. We have a great place to live and we are working harder at making it a better place for all, for poor and for rich and for those in the middle. We are going to use our talents within the States Assembly and we should stop talking ourselves down because nobody else is talking ourselves up. We should start talking positively about coming together and doing something positive for Jersey because that is what we are all here for. We are going to do the best we can and our successors for all of Jersey and morally it is nice now to be able to say as I finish, because I realise we are pressed for time, quite clearly and unequivocally for the record that I support mechanisms for making money wherever possible but I also believe in fairness. Now, I want to support so people are quite clear about this the principle which Deputy Pitman is putting before us. I think he is to be congratulated. As I said before, once the people are here, they are unlikely to leave and when they are here, we have got new mechanisms now to protect the property market, something I was extremely concerned about. Deputy Wimberley stands up and says: "Oh no, the wealthy are going to come and they are going to take up these houses." Where was the support for housing in the Island Plan? Do not build on anything, build nowhere, build on States sites. We cannot put 1(1)(k)s on States sites. We need to take account of all of our situations: the situation of the 750 inward migrants every year which arguably are providing little or no income but taking jobs at a time when there are high levels of unemployment and we also need to take into account the fact that there is little money around in the world today and we need to get as much of it as possible because we do not have natural resources to harness. If we can bring in the wealthy and if we can retain the wealthy, those people, in my view, in the next century, will be harnessing the natural resources of tidal power that surround us and those resources and the jobs that will go hand in hand with harnessing that power will provide for us in the next century.

2.3.6 Senator S.C. Ferguson:

I cannot avoid following up Deputy Le Claire's comments about Warren Buffett who lives in Omaha, Nebraska, and his favourite drink is Cherry Coke and he is also an Alumnus of my University. But he puts his charitable funds into a foundation and he is American and they do not always denigrate people who are successful, and this is where I think Deputy Tadier may be in a different world to me because if I think I can spend my own pittance or my widow's mite or divorcee's mite or whatever you call it better than the Government, how much more does a 1(1)(k) feel? The real problem is that we have 2 parallel systems in the Island. One is an international business centre system like London, New York, Paris, whatever; and one is a traditional county town and what we are having problems with is creating the balance between the 2 systems. Also for the last 40 years, we have not been paying for services. Services have been paid for by our offshore business and it is a bit like living on donations. The real elephant in the room is the level of States spending now that those donations have ceased. So this particular amendment exacerbates the increases proposed; the increases are necessary. I think we can live with them but the ones proposed by Deputy Pitman are in fact getting on to the punitive level and I am sorry, I cannot support his amendment.

2.3.7 The Deputy of St. Mary:

Before that intervention, this debate was taking a very fascinating turn with what Deputy Tadier said and what also Deputy Le Claire said. This notion that if Jersey is so beautiful and if we want to attract people who genuinely love the Island and do not just camp here, then ... I am not saying one way or the other about existing 1(1)(k)s by the way before anyone jumps in. If we are basically selling the natural resource that the Island has, which is its beauty, its beaches and its cliffs and its countryside, then why not ask for a premium? In fact, you would then know that the people who came here really were coming here because it was a bit over the odds. It is already slightly over the odds, but it was quite substantially over the odds maybe from other places but they want to come here because the gentleman referred to by Deputy Le Claire has shown them round and they have fallen in love with the place. I just want to give 2 examples. I know someone who is well into cycling and came over to race once and never left. That was some time ago, of course, but the point is he just fell for it and the ability he had to train in such wonderful surroundings. The second example is someone, and I think if my memory serves me right, it was at a boat club and she was singing about how she came to Jersey for some reason or other. She fell in love with it and then she was lamenting the fact that she had to leave: "I cannot stay I have to leave" and would it not be lovely and, of course, there are many, many people who are Jersey beings if you like who would never consider leaving, who love the place dearly and this is part of that debate and I think it is really interesting. The Warren Buffett notion, and I knew that as well, that he was astonished that he pays less tax than his secretary does. I did not know he had issued a challenge to other executives to find if there were any who paid more tax than their secretaries, but that is really interesting and that brings me to my second point which is that this debate is part of a much bigger debate all over the world and again I give 2 examples. One is Bono, who is a famous singer, and I think it was at Glastonbury there was a protest in front of his stage where UK Uncut pointed out that despite his public image of being very concerned about the Third World and poverty and so on, that he himself did not pay the taxes he owed to the Irish Government. They made a very potent demonstration and I think they got their banner on to BBC news or BBC coverage and that is just one example. UK Uncut are very, very active in pointing out the flaws in a system whereby the very rich paradoxically do not pay tax or pay much less tax than the rest of us and that tide is spreading very fast. I read an article whereby the methodology of UK Uncut was written about in an American magazine, *The Nation*, I think, and within 4 months, there were nationwide demonstrations about tax dodging across the United States on tax day, which is the day that you have to file your returns. It took just, I think it was 4 months, it might have been less, for a national organisation in the U.S. (United States) to start on this issue of tax avoidance and people trying to minimise their tax and not paying the tax that they owe to their home government, the place where

they live, the place that provides the services on which they depend. I am quite amused at the comment that I heard from another Deputy, maybe in response to Senator Ferguson, that if these people dislike paying tax so much, maybe they should go to live somewhere there is no government at all. Maybe they can find a little atoll somewhere without any facilities and then they would not have to pay for them. An example of this matter of tax cuts and tax unfairness and just how weird in a way what we are talking about is the United States and I remember clearly, I forget which economist or columnist was pointing it out, that in the U.S. under Bush, the tax cuts had favoured the very wealthy far, far more than middle America. Somebody is interrupting?

[12:15]

The Deputy Bailiff:

No, Deputy, nobody is interrupting. Please continue.

The Deputy of St. Mary:

It was about being quorate, yes.

The Deputy Bailiff:

I am very sorry, we are right now. Please continue.

The Deputy of St. Mary:

Yes, I am sorry I took that long. The question was about being quorate. Yes in the U.S., the tax cuts in the Bush era had favoured the very wealthy more than middle America and that for me has echoes of what we are talking about here. The question in this debate and in so many debates is who is going to pay for public services? The Minister in his summing-up at the last debate on P.113 on the principles used the phrase we need to boost revenues to pay for our public services. We need to boost revenues. Well, he did not say that when we were chopping the 2 per cent employee contribution above the cap. We did not need to boost revenues then but we do need to boost revenues with what is coming round the corner and the Zero/Ten and all the things we know about. We need to boost revenues. The question is how do we raise them? In the light of the international rising tide on this issue and in the light of this interesting notion that if you charge a premium then the people who come here will really really love the Island, I find that a very intriguing notion. It has only just come up in this debate but I thank Deputy Tadier for bringing that to our attention. I think it is a very potent idea and I will leave it at that.

2.3.8 Senator F. du H. Le Gresley:

Senator Cohen's speech made me feel, for the first time ever I think, really sorry for 1(1)(k)s who live in Jersey but having said that, he is absolutely right and the reason he is right is that what Deputy Pitman is proposing here is inconsistent because when I spoke earlier on the Minister's proposition, I stressed the importance of fairness and equity in our tax system. To do what Deputy Pitman is proposing to introduce a higher rate of tax just for a small select band of 140 or 150 people who live in Jersey is inconsistent and is unfair. So I am afraid, on that basis, I would not be able to support the proposition. However, I will remind Members that we did have a proposition from Deputy Southern on a tax system - a progressive tax system - which would have applied to all Islanders. That was the opportunity for the States to bring in a fairer tax system. What the Deputy here is proposing unfortunately is unfair.

2.3.9 Deputy G.P. Southern:

It is interesting to look because we have got absolutely no evidence here one way or the other as to what might or what might not happen if we were to adopt the proposition of Deputy Pitman and to look at some of the figures. It sounds very convincing when we talk about 140 1(1)(k)s or thereabouts who are here already and that we gather the lovely £13.7 million or whatever it is, £13 million from them until you start looking at that. What it works out at, if you have a look at

those 140 households as a proportion of the number of households on the Island, what you find is that they represent 0.3 per cent of households on the Island from which we gather £13 million, which is around 2.1 per cent of our revenue. So a proportion compared to the average of 7 to 1, so 7 times more tax gathered from these people than from the average household. So how much more wealthy are these households than the average household? When you do the sums based on a minimum £625,000 compared to an average of around £32,000 per household, what you get is that they are 20 times richer. So all of a sudden, this bandying around of £13 million is that a good return does not look quite such a good return. They are 20 times richer. We tax them at 7 times the average rate. So proportionately, it is not quite what it might appear to be at first glance. But it then demands the question is there some wriggle room, can we charge them a little more? I believe the answer to that is yes. It has been mentioned already that the only evidence that we have got has come from the Withers Report and it has been mentioned already that their main clients are high net worth individuals. We were asking the poachers to turn gamekeeper and surprise, surprise, they came up with a report that contained very little apart from I remember the statement when asked: "How many 1(1)(k)s did you talk to?" Apart from the accountants and the lawyers and the bankers and the trust funds, *et cetera*, which they talked to extensively *ad nauseum*, all of whom benefit in one way or another from high net worth individuals, and they talked to them, there was a big long list; they talked to them in London and they talked to them in Jersey. How many 1(1)(k)s was the question. I forget who asked it. It was Senator Ferguson. "How many 1(1)(k)s did you talk to?" and the answer came back: "We talked to a couple." On the basis of a 63-page report we talked to a couple. Well, that was redacted so we do not know what they said. They might have said: "I am so filthy rich, I would not mind paying 25 per cent, yes, absolutely not a problem in the great scale of things; it might make me feel better because I love your Island so much." We do not know because it was all redacted and any personal comments which might have been identified to a person were taken out and there were still 64 pages of text based on talking to a couple of 1(1)(k)s. Do you not just love it? If I ran a Scrutiny Report based on talking to a couple of 1(1)(k)s, I would get shot down. While we are about getting shot down, how ironic it was and how inappropriate that we should hear from the Minister for Economic Development a quote from Churchill or a misquote from Churchill. Something like he said, I do not get it exactly: "Never has so much been given to so many by so few." How sickening was that to hear. Having heard the Deputy of St. Mary's contribution, I am tempted and so I will quote another very quotable person Bob Dylan in reference to UK Uncut and the intensive activities, not only at political levels by the O.E.C.D. by the E.U., (European Union) but by ordinary people focusing on tax avoidance and evasion: "Come gather round people wherever you roam and admit the waters around you have grown and soon you will be soaked to the bone." The waters are rising and here we are desperately trying to ignore it. I suppose if one took a purely moral point and this is very interesting to view how the Deputy of St. Mary might vote in this particular proposition, all we can say here is that we have an unfair tax system. We are selling the right to come and live in our beautiful Island and all we are doing here, perhaps, is just haggling over the price; not a very moral point of view stance to take. However, some of us are very practical and, if necessary, if we are going to haggle over the price of coming to live in Jersey, then perhaps we take the view that the price might be raised just a little and that is all this does in order to allow people to jump the queue because that is in reality what we are talking about. Now, we are told that the market is not good; we are in competition with all these other jurisdictions. We are told - although it is completely inaccurate - by the Assistant to the Chief Minister (External Affairs) that all the 1(1)(k)s that are already here are going to go. This particular amendment does not affect that. We are told by the Minister for Treasury and Resources that this is an error; it raises the rate but does not raise the threshold and therefore gets no more money. The fact is that the combination of this package the bit that raises the threshold which does say we would like some more out of the 1(1)(k)s in order to come and live here is in the next amendment in P.114 I believe and that is the way to look at this particular move. So is there some wriggle room? Are we haggling and should we haggle? I believe the answer is yes.

2.3.10 Deputy A.E. Jeune:

I have been in this Assembly almost 3 years and I have difficulty understanding what the problem is that some Members have with those people more fortunate than ourselves. But that is life. People can be more fortunate than us. But do we not listen? Jersey's stability in its taxation is a major part of what is keeping us going. Start messing with that and we will look as wobbly as the jelly on the plate. I suggest this amendment is quite perilous and a no-go zone. I have one consolation in that I believe 1(1)(k) individuals are far too busy to be listening to the broadcast of this Assembly and will be unaware of the continual babble that seems to be endless on debating 1(1)(k)s. I think Members of this Assembly realise I will not be supporting this amendment.

2.3.11 Connétable J.M. Refault of St. Peter:

I was moved to put my light on when I heard Deputy Southern going on about haggling over the price. Well, that is what we do. We have to haggle over a price and test its competitiveness in the marketplace. If we pitch it too high, we will get no business. If we pitch it too low, then we will not get the yield that we really want. If we pitch it right, we get the best deal we can for our marketplace. One of the other things that he went on to mention was that we have only spoken to a couple of 1(1)(k)s in doing our research. I would ask what research has been done in bringing forward this proposition today. How many 1(1)(k)s have we tested in assuming that they will not leave? Has it been tested at all or is it again just supposition? If it is supposition, are we going to make legislation based on a supposition today because I will not.

The Deputy Bailiff:

Does any other Member wish to speak? If not, then I call on Deputy Trevor Pitman to reply.

2.3.12 Deputy T.M. Pitman:

I thank everyone who spoke and, as I said, I am not sure if I made the right decision but I want to save most of my comments for the next debate but to use a little quote in the beginning, because I think facts are important and especially with some of the things that a couple of Members, certainly the Minister for Treasury and Resources, said and let us look at this quote because it comes down to about do the rich make us all richer?

[12:30]

It is from my favourite economist, Mr. Ha-Joon Chang which funnily enough I tried to get the Minister for Treasury and Resources to read and he said: "I do not think I want to read that. Sounds a bit wacky." This is a gentleman who writes award-winning best selling books and he is based at Cambridge University so if he is wacky I guess there is not all that much hope for me, I accept that. But let us look at this quote: "According to World Bank data, the world economy used to grow in *per capita* terms over 3 per cent during the 1960s and 1970s, while since the 1980s it has been growing at the rate of 1.4 per cent per year." That is 1980 to 2009. "In short, since the 1980s, we have given the rich a bigger slice of our pie in the belief that they would create more wealth making the pie bigger than otherwise possible in the long run. The rich got the biggest slice of the pie, all right, but they have reduced the pace at which the pie is growing." Not some jealous, envious whatever; a world-famous economist. So, I think I will start with that quote. The second quote, which again I was going to save for the next one, is: "Of course the 1(1)(k) regime is immoral." Now, I can just feel the horror, the awful jealous lefty, but it did not come from me; it came from the Assistant Minister for Treasury and Resources just the other day and he was heard to say it, so I hope he will not try and retract it. So, that is the issue. I want to talk about the moral issue in the next debate, so I am just going to go through what people have said, starting with the Minister for Treasury and Resources. Well, I am glad Deputy Southern spoke because this is one of the red herrings in there that my amendment will make this more attractive to people with lower income; you would only need £500,000. Well, of course, it is a complete red herring; that is in regulations, it is not statutory law. To suggest that things would not be altered if these were successful I am

afraid is laughable. As for Switzerland, I mean, I would have thought a Minister for Economics and Minister for Treasury and Resources would have known, but he tries to belittle the situation in Switzerland, but there are 5 more cantons who are debating the same thing, it has already happened in Zurich, and it is not driven by a bunch of jealous lefty-whatevers, though I am sure there are some of those, there always is, but it is supported by the Social Democrat Party and the Green Party, moving very rapidly. So, I think Senator Ferguson is implying that anyone who is not a Thatcherite is a crank, so I suppose I cannot win, really. **[Laughter]** So, I think it is important that we do not have these half facts, which I am afraid, I have to say, the Minister does give us time and time again. As far as my amendment goes, obviously, I make no claim; I am not an economist, but again, if you read Chang, he says that people should use their own brain. Yes, experts are very important, but you look at common sense, you analyse things. I went and asked the Law Draftsman and I asked in the Greffier's office and there is no flaw with my amendment, so let us get rid of that red herring straight away. Now, I was grateful because Senator Ozouf, he did not attempt to do his belittling, which I am afraid he does do - it is a trait of his, to try and rubbish what people say but, I mean, we have got to have those as facts. It went on to what Senator Cohen said because he clearly showed his mind is already on his next career, I think, because he tried to tell the House that this would result in driving all those 1(1)(k)s who are already in the Island out of it. Of course, this does not apply to the 1(1)(k)s who are already in the Island. So, I think the house of cards over there is crumbling rapidly. As I say, the argument is with this side of the House. The vote may not be, but there we go; we are talking about facts. Deputy Tadier, I want to thank him for saying it was a brilliant amendment, so that has probably put the kiss of death on it. He did make an excellent speech earlier and he made points - I think he was making jest but it was true - why do we assume that all high net value individuals want to avoid paying as much tax as possible? Why? I can say, when I get to the Constable of St. Peter, I have spoken to more 1(1)(k)s about this than the review did. Some were not my choice; they phoned me up. I think that was another one trying to get through earlier, so you cannot really criticise me on that one. What else did Deputy Tadier say? He was saying it was about the basis of those who have the most should be willing to pay a little more and I think he is absolutely right; I believe that. I pay more than some people who pay no tax. I used to have a secretary, her and her husband both worked very hard, not high-paid jobs, they did not pay tax. That is fine by me. I pay tax, they did not, but it is a situation in Jersey; where would they live? They would have to be living in a cave or something. Deputy Le Claire, I mean, I think the Deputy wanted to know that this would not drive out all the 1(1)(k)s who are presently living in the Island - he made that very clear - and I think he has got his answer now because it will not drive all the 1(1)(k)s out of the Island. I did not really understand the interchange with Deputy Tadier, so I am not going to go there. Senator Ferguson felt that this was going to be punitive. Well, we will have to disagree on that; every respect to the Senator, but our opinions do regularly fall in different areas. The Deputy of St. Mary spoke, as he often does, about what is really important in life, about selling Jersey for the really important things. Is it just about paying as little tax as you can? Is that what really makes people come here? Does the beautiful scenery not count for something? The choice of restaurants; the hours that fit in with U.K. business; the close links to the U.K. and to Europe, does that all count for nothing? He very rightly said that this is part of a much bigger debate going on in the world and he is very right. You see that all over the world, the Americas certainly, you are seeing it in Europe now with Switzerland. He talked about the U.K. - that has been covered. He talked about the Bush era and really the related problems the Obama Government is facing because a certain type of politician only wants to support making life better for other people if they can have even bigger tax breaks for the rich and the problems that generates. Senator Le Gresley, I was disappointed he was not going to support it, but I did tell him earlier - this may seem as if I am picking on one group - but as I said, I want to bring forward and I will bring forward, if there is time or if I come back here, the £100,000 threshold so that 25 per cent would relate to all those people. I was told I could not do that as part of this proposition, so I understand the Senator's point entirely, but all I would say to him is it is step one of a process, so I would have done it if I could. I know it will get in eventually, it will have to because he is quite

right. Fairness, you know, we do not want the very rich penalised any more than we want those at the bottom penalised. Deputy Southern, I was pleased he was here because, clearly, whatever you dislike about Deputy Southern, he has got a very quick brain, a mathematical brain. He pointed out some fascinating figures. Tax, 7 times more tax on this group than the average person yet they are 20 times rich; 7 times more tax but 20 times richer. As he said, it certainly put the £13.7 million into perspective. That is one of the criticisms, it is always thrown at us: “Oh, do you not want this tax?” Of course we want this tax, but we want the rest. We just want people to be treated fairly. As I say, I challenge the Ministers: bring proposals to put this to the public. It might be a minority of us in here; put it to the public and you will see that the public will not support that regime at all. I absolutely guarantee it. Deputy Southern also pointed out Scrutiny would be shot down in flames if we had only talked to 2 people and, I have to say, I agree with him. I think I have answered that related point with the Constable of St. Peter because I have spoken to more 1(1)(k)s than the review did. In fact, I even listened to one who was very abusive, but there we go. They did not want to give their name, to be fair; the others gave their names and we had some good conversations and I am going to refer to one of those conversations in the next debate. Deputy Jeune, she was the last one to speak. She talked about people not listening and then showed clearly that she had not been listening. Again, the same old red herring about jealousy and having problems. As I say, we always get this. I can stand here and I do and say: “I did not come into this for money. I took a pay cut.” Yes, the *J.E.P. (Jersey Evening Post)* have tried to change that and certainly Broadlands Estate Agents, they will be in court later for it trying to smear me and my wife. I am not about money here; I do this because I care, like I hope all other Members. So, when I hear this from Deputy Jeune, that it is all about jealousy, I am sorry, but it makes me quite sickened. 25 per cent: if that is a step too far then Members can vote against. It does not mean they cannot support the other 2. I do, in closing, think it is absolutely inevitable that it will have to happen because of Jersey’s situation. Just remember, when we talk about the global downturn and what has been forced on us, that came about as a result of free-market policies and lack of regulation. Just remember, the people who are now shouting about it and cutting frontline services are the very same people who supported the policies that put the world in this mess. So, I think 25 per cent is not too much to ask, it is not going to drive away those 1(1)(k)s who are already here because it does not apply to them. With that, I will make the amendment.

The Deputy Bailiff:

Do you call for the appel? The appel is called for. The vote is on the amendment of Deputy Trevor Pitman to the Draft Income Tax (Amendment No. 39) (Jersey) Law and I invite Members to return to their seats and I ask the Greffier to open the voting.

POUR: 10		CONTRE: 34		ABSTAIN: 0
Senator A. Breckon		Senator P.F.C. Ozouf		
Deputy R.G. Le Hérisier (S)		Senator T.J. Le Main		
Deputy G.P. Southern (H)		Senator B.E. Shenton		
Deputy P.V.F. Le Claire (H)		Senator F.E. Cohen		
Deputy S. Pitman (H)		Senator S.C. Ferguson		
Deputy M. Tadier (B)		Senator A.J.H. Maclean		
Deputy of St. Mary		Senator B.I. Le Marquand		
Deputy T.M. Pitman (H)		Senator F. du H. Le Gresley		
Deputy M.R. Higgins (H)		Connétable of St. Ouen		
Deputy D.J. De Sousa (H)		Connétable of St. Helier		
		Connétable of St. Brelade		
		Connétable of St. Martin		
		Connétable of St. John		
		Connétable of St. Saviour		
		Connétable of St. Peter		
		Connétable of St. Lawrence		

		Connétable of St. Mary		
		Deputy R.C. Duhamel (S)		
		Deputy of St. Martin		
		Deputy J.B. Fox (H)		
		Deputy of St. Ouen		
		Deputy of Grouville		
		Deputy of St. Peter		
		Deputy J.A. Hilton (H)		
		Deputy of Trinity		
		Deputy S.S.P.A. Power (B)		
		Deputy K.C. Lewis (S)		
		Deputy I.J. Gorst (C)		
		Deputy of St. John		
		Deputy A.E. Jeune (B)		
		Deputy A.T. Dupré (C)		
		Deputy E.J. Noel (L)		
		Deputy T.A. Vallois (S)		
		Deputy A.K.F. Green (H)		

2.4 Draft Income Tax (Amendment No. 39) (Jersey) Law 201- (P.113/2011) - resumption

The Deputy Bailiff:

We now return to the ... [Interruption]

Senator P.F.C. Ozouf:

I would be happy to do that, but if we have another proposition, the main debate. I do not know whether many Members wish to speak in relation to the ...

The Deputy Bailiff:

Can I just deal with this from the Chair because it was going to be my call as well. We are returning to the main proposition. It has been a very full debate so far. Does any Member wish to speak on the main proposition? Very well, all Members in favour of adopting the proposition kindly show?

Deputy G.P. Southern:

The appel, please.

The Deputy Bailiff:

The appel is called for; this is on the substance of the articles which have been moved, Articles 1 and 2 of the Income Tax (Amendment No. 39) (Jersey) Law. Those Members who have left their seats, I invite them to return to their seats and I ask the Greffier to open the voting.

POUR: 35		CONTRE: 9		ABSTAIN: 0
Senator P.F.C. Ozouf		Senator A. Breckon		
Senator T.J. Le Main		Senator F. du H. Le Gresley		
Senator B.E. Shenton		Deputy G.P. Southern (H)		
Senator F.E. Cohen		Deputy S. Pitman (H)		
Senator S.C. Ferguson		Deputy M. Tadier (B)		
Senator A.J.H. Maclean		Deputy of St. Mary		
Senator B.I. Le Marquand		Deputy T.M. Pitman (H)		
Connétable of St. Ouen		Deputy M.R. Higgins (H)		
Connétable of St. Helier		Deputy D.J. De Sousa (H)		
Connétable of St. Brelade				

Connétable of St. Martin				
Connétable of St. John				
Connétable of St. Saviour				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Deputy R.C. Duhamel (S)				
Deputy of St. Martin				
Deputy R.G. Le Hérisssier (S)				
Deputy J.B. Fox (H)				
Deputy of St. Ouen				
Deputy of Grouville				
Deputy of St. Peter				
Deputy J.A. Hilton (H)				
Deputy P.V.F. Le Claire (H)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy I.J. Gorst (C)				
Deputy of St. John				
Deputy A.E. Jeune (B)				
Deputy A.T. Dupré (C)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				

The Deputy Bailiff:

Do you move the Bill in Third Reading?

Senator P.F.C. Ozouf:

I propose the Bill for Third Reading.

The Deputy Bailiff:

Seconded? [**Seconded**] Does any Member wish to speak in Third Reading of this Bill? All Members in favour of adopting the Bill in Third Reading kindly show? Those against? The Bill is adopted in Third Reading.

Senator P.F.C. Ozouf:

May I propose the Act of Declaration, which is the standard practice for bringing into place a taxation draft and bringing it into force with immediate effect?

The Deputy Bailiff:

Seconded?

Senator P.F.C. Ozouf:

The Greffier needs to read it out, I think.

The Deputy Bailiff:

Thank you. Greffier, would you read the Act, please.

The Deputy Greffier of the States:

Act declaring that the Income Tax (Amendment No. 39) (Jersey) Law shall have immediate effect. The States, in pursuance of Article 19 of the Public Finances (Jersey) Law 2005, have made the following Act.

2.5 Senator P.F.C. Ozouf:

I appreciate Members are getting the actual draft itself; it is the Act that brings into force with immediate effect the legislation that the Assembly has just passed. I move the Act. There is nothing surprising in it in relation to anything; it just simply says that it is bringing it into force by Third ... the Act that the Assembly has been approved by Third Reading.

The Deputy Bailiff:

For those Members who have not been present when this has been done before, this is what used to be called the *Acte Operatoire*. Although the law requires the assent of the Privy Council, it is possible under the legislation, the Public Finances Law, to have an Act which would bring this particular amendment into force immediately pending the formal approval of the Privy Council. Does any Member wish to speak? Deputy Tadier.

2.5.1 Deputy M. Tadier:

I appreciate that I am a newish Member. This seems very anomalous. It does not seem to have happened any time that I have been here, or if it has, it seems ... I think this needs a bit of explanation from the Minister, at least, because it seems that we ...

[12:45]

I mean, I am not going to remake the speech; we seem to have rushed a law in anyway, which has not be scrutinised properly and we are passing this very quickly. It has only been handed to us at this moment, so I appreciate that I am speaking from a point of perhaps naivety. The Minister, I am sure, can help clarify.

The Deputy Bailiff:

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

2.5.2 Senator P.F.C. Ozouf:

I do not know where the Deputy has been, but he has been in this Assembly probably after he got elected looking at the first budget, the second budget, the third budget, the Zero/Ten provisions that I did a few weeks ago. At every time the Assembly passes legislation and then there is an Act which unusually under the arrangements of the States of Jersey Law, this Assembly does not enforce legislation with immediate effect until it receives Privy Council approval, except where it is taxation legislation where the Treasury has the ability to present an Act bringing it into force immediately. The Deputy, I do not know where he has been, but he has probably done at least 4 of these, they have been explained. This is the standard procedure in relation to tax matters and I make the proposition and ask for the appel.

The Deputy Bailiff:

The appel is called for. The vote is on whether or not to make the declaratory Act, which has been circulated. I invite Members to return to their seats and I ask the Greffier to open the voting.

POUR: 38		CONTRE: 4		ABSTAIN: 0
Senator P.F.C. Ozouf		Deputy S. Pitman (H)		
Senator T.J. Le Main		Deputy M. Tadier (B)		
Senator B.E. Shenton		Deputy T.M. Pitman (H)		
Senator F.E. Cohen		Deputy D.J. De Sousa (H)		
Senator A. Breckon				
Senator S.C. Ferguson				
Senator A.J.H. Maclean				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				

Connétable of St. Ouen				
Connétable of St. Helier				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. John				
Connétable of St. Saviour				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Deputy R.C. Duhamel (S)				
Deputy of St. Martin				
Deputy R.G. Le Hérisier (S)				
Deputy J.B. Fox (H)				
Deputy G.P. Southern (H)				
Deputy of St. Ouen				
Deputy of Grouville				
Deputy of St. Peter				
Deputy J.A. Hilton (H)				
Deputy P.V.F. Le Claire (H)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy I.J. Gorst (C)				
Deputy of St. John				
Deputy A.E. Jeune (B)				
Deputy A.T. Dupré (C)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				

LUNCHEON ADJOURNMENT PROPOSED

The Deputy Bailiff:

Before we reach the adjournment, can I just report to Members that P.124 - Gambling (Jersey) Law: 25 per cent of fines to go to Jersey charities - has been lodged by Deputy Le Claire; and a report - R.97(2011) - has been presented on Jersey Tourism: A Year in Review. The adjournment is proposed and the States now stand adjourned until 2.15 p.m.

[12:48]

LUNCHEON ADJOURNMENT

[14:15]

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

The Assembly is not yet quorate. We are just waiting for a couple more Members. Very well. Before we resume, I would just like to make one small announcement, if I may. You will have noticed the faces changing in the Chair today a little. Just to inform Members that the Deputy Bailiff has indicated that he will be unable to preside later this afternoon and in accordance with Article 3 of the States of Jersey Law 2005, he has chosen the Connétable of St. Ouen to preside as an alternate to myself if that is necessary. **[Approbation]**

3. Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201- (P.114/2011)

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

Now, we move on now to the Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations in the name of the Minister for Treasury and Resources and I ask the Greffier to read the citation please.

The Acting Greffier of the States:

Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations. The States, in pursuance of Article 135A(4) of the Income Tax (Jersey) Law 1961, have made the following Regulations.

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

Minister, will you propose the principles please?

3.1 Senator P.F.C. Ozouf:

Yes, Madam. I do not wish to go into a great deal of detail on the principles apart from just to remind Members that obviously this is a corresponding matter after we have approved P.113. It provides that individuals who obtain their 1(1)(k) consent in future will be taxed at 20 per cent at £625,000 and the balance will be taxed at 1 per cent. These rates are based on the significant amount of research that we carried out. These issues have been already debated in the Assembly so I will not propose to say any more at this time and I propose the principles.

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

Are the principles seconded? **[Seconded]** Does any Member wish to speak on the principles? No, very well. Would you sum up then, Minister?

Senator P.F.C. Ozouf:

Madam, I have nothing further to say and move the vote on the principles and ask for the appel.

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

Thank you. Very well, those Members who are in the precincts ... yes, the appel has already been called for. Now, if Members are in their seats, the appel is on the principles of the Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations and I ask the Greffier to open the voting.

POUR: 27		CONTRE: 7		ABSTAIN: 0
Senator P.F.C. Ozouf		Senator F.du H. Le Gresley		
Senator S.C. Ferguson		Deputy G.P. Southern (H)		
Senator B.I. Le Marquand		Deputy S. Pitman (H)		
Connétable of St. Ouen		Deputy M. Tadier (B)		
Connétable of St. Brelade		Deputy T.M. Pitman (H)		
Connétable of St. Martin		Deputy M.R. Higgins (H)		
Connétable of St. John		Deputy D.J. De Sousa (H)		
Connétable of St. Saviour				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Deputy R.C. Duhamel (S)				
Deputy of St. Martin				
Deputy R.G. Le Hérisier (S)				
Deputy J.B. Fox (H)				
Deputy of St. Ouen				
Deputy J.A. Hilton (H)				
Deputy P.V.F. Le Claire (H)				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				

Deputy I.J. Gorst (C)				
Deputy of St. John				
Deputy A.E. Jeune (B)				
Deputy A.T. Dupré (C)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				

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

Thank you. Now, Minister, do you propose the article?

Senator P.F.C. Ozouf:

Madam, could I propose the regulations *en bloc* dealing with Regulations 1 to 4?

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

It is not that simple. There are amendments to both Regulations 2 and 3 so would you like to propose 1 and 2 to start with?

3.2 Senator P.F.C. Ozouf:

Yes, of course. Regulation 1 defines the income tax prescribed limit as the principal regulations. Regulation 2 amends regulation 1 of the principal regulations, that the standard rate will be 20 per cent but up to the limit of £625,000. This will apply to taxable income, as we have discussed on Schedule D. That is income which is not derived from renting or developing land or buildings in Jersey. Regulation 3 amends Regulation 2 so the specified rate at which any income tax under Schedule D is above the £625,000 will be set at the rate of 1 per cent. Regulation 4 ... sorry, I am just doing Regulations 1 and 2.

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

I beg your pardon.

Senator P.F.C. Ozouf:

I am just doing Regulations 1 and 2.

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

Regulation 1 and 2, that is all.

Senator P.F.C. Ozouf:

Regulation and 2, sorry. I went on to 3. I move Regulations 1 and 2.

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

Are Regulations 1 and 2 seconded? [Seconded]

3.3 Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201-(P.114/2011): amendment (P.114/2011 Amd.) - amendment to Regulation 2

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

There is an amendment to Regulation 2 in the name of Deputy T. Pitman and I ask the Greffier to read paragraph 1 only of the amendment please.

The Acting Greffier of the States:

Page 5, Regulation 2. In paragraph (2), in the added paragraph (2), for the amount “£625,000” substitute the amount “£1 million”.

3.3.1 Deputy T.M. Pitman:

Madam, I hope I do not stray on to the other bit but I am sure you will be kind with me if I do and pull me back. This amendment seeks firstly to increase the Minister's proposed sum of £625,000 up to the long established £1 million. It is probably helpful to say that the second amendment seeks to increase the rate paid over that prescribed sum, be it £625,000 or £1 million from the Minister's proposed figure of 1 per cent to 2 per cent. We will be on the platform saying: "Yes, of course it is immoral but ...". Because we have never heard that, not in the 30 years I have listened to politics in Jersey. This one underlies this and that is why we are so disappointed in the Withers Report. As we heard, I did more research and spoke to more 1(1)(k)s than a report which cost us how much? £60,000. Yet all there is is I think a line that says it was not mandated, to use those words, to look at the moral issue. Well, I am very sorry but now I refer back, in looking at this, to the quotes I used earlier. I was going to open with this. Of course, the 1(1)(k) regime is immoral and I would have been heckled, I am sure. I was quite disappointed I was not but there we go. That was because people would think it is me but when you hear the Minister for Treasury and Resources and the Assistant Minister for Treasury and Resources saying that, it really worries me because that is not the message we send out to people all the time and I absolutely know no Minister or Member who votes against my amendment. It must be because the morality of this is absolutely integral. Week in and week out, the Minister for Treasury and Resources and his Deputy champion the 1(1)(k) regime as if it is all beneficial. As we hear, there is very rarely any evidence to back up that it is just beneficial and yet off the record outside the Chamber we hear the reality. Yes, it is immoral and it is. You cannot argue otherwise. This proposal from the Minister has been sold as an increase. Well, I am sorry, let us look at it in real terms. 20 per cent now, we know, of £625,000. I see no justification for why it has been brought down from the £1 million. We see, in history, figures have right up to ... I think it was £250,000, was it, in the 1990s? It is certainly more than £200,000 and it is funny that, as tax has been rapidly increased on in terms of personal taxation, the one big difference we see is in the way we treat the ultra-rich. How do Ministers justify that? Because let me tell you, the public will not support any Member going with that platform, and that is probably why people will not support a referendum. I am afraid it is simply not good enough in a democracy for a Minister for Treasury and Resources - and this is not a personal attack but a policy-in-process based comment - to give these excuses such as: "The Assembly did not ask me to consider the morality aspect." In a report when we have asked people to look at things for us and we have paid them that kind of money, it is absolutely absurd. Absolutely absurd. Of course one has to consider the morality issue. As I say, it is fundamental. If not, then I challenge the Minister for Treasury and Resources... and I do challenge him to stand on that platform and put it openly to the people and if I am wrong and I am in the minority, I will respect it. But I do not think the Minister or any of the others who have been doing the foot-stomping will have the courage or the backbone to do it. I do hope that we are not going to go back down the route of: "This is jealousy" and that nonsense because we are all allowed to have alternative views. My record speaks for itself. I am not motivated by money and I am not jealous of people who make money. Good luck to them if it is done fairly and if it is all taxed equitably but the Minister for Treasury and Resources will tell us if he is going to take up that challenge. Members might argue that the benefits outweigh this immorality issue but, again, let us hear them say that on 19th October. Better still, let us hear them say that now and if they will not, the question has to be asked: "Why?" But let us move. We will hear the sound bites that are asking you, 1(1)(k)s, to pay, not the same amount in real terms as for ordinary people - Mr. and Mrs. Average - but a reasonable amount for their preferential treatment and will make hugely wealthy people not come. We heard that it will make them consider leaving even though, as we have heard, the legislation does not even refer to the ones we have already got. Let us keep that red herring in our mind and, to this degree, the Minister has criticised me for apparently approving at the time in his report a little more than a decade ago when 1(1)(k)s were asked to pay a much more realistic sum. The answer to that I would say is of course because I believe in morality and fairness. Of course I approve. As to the fact that this is, he says, only one that came then, I can hardly be blamed for the lack - as the Deputy of St. Mary has pointed out - of promoting Jersey in the right

way and all the many, many attributes of this beautiful Island. This is important because Jersey is surely more than just somewhere where you can come to pay as little tax as possible. We have heard them before, the beautiful scenery and it is much safer than most places, thankfully. We have got, I think, good shops, good restaurants. A lot of the shops are struggling but then that is a debate for another day. Most of the people speak English so it is easy to communicate, a few politicians excepted. We are close to England and the Continent. It is quite easy to get over there and back. Well, not always easy to get back. I will withdraw that one. The working hours are in line with U.K. business, *et cetera*. Yet we all hear from the Council of Ministers the only thing that decides these very, very rich 1(1)(k)s to leapfrog the waiting time of ordinary mortals is them being allowed to keep more of their significant and often, let us be honest, huge income. It is certainly out of proportion to Mr. and Mrs. Average. We need, I suggest, a reassessment of the priorities of what is important in quality of life terms and I know that is normally the Deputy of St. Mary's forte. He has even managed to get 2 pages in the *J.E.P.* so I do not know how he has done that. I think the rest of us are all waiting for our offer but I doubt it will come. We are also going to hear the comments and the excuse that the present regime allows us to approximately offset a percentage of G.S.T. Fine, but as so much was spun about this, it is only half the story. If the 1(1)(k)s that we had already paid the more realistic amount - though still, I repeat, less than Joe Average - we could reduce G.S.T. That is a fact and it is indisputable and this is, I am afraid, always what we get not just regarding the issues of taxation... half the picture and the selected facts that support the policies that the Council of Ministers want to pursue the politics... if I can put it - and there is no other way to put it - of greed appeasement. Now I criticised the Minister for Economic Development earlier for a quote, which I really thought he should not have used, so I will be careful the way I say this but, as my grandfather used to say to me about appeasement: "We all know where it got us with politicians in 1939." It is not good enough just to bow down because someone has got the big stick and they are threatening. Society and government should certainly be above that. Half truths are selected facts. We have heard reference to Switzerland. I will not dwell on this because I have touched on it. The fact is Switzerland is changing. There are great moves for change in Switzerland. I think there are 5 other cantons debating this very issue at the moment and there is a drive for a nationwide referendum.

[14:30]

Indeed, the proposition I have got with the Greffier, the reason it has been delayed a bit is because I thought I would check it out with the Statistics Department to see what they could say about getting the wording right, because it would have to be worded right; I fully accept that. But you only have to go on to the net or read the papers and see the majority of people do not support this. That is probably why. Do we listen to people or do we not? Is morality of importance to the people? I think it is. The beginnings are being challenged widely, despite what the Minister would have us believe. As so many have said words like "fairness" and "more equal society" should not just be lip-service words on a Strategic Plan. Now I know that I will be criticised - I have already been criticised - by some people who support my views, that my amendments are not going far enough, but it is better to get some progress, I believe, towards equality and fairness than none at all. There is no way morally that one can justify the 1(1)(k) regime, but it is here. What I am seeking to do is make the Minister's proposals a bit more palatable, I suppose, to ordinary people. We are seeing in the Americas more and more rejecting the cancer of U.S. exploitation. We are seeing it in Europe, as I say, with Switzerland. One thing that is interesting that the Minister did not touch on is a lot of the drive behind the boredom with this system, the anger with this system, was coming from very high-net value locally-born people in Switzerland, which was a big surprise, I know, when they proposed it. You had people saying: "Well, why? This is not right." It is a bit like our system when we know there are a lot of companies contributing next to nothing. How can it not upset the ordinary people? Am I anti-1(1)(k)s just because of who they are? No, I am not; I just believe in fairness. In speaking to them - of course I have not spoken to all of them - but the ones I have

spoken to it is quite interesting. One phoned me up; it was due to words put in the *J.E.P.* that I did not say, but when I challenged the journalist he said: "Well, I had to make a story out of it." I had a discussion with a lady and she did not want to give her name and she was very abusive, her argument, and it is relevant because she said: "The only reason all the rest of you are not multi-millionaires is because no one else but us works hard." As I tried to argue with her, I know lots of nurses who work hard, I know lots of teachers who work hard, I know lots of manual workers, and I have not seen any millionaires among them. That conversation did not end well because she was so abusive. I have done something I have never done before and so I eventually said: "I am going to have to say good evening" and I put the phone down. I spoke to another lady who was a very interesting 1(1)(k) - and it is relevant to this - she came in the 1990s with her family and she had been absolutely amazed to see what they paid in comparison with some other 1(1)(k)s. She could not believe it. From a position of understandably being quite hostile because as she said to me: "You know, I want to put across the personal side to you; we are people" and I accepted that. You know, they are not just statistics, although it can often be that way. But she said: "I know we are very lucky and we are preferential" and she is a nice lady, she told me what her daughter does. I mean, obviously I would not name them because it would not be fair at all and her daughter is involved in some quite good work that certainly adds benefit to the community, but she was saying: "Once every year I do a charity camp" and it was as if it was justification for what they did. Well, I said: "I have worked large parts of my life with people who have got nothing and they give night after night of their life to helping others." Do they expect the same treatment from the Minister? Well, they probably should, but they do not get it. They do not get it at all. We just get some glib dismissing comment. She said: "We have got a big manor house. What would you do? What would you do if we moved? Would you turn it over to be a commune?" I thought that did really show a lack of awareness, I think. I would say, we did end the conversation with quite an understanding of where each other was coming from. She disagreed totally with some of the low sums that were being paid. She is obviously one of the persons who is paying considerably more and she understands that they should pay for what is a great privilege, she recognised that. Yes, she does clearly contribute, from what she tells us, and her family. She admitted that does not justify the system, and as I conceded to her, that does not transfer the blame on to 1(1)(k)s for any dissatisfaction that people like me have. The problem is with the legislation that we have put in place. People who come as 1(1)(k)s are just exploiting it, if we use that term. They are just making the best for themselves, and I do not dispute that at all. The only thing I want to say about the conversation, the lady was also shocked, because she had always believed the spin that all the other 1(1)(k)s paid at least £100,000, and as we know, I think it is 82 pay nothing like. So I think a lot of these problems and these amendments would not be coming if we had a bit of openness and a bit of honesty, if I can put it that way, when we are discussing these issues. The key to this, in making it up to the million mark, hopefully, to get £200,000, is because when you look at the reality of what many of those individuals pay, in real terms it is a pittance. Yes, it is a big amount to most of us, well, perhaps not to all of us, but certainly the ordinary people in here, but then the person who earns £30,000 a year, the tax they pay is big to them, and it is much harder to pay their tax than it is for someone in that sphere. Let us just look at the front of the *Times*, I think it was, last August – 2010 - a deal that was going through by a Jersey 1(1)(k) is set to make in the region of just under £100 million. £100 million. Now I would love to see the Minister, or anyone of us, stand on the election platform and say that we can justify to people who are being squeezed more than ever with G.S.T. and all the rest of it, that allowing that gentleman to potentially pay £125,000 in 1 per cent on transactions making him nearly £100 million profit is moral. It cannot be justified, it is obscene, and I still challenge the Minister, how will he or his successors ever manage to reap the tax that even then that we say we had. It is impossible, it just cannot be done. So a sale, one individual, £100 million, very nearly. Please Minister, when you speak, tell us how that is a ... I would like to know how I can tell that to people down at Berkshire Court, down at La Collette. I would love to. On the election platform, I will certainly be raising this issue, and I look forward to those who are going to vote against me; I really, really do. The fact is I have put forward a compromise, and a

deliberate one. I would rather get some small steps along the way to that much bigger debate that the Deputy of St. Mary talked about, which needs to be made. If I can get any of these through, then it is a little step forward.

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

If I may say, just before you continue. This is just a narrow area, of the difference between £625,000 and £1 million?

Deputy T.M. Pitman:

Yes. I am trying, so I do not have to speak again, ma'am.

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

You will not go over the entire debate again.

Deputy T.M. Pitman:

Yes. I have to touch on the next issue, because the Minister was trying to imply that all my legislation would bring in people who were less wealthy. Of course we have seen that was a nonsense. I know that was not his fault, because he did not write his notes, he said he just okayed them. So I ask Members, 20 per cent, as it now is, on a million. Is that going to drive everyone to the hills? Is that going to deter everyone? Someone who perhaps has just made a sale of nearly £100 million. Is that really, £200,000? Just, Members, focus on that in comparison with the tax that many of the people you represent have to pay. Please focus on that, and what those listening people will think. I will not stray any more on to the 2 per cent. In fact, I think I will leave it there and just refer to the quotes from Ha-Joon Chang, which I am really waiting for someone to discredit, and the fact is they cannot discredit it because he based his facts on World Bank data. These myths being spun that pander - and I use the word the *J.E.P.* accused me last time of, pandering - to the rich, they do not work. I am pushing for that million because, as Deputy Higgins touched on the issue, there is nothing in what the Minister is doing, with his figure, that will guarantee investment in the Island. That is what he really should have done and that is why, one of the reasons, I have increased the figure. There is nothing he has put in place to say: "Okay, you can come in, you will pay just £125,000 and your 1 per cent." That is what Chang points out, and others point out: without that regulation to make people invest, trickle-down does not really work. The trickle-down is like standing under a very unpleasant liquid, probably, for those who suffer the consequences but do not get the benefits we are always sold. So I will leave it there, £200,000 on a million, I think it speaks for itself with the sums, just that one example I have given. I will save the rest for the next one, thank you. I make the amendment.

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

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

3.3.2 Senator P.F.C. Ozouf:

I think that Deputy Pitman has been effectively revisiting a lot of the issues that we have had in the earlier debate, so I am not sure that I am going to get any plaudits from Members to go through any of these issues, because I think we have already debated them. Suffice it to say that I have made the arguments and explained them in terms of my comment to this amendment, and in the previous debate, that our current system is uncompetitive and encourages investment outside of the Island and we are trying to change that. We have done our research, we have looked at this issue, and I would also remind Deputy Pitman, if I may, that the issue that Senator Le Gresley raised earlier about the cap, in terms of an overall cap limit, is also something that I have not accepted. I have not accepted it for local taxpayers and I have not accepted it for 1(1)(k)s either. I am proposing the overall limit, based upon a competitive situation for Jersey, and the amount that we are asking new 1(1)(k)s to pay that are going to be coming to Jersey, is going to be higher than the arrangements that are in place for other places, and they are not just going to get the £115,000 that is in the Isle of

Man or the limit that is in Guernsey, which means that they are going to put their money outside of Guernsey. They are paying a very high payment on the £625,000. It is already high and it is 1 per cent above that, but we will deal with the 1 per cent. I just want to perhaps finally say, we have done our research and these are my recommendations to the Assembly, and the Assembly will make their mind up about whether or not they think that we have evidenced this and whether this is, on balance, the right thing to do. I will just deal with one issue, and that is this issue that there is not public support about these issues. I will say that I have been quite struck in talking to people over the last few weeks, when these issues were announced, in how much support there is in terms of bringing wealth creators to Jersey and boosting our tax revenues. I spoke to a taxi driver, who is probably not known to me as one of my greatest supporters in relation to G.S.T. and other matters, but this individual said: "I think you are doing the right thing in creating an environment to bring people to the Island, bringing wealth and prosperity so that my kids can get some further opportunities in terms of employment across the board." I was very struck by that and that is certainly the message that I have had from all sectors of the community. If I may also say, Deputy Pitman does not have a monopoly on caring for low income people. If we did not have the payment into the Treasury of the existing 1(1)(k) regimes - and I am hopeful, in terms of the receipts that we will get from our new regimes - then we would be having to ask all residents to pay more, and we would not have the resources in order to invest in the areas that he is concerned about. I am going to make more comments about this in the Budget later on this year, but I am determined to ensure that I have the necessary resources to pay for the political priorities which he cares so passionately about. I simply do not understand how he stands in this Assembly and says that he wants to protect the people that he, maybe pejoratively, said that were in those places, in terms of location. I want to create an environment in which we have the resources to look after low income families and people that need, and this policy is designed to achieve exactly that. I have nothing further to say, we have done our evidence, we have done our research, and I maintain that the £625,000 is the right level and the competitive level, and I urge Members not to support the amendment.

[14:45]

3.3.3 Deputy M. Tadier:

If the Minister can provide me with this research and the information showing that 1 per cent is the optimum level and 2 per cent is not the optimum level; if he can produce a graph which shows the point at which it starts to dip, which is the optimum point, so that when along one axis you have the percentage, which goes from zero right up to 100 per cent tax, and then the actual tax yield that that would produce; if the Minister has that research, which I suspect does not exist because it was never done, if he can produce that for me, I will absolutely be happy to reject Deputy Pitman's amendment and support the Minister's proposition. That is irrespective of the moral argument, but unfortunately this research, which we seem not to be privy to, and we are being told: "Trust me, it is okay", we have not seen that, we are not basing anything on evidence. So it does not matter whether the Minister stands up and says, if we increase this to 2 per cent we are going to lose revenue, which is going to harm the poorest in society, or Deputy Pitman or myself stand up and say: "Well, we think that they are not contributing the optimum amount and we could be improving the tax yield." It is all meaningless because it is unverifiable, because the research has not been done. The Assistant Minister said: "You do not need evidence because I have candles", and we have been burning the candle at both ends by the looks of it. So we are not in a very good situation, and we have also talked about jellies. If we do not do this, then we are going to end up with a jelly on a plate. This is the level of research and debate that we have resorted to in this Chamber in the absence of any real evidence. Now as I said, we have made the moral arguments earlier, we are not looking at that. Deputy Trevor Pitman is trying to find what the optimum is. I entirely believe that people who come here ... and we are not asking them to pay 20 or 25 per cent on their entire incomes, we are asking them simply that on the first million they pay a little bit more, and on

everything subsequently, they pay 2 per cent. So it is really not correct to say that this is going to break the camel's back. Some may leave, it might attract others. In the absence of any research, it seems to me that, knowing 1(1)(k)s who have come here, if they are likely to come here with 1 per cent of their wealth, they will come here with 2 per cent of their wealth, if they are going to pay that at all and declare it anyway. So I think that is all I need to say. Thank you.

3.3.4 Deputy G.P. Southern:

I just want to look at what we are doing here, because I mentioned the word “haggling” before, and I think we are definitely in the soup. We are in the market, and we are haggling over the price of beauty. It is not quite anybody making an offer for anyone's wife, but it is not far off. The question is £125,000, is that the right price, or is it £200,000? Now remember what we have done, we have changed the rules, and we are looking now at where the thresholds should be set. The rules used to be, you pay 20 per cent on your first million, 10 per cent on your next half million, and 0.5 per cent thereafter, and what you should do is divert your income stream to Jersey to establish, under those rules, at least £100,000 worth of tax to this particular body. We are told that that is not attractive enough and we are told equally - work it out, it is very simple - that what we have had has produced a certain level of revenue. So we are talking about 130, 140 individuals producing £13 million. If you do the sums, you work that out, it comes out to around an average of £100,000. Now way back, some of those 137 or 140 were paying next to nothing compared to now, and they have not been inflated since, so they are paying things like £7,000, £10,000, £12,000. It follows therefore that the most recent arrivals under 1(1)(k) have been paying substantially more than £100,000 in order that the average should be £100,000. So we have a situation where 1(1)(k)s arriving in recent years have been quite happy to pay more. Not just the minimum, not just £100,000, and I see the Minister shake his head with his sad look of resignation: “Here goes Deputy Southern again.” Well, he is going, Deputy Southern. The numbers, that is what they say, and I await anybody from the Council of Ministers, Treasury and Resources **[Interruption]** ... No, he will not, because you can have a go in a minute. To say that the numbers say otherwise, not that the concepts say otherwise, but the numbers say otherwise. Recent arrivals must have been paying more than a minimum, more than £100,000: fact, and yet we are told that is not good enough. What we have to do is this new method: we will assess you 20 per cent on your first £625,000, which produces £125,000, so we have upped the minimum, which ... hang on, some people are already paying well over the odds, but we are applying 1 per cent to your world income. Now I pointed out earlier that is unlikely to work, because no 1(1)(k) applicant in their right mind is willing to announce to a government what his or her total world income is and how it is arranged.

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

Deputy, does the 1 per cent refer to the next amendment rather than to this one? This one is simply the difference between £625,000 and £1 million, is it not?

Deputy G.P. Southern:

Alright. I accept that we are to come on to that, and I will try not to mention 1 per cent or 2 per cent again until I am given the sign. And why are we charging the price? Why are we charging the price, whether it be at £125,000 or be at £200,000, and what is the appropriate rate to charge? I think Deputy Tadier was very right when he said: “If you can show me when the return gets less”, but it is worse than that, and it is a very vague concept. I have a little graph here that says: “Tax return against beauty of Jersey.” The measure is just how sellable, how beautiful is Jersey, to attract people, at what rates, and that is something that certainly I do not think we have quite got the evidence on, apart from the fact that when people talk about coming to Jersey: “Oh yes, but you have such quality of life in Jersey.” It goes into wage negotiations day in and day out, year in and year out. But people want to come to Jersey, of course they do, so there is some value. If I can just briefly; why are we charging the cap? I think the Assistant to the Chief Minister (External Relations) - the ‘Foreign Minister’ - almost gave the game away when he suggested in the previous

debate that we need these people, these 10 or 15 or whatever it is a year, in order to kick-start the housing market, but he did not quite say “kick-start the housing market”, and if we kick-start the housing market again, so we have some people coming in and buying at the top end, but what are we going to see? We are going to go back to rising house prices again, and at the bottom end we will be even less able to afford to buy our own houses. He also said then that he suggested the idea of a cap. He said: “Oh, the idea of a cap”, because it really is not worth the candle - to go back to candles - it is not worth the candle to start investigating some people’s earnings worldwide because they will, quite frankly, be too complex. Exactly the argument I am using to say that the new system is very unlikely to work because you will not be able to verify whether the figure you have been given is the correct one, because it is hidden by all sorts of means; trusts, beneficial ownerships of trusts anywhere in the world - very complex. So on the grounds that it will not work, again, you can say: “Where do we set the limit?” Set it where we like, £200,000 - it used to be £200,000 - 20 per cent on your first million. Then I started thinking, what does it represent to a millionaire, the difference between £200,000 and £125,000 a year? It matters a bit; does it matter a lot? Let us make him a multimillionaire: minimum £125,000 or £200,000? A multimillionaire; let us say he has tens of millions, which is very common nowadays, it matters one tenth as much. Take it one stage further. Let us just go up to the multimillionaire with hundreds of millions of pounds, worldwide income. Does it then matter where that £200,000 is, whether it is £125,000? It starts to matter not a lot. My wife was talking to me. We were talking about this over lunchtime, and she said: “What is that number that is so big that nobody can imagine how big it is?” It is a googol, because we looked it up, and it means 10 to the 100th power. I am not suggesting that anybody yet has got to the level of a googol millionaire or even better, a googolplex millionaire, which is 10 googol. Those numbers get so big. But what we have been doing here, by stating that the minimum has gone up to £125,000 is somewhat misleading because all we are doing is playing catch up, as we have done over the years, with, how rich are 1(1)(k)s? Nowadays, some of them will have tens of millions, some of them may even have hundreds of millions, and the fact that we are arguing over £200,000 or £125,000 is like a flea bite on the backside of a camel.

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

That is not a parliamentary expression, please. Would you withdraw that, Deputy?

Deputy G.P. Southern:

I certainly will. It is a flea bite in the flesh of a camel. So I think there is an argument that says we can quite safely go to 20 per cent on the first million - it is what we used to have - and I believe many people who came here quite happily paid that and above, and I do not think, wherever that graph is, Deputy Tadier’s graph where the peak return comes, I do not think that is going to make an awful lot of difference. So I for one will certainly be supporting this part of the amendment.

3.3.5 Deputy E.J. Noel:

I believe that Deputy Southern has inadvertently misled the House. Some time ago, from Treasury, we have answered a number of written questions and oral questions, but I refer to written questions that we have answered previously. The recent 1(1)(k)s, post-2005, do not pay well in excess of the minimum. The figures have been published. The average is around £100,000. Those are published figures that we provided Members of this House already, in the past few months. The reason for that is because our present system, although it sets a minimum, in reality that is a maximum, because our present system encourages 1(1)(k)s coming to the Island to structure their affairs before they get here, and to not bring their wealth to the Island in its entirety but to structure it offshore, and many of those structures are on our sister island. The whole point of this legislation is to make us more competitive and our immediate competitors are ... our immediate competitor is Guernsey. Our next competitor is the Isle of Man. The £125,000 figure has been chosen quite carefully. Yes, it is to some extent, a finger in the air because we have not got statistical data to back it up, but it is a best guess, it is better than where we are. This whole regime is designed to try

and encourage more 1(1)(k)s to come to the Island and to get more value out of those. If we go along the lines of this amendment, we just simply will not attract them and as much as Deputy Southern may say that multimillionaires and the millionaires that are worth well in excess of £100 million - and I cannot remember the term the Deputy used - a googol millionaire, if there ever was such a thing, then I am afraid that yes, the amount of tax paid is relevant.

[15:00]

It is one of those things that they look at. It is not the sole thing they look at, but when you are comparing: “Do I go 20 miles further west to Guernsey or do I come to Jersey”, if we are significantly different to our sister island, we just simply will not attract them.

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

Before you sit down, Deputy, could I just check that you meant Deputy Southern inadvertently misled the House?

Deputy E.J. Noel:

Yes, I did say that.

Deputy G.P. Southern:

May I seek clarification from the previous speaker, because I am very confused now. He refers to answers in the States that have been given. I have not got those in front of me, but can he accept that if there are around 130 1(1)(k)s and they are paying something like £13 million, that if you divide one figure by the other, you get an average of £100,000 and that ... Is he saying that, and can he confirm that some of those who came early - 30 years ago, 20 years ago - are paying far less than that, therefore some people must be paying far more?

Deputy E.J. Noel:

Yes, Deputy Southern does know his mathematics. Some are paying substantially more than that, but not the ones that have come here under the previous regime since 2005.

3.3.6 The Deputy of St. Mary:

The one we are debating is the level above which we go down to 1 per cent as a tax rate on the very wealthiest.

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

We are not on the 1 per cent at the moment, Deputy, we are on ...

The Deputy of St. Mary:

I am sorry. I did say, what we are debating now is the level above which we go down to 1 per cent, I think that is correct, above which we go down to this rate of 1 per cent for the very wealthiest, and I want to just make one point about fairness. It always strikes me in these sorts of debates and it was brought home to me by today's headline in the *J.E.P.*, and that jolted me into a train of thought which I often have. The first example is the *Daily Express*, which goes on and on - I know it is not a Jersey newspaper, thank the deity for that - but they go on and on about cheats, benefit cheats, asylum seekers and scroungers, headline after headline after headline. But if you were to put the owner, Mr. Desmond, his tax affairs under the spotlight, it would not look so rosy, and there is a huge contrast there of hypocrisy. The *Daily Telegraph*: “M.P.s’ (Members of Parliament) expenses scandal”, £20,000 here, £15,000 there. Thank goodness they have not exposed us yet. Not, of course, that there is any scandal at all here, but the brothers who own that newspaper are sitting pretty and, by my admittedly rough calculation, are avoiding around £7 million a year in tax by living in the Channel Islands. Yet it is a scandal that the M.P.s are pretending they have this amount ...

Senator F.E. Cohen:

If I may, if the Deputy would give way.

The Deputy of St. Mary:

I am willing to give way, Sir.

Senator F.E. Cohen:

Is it appropriate... it is not a criticism of the Deputy, but is it appropriate to be referring to clearly identifiable individuals in this way?

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

I was wondering exactly where you were going with your line of debate. I do not think you should be naming individuals or talking about individuals in such a way that they can be identified. You can talk in general terms of course.

The Deputy of St. Mary:

Thank you, Madam. I am coming around to our local paper via the *Daily Express* and the *Daily Telegraph*, both of whose proprietors have issues in tax avoidance, and if people know who they are, they know who they are. Now coming back to the *J.E.P.*, the headline today: "Crack down on benefits for jobless" which is what stimulated this train of thought. I do not have an argument with some of what we have decided, and in fact it was reinforced by a conversation I had at lunchtime with a gentleman in King Street. He was telling me about how if he was employed by Social Security he could save the Island millions on benefit cheats. He knows where they are and he could do some investigation and so on and so on. We had an interesting conversation about how much benefit fraud there is, how many people are joyriding on the system, free-riding on the system, and so on, and I have a lot of sympathy with that view. It really bothers me when I read the emails that Senator Shenton circulated a while back with this debate about who is free-riding, who is not; where are the limits; how do we support people correctly and yet avoid any scrounging culture. That is the issue, is it not, fairness, and I do believe in that. Fairness with the benefit system because otherwise, of course, some people are taking the mickey of other people and the taxpayer. So that is the issue at one end, that is why it matters, but you have to apply the same fairness at the other end, and that is all this amendment is about. It is going from 1 per cent to 2 per cent of googols of income, mega incomes, and as Deputy Southern has pointed out, £75,000 for people who are very, very, very wealthy is ... you have to relate that to what I have been saying about benefits, the difference between someone supported rightly on benefits and someone who is taking the mick of the system. I just am not absolutely spot-on with the connection, but I know that there is a connection there about fairness and how we approach things.

3.3.7 Senator A.J.H. Maclean:

I spoke on P.113 earlier today. The points I made in that particular debate stand largely for this debate, so I do not intend to repeat them again. What I would like to say is that in that earlier speech I made reference to a quote, and it was a quote by Churchill, which I think on reflection was inappropriate and I would like to take this opportunity to apologise for that comment because I think it was inappropriate. It was not intended in the way that it came out. I am the son of a soldier who fought in the war, and 2 of his brothers died in the war, so I would not wish to leave any offence to anybody, either in this House or who might have been listening. So I wish to apologise for that and withdraw that earlier quote that I used inappropriately. **[Approbation]**

The Deputy Bailiff:

Does any other Member wish to speak? Then I call on Deputy Trevor Pitman to reply.

3.3.8 Deputy T.M. Pitman:

I have changed seats again in the ever-musical chairs. I will just say to start with, I think the Minister for Planning and Environment deserves credit for that, because I found it offensive and I know he is not an offensive man. His politics are offensive, but he is not an offensive man, so respect to him for doing that. I am sorry, the Minister for Economic Development. The former Minister for Planning and Environment is an offensive man, but ... Senator Ozouf talked about wealth creators and I have no problem, yes, we should have wealth creators.

The Deputy Bailiff:

For the sake of Hansard, that was of course a joke?

Deputy T.M. Pitman:

Of course. All jokes should be made through Deputy Martin. Of course she can get away with absolutely anything, as Deputy Southern should have realised. I love the former Minister for Planning and Environment, he is wonderful. He is a good friend. Wealth creators, that is what we all want, but unfortunately, when you look at what the Senator is telling us, it makes you a bit confused because he is undermining everything that has been sold to us for 30-odd years. Apparently they were all here and justified because they were in our community employing everyone, huge swathes of employment opportunities for everyone, and now we are being told that this is why we have to give them that extra little assistance. While we have this 1,500 unemployed, yes Deputy, while we have this fiasco, we would have to all say, with Zero/Ten, the companies contributed next to nothing. So I do not really know what to make of Senator Ozouf's comments. What has been most striking out of the few people that have spoken is that there are so many who have not, and that probably speaks louder than any words. It will be indeed interesting to see how many who vote against this have not been able to come up with any arguments against it. Does that not say a lot? In fact it says probably all that really needs to be said, and I look forward to them standing, as I say, at the election, because it has really enthused me for the election hearing this debate. Deputy Tadier, yes, he spoke about, he would like to know where that change is, from the 1 per cent, 2 per cent. He strayed over, but I understand where he is coming from. He says the arguments put forward there were pretty meaningless. Like me, he suggested that the issue that Senator Ozouf, the Minister for Treasury and Resources, keeps ducking is morality. The Minister just does not want to face up to it and it is not good enough. Deputy Southern, he got into trouble for talking about a certain part of a camel, but the point he made was a good one I think. For someone with such potentially huge incomes, and I just gave one example, the difference between what I am proposing and what the Minister for Treasury and Resources is proposing is absolutely insignificant, and again, I challenge the Minister to put that argument, that is different to any ordinary member of the public facing ... I am sorry, they are chattering away with the Minister for Health and Social Services. I will stop if he wants. It just shows how seriously some people take this. Then again, she will be losing her seat soon. I am sorry, Sir, with due respect, you pull some people up. He is talking all the time, let us have some consistency, I would have to say.

The Deputy Bailiff:

It rather depends on the noise levels, Deputy.

Deputy T.M. Pitman:

Well, I can hear him.

The Deputy Bailiff:

And my assessment. Then certainly, if that is the case, I am sure those close to you would want to keep their voices down, so you cannot.

Deputy T.M. Pitman:

Thank you, Sir. Deputy Southern, as I say, he made a good point. Is it a huge, insurmountable difference between the £200,000 or the £125,000? I suggest he is completely right: no, it is not. It

will not bring about a mass exodus because those people who are here are not going to be affected, we are talking about new members. I think it was the Deputy of St. Mary who pointed out ... or was it Deputy Noel, I think it was Deputy Noel. He made the point really strongly for me, because he said we had people who were paying a lot more in the past and they have not all left, which completely undermines the Minister for Treasury and Resources' argument. We have people here who are paying ... I think it is 19 who pay less than £10,000, and I think it is 10 of those who pay less than £5,000, something like that. We have other people who pay a lot more. Now they have not left, they have found the other things that Jersey has to offer, that we have been through, the scenery, the safety, the close ties with the U.K., Europe, *et cetera*. They found those things were more important. So I think the Minister's house of cards crumbles. Who else spoke? Not many. The Deputy of St. Mary highlighted a good point when he talked about the way we focus on benefit cheats. Now, I am totally opposed to people playing the system, but is it not strange how we get these headlines and detract... The Minister knows a case, an 88 year-old woman (and this is relevant) an 88 year-old lady who has done more for this Island than any one of us 53 Members, has been seriously ill, had a terrible fall. She has been treated absolutely like a criminal by the Social Security Department. She has been put into almost trauma. People coming around to her and asking, because the doctor had asked her husband ... they do not live together, her husband has gone and stayed there, and the jobsworth who went around there: "Where does your husband sleep?" She is 88, and this is what we focus on, the bottom, these awful benefit scroungers. Well, I am sorry, I do not approve of benefit scroungers at the bottom, I do not approve of people at the top scrounging, dodging. Pay your way and I welcome you with open arms. That is what this comes down to, it is about a level playing field, it is about integrity, honesty, and if the Minister is going to propose this, saying, as his Assistant Minister said: "Yes, the system is immoral, but we think it is okay, we can suspend our commitment to morality, this is what we believe in." I do not think I will see any Members saying that. £200,000, it is not an appalling amount for people who you hear are having sales in the region of £100 million. I should probably add, one of those individuals I must not talk about, and I would not name him, we have all these great checks; well, you go and do a bit of research. There is a gentleman here who made money initially as a mercenary. It is a fact, it is well-known. The case was originally rejected, then it was taken up by a certain Senator and then it was overturned.

[15:15]

Now that is another debate, one man's freedom fighter is another one's terrorist. But let us not have this nonsense - this rubbish - that all the people who come into this Island are whiter than white, because it is not true and that has to have an impact on Jersey. I will probably be shot by lunchtime as I have been told by a Senator. Thank you, Sir, I make the amendment.

The Deputy Bailiff:

The appel is called for. The vote is on the first amendment of Deputy Trevor Pitman to Regulation 2, and I invite Members to return to their seats and ask the Greffier to open the voting.

POUR: 10		CONTRE: 33		ABSTAIN: 0
Deputy R.G. Le Hérisssier (S)		Senator P.F.C. Ozouf		
Deputy G.P. Southern (H)		Senator T.J. Le Main		
Deputy P.V.F. Le Claire (H)		Senator F.E. Cohen		
Deputy S. Pitman (H)		Senator S.C. Ferguson		
Deputy M. Tadier (B)		Senator A.J.H. Maclean		
Deputy of St. Mary		Senator B.I. Le Marquand		
Deputy T.M. Pitman (H)		Senator F.du H. Le Gresley		
Deputy M.R. Higgins (H)		Connétable of St. Ouen		
Deputy D.J. De Sousa (H)		Connétable of St. Helier		
		Connétable of Trinity		

	Connétable of St. Brelade		
	Connétable of St. Martin		
	Connétable of St. John		
	Connétable of St. Saviour		
	Connétable of St. Peter		
	Connétable of St. Lawrence		
	Connétable of St. Mary		
	Deputy R.C. Duhamel (S)		
	Deputy of St. Martin		
	Deputy J.B. Fox (H)		
	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 I.J. Gorst (C)		
	Deputy of St. John		
	Deputy A.E. Jeune (B)		
	Deputy A.T. Dupré (C)		
	Deputy E.J. Noel (L)		
	Deputy T.A. Vallois (S)		
	Deputy A.K.F. Green (H)		

3.4 Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201-(P.114/2011) - resumption

Senator P.F.C. Ozouf:

Sir, I think I need to ... do I need to put the regulations, as we need to vote on Regulations 1 and 2 before we move on to Regulation 3.

The Deputy Bailiff:

The notice I have here is that Regulations 1 and 2 were proposed. This is Regulation 3. Thank you very much. So we return to the debate on the main proposition, which concerns the adoption of Regulations 1 and 2. Does any Member wish to speak? No Member wishes to speak. All Members in favour of adopting the regulations, kindly show. The appel is called for on the adoption of Regulations 1 and 2 as proposed by the Minister. Members return to their seats, and I ask the Greffier to open the voting.

POUR: 34		CONTRE: 8		ABSTAIN: 0
Senator P.F.C. Ozouf		Senator F. du H. Le Gresley		
Senator T.J. Le Main		Deputy G.P. Southern (H)		
Senator F.E. Cohen		Deputy S. Pitman (H)		
Senator S.C. Ferguson		Deputy M. Tadier (B)		
Senator A.J.H. Maclean		Deputy of St. Mary		
Senator B.I. Le Marquand		Deputy T.M. Pitman (H)		
Connétable of St. Ouen		Deputy M.R. Higgins (H)		
Connétable of St. Helier		Deputy D.J. De Sousa (H)		
Connétable of Trinity				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. John				
Connétable of St. Saviour				
Connétable of St. Peter				

Connétable of St. Lawrence				
Connétable of St. Mary				
Deputy R.C. Duhamel (S)				
Deputy of St. Martin				
Deputy R.G. Le Hérisier (S)				
Deputy J.B. Fox (H)				
Deputy of St. Ouen				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy P.V.F. Le Claire (H)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy I.J. Gorst (C)				
Deputy of St. John				
Deputy A.E. Jeune (B)				
Deputy A.T. Dupré (C)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				

The Deputy Bailiff:

Very well, do you wish to propose Regulation 3?

3.5 Senator P.F.C. Ozouf:

If I may propose Regulation 3, which specifies the rate at which income under taxable Schedule D above £625,000 will be taxed, at 1 per cent. I move the regulation. **[Seconded]**

3.6 Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201-(P.114/2011): amendment (P/114/2011 Amd.) - amendment to Regulation 3

The Deputy Bailiff:

There is an amendment in the name of Deputy Trevor Pitman. I will ask the Greffier to read the citation to the amendment.

The Deputy Greffier of the States:

Page 5, Regulation 3. In paragraph (2), in the added paragraph (2), for the words “1 pence in the pound” substitute the words “2 pence in the pound”.

3.6.1 Deputy T.M. Pitman:

I do not need to say very much on this. Again, we have heard nothing to support, any science, behind what the Minister is proposing. I have given a very good example how absurd it will be for one Jersey resident, a real case, a well-documented case. I am quite open, my own amendment is not really, nearly enough. But at least it would be a step on the way, a little step forward to making this all more palatable. Just think, 2 per cent on £100 million, would that not be nice? I would like it. So as I have got no evidence from the Minister, it is going to be a very subjective decision for people, but all I would say to Members is just try and put yourself in the place of those ordinary people, and these incredible sums we are talking about. How can we justify offering so fortunate people ... and of course, many of those people have made their money completely legitimately, no question about that. But even then, how can we justify telling them, when we have just increased G.S.T. to 5 per cent, when taxation is increased as a percentage on people instead of companies, where life is getting tougher and tougher and tougher all the time, 1,300 people out of work. How would any of us justify when we are asked, and I am sure we will be asked in October, that we are

potentially asking someone with a sale, a profit, in a company of £100 million, 1 per cent. We probably will not be able to justify telling them why we are only asking them for 2 per cent, but I think that probably might take some of the sting out of it. I will leave it at that, thank you, and I make the amendment.

The Deputy Bailiff:

Is the amendment seconded? **[Seconded]** Does any Member wish to speak?

3.6.2 Senator P.F.C. Ozouf:

During the course of the review on 1(1)(k)s the message we got time and time again was that our regime was too complicated and it did not basically allow new residents to structure their affairs in a way that we would achieve the maximum benefit to the Jersey Exchequer, both in terms of direct contribution and indirect, and that is why we have designed the rates to be as simple as possible and to ensure that the incentive is to bring business to the Island. I fully accept that the 2 per cent may appear to make little difference, and in terms of the message, frankly, it may not. But what I would argue against is the assumption that doubling the rate will double the revenues. I am afraid that that is not valid. With the minimum tax requirement of £125,000, which we have already discussed, plus a little more, we are already more expensive than the competition. Adopting this amendment would make us even more expensive than the premium rate that we have already debated and that I have explained to this Assembly. So I want to send out the message that we are absolutely wanting to attract high net worth individuals, and that we want on balance to make it as competitive as possible. My recommendation to the Assembly is 1 per cent, in the way that we have dealt with, and I urge Members to reject this amendment, based upon the research that we carried out.

3.6.3 Deputy G.P. Southern:

Miles away; just for a minute, I was miles away. I was talking to the Deputy of St. Mary, which is not a separate tax haven, no. I keep saying about this wonderful new plan we have for 1(1)(k)s that it is not going to work, and I just want to take the opportunity to ask 2 questions. I am afraid the Minister for Treasury and Resources got in before me, otherwise I would have asked him beforehand, but maybe it could be answered by the Assistant Minister for Treasury and Resources behind me. The question is this: we are now proposing to tax at 1 or 2 per cent, worldwide income from our 1(1)(k)s. The first thing is, how does that ... if they declare, for example, that they make their money from logging in Indonesia, from mining in South Africa, and manufacture in Czechoslovakia, how the declaration of their total earnings to us will tie-in with the T.I.E.A.s (Tax Information Exchange Agreements) that we have with those countries, should they inquire about what this person's earnings are there. The second one is my understanding is that in the U.S. a U.S. citizen is liable for his earnings to the U.S. Government for all their worldwide income. How does a declaration to us of: "This is the size of our worldwide income", tie-in with the absence or the declaration to the U.S. that says: "This is my worldwide income, tax me on it in the old home country." How does the interaction between those 2 situations work in this particular case?

The Deputy Bailiff:

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

3.6.4 Deputy T.M. Pitman:

Again, the silence says more than enough. It gets better and better. It is great to bring something that you can win, even if you lose. So who did speak? The Minister for Treasury and Resources, who really confirmed that there has been no science behind his proposals whatsoever, in a nutshell. I think he would accept that. He has done nothing to justify why the 2 per cent would cause huge problems or be a deterrent. I cannot even remember what Deputy Southern said, it has been such a long week. T.I.E.A.s, and how it would all work, how would it be assessed? How would these agreements with people operate? It is interesting, because in summing this up very quickly, one of the things I did not mention- it is very relevant - when I was quoted in the paper some months ago,

there was a letter, quite a vitriolic letter, from an estate agent lambasting my views, and that is fair enough, everyone has their rights. But when I received something in the post through a constituent, this gentleman was ... his business was just promoting business for 1(1)(k)s, and it made the point you will have to make a declaration of your worldwide interests, but before you do, do not go straight to the Treasury, speak to one of our recommended lawyers and accountants and they will help you construct your declaration. Does that not say it all? So what it keeps coming back to, we cannot prove how we are ever going to get this worldwide income anyway, so I would say common sense would tell us it is better to try and get the sum of 2 per cent than 1 per cent, because there is clearly no science here. I cannot verify it anymore than the Minister, so I make the case, sell it to the electorate, sell it to the ordinary people who are struggling; 2 per cent on huge sums, that has to be a bit more sensible and palatable than 1 per cent. I am going to leave it there, thank you. I call for the appel.

The Deputy Bailiff:

The appel is called for. The vote is on the second amendment of Deputy Trevor Pitman. I invite Members to return to their seats and I ask the Greffier to open the voting.

POUR: 10		CONTRE: 33		ABSTAIN: 0
Deputy R.G. Le Hérisssier (S)		Senator P.F.C. Ozouf		
Deputy G.P. Southern (H)		Senator T.J. Le Main		
Deputy P.V.F. Le Claire (H)		Senator F.E. Cohen		
Deputy S. Pitman (H)		Senator S.C. Ferguson		
Deputy M. Tadier (B)		Senator A.J.H. Maclean		
Deputy of St. Mary		Senator B.I. Le Marquand		
Deputy T.M. Pitman (H)		Senator F.du H. Le Gresley		
Deputy T.A. Vallois (S)		Connétable of St. Ouen		
Deputy M.R. Higgins (H)		Connétable of St. Helier		
Deputy D.J. De Sousa (H)		Connétable of Trinity		
		Connétable of St. Brelade		
		Connétable of St. Martin		
		Connétable of St. John		
		Connétable of St. Saviour		
		Connétable of St. Peter		
		Connétable of St. Lawrence		
		Connétable of St. Mary		
		Deputy R.C. Duhamel (S)		
		Deputy of St. Martin		
		Deputy J.B. Fox (H)		
		Deputy of St. Ouen		
		Deputy of Grouville		
		Deputy of St. Peter		
		Deputy J.A. Hilton (H)		
		Deputy of Trinity		
		Deputy S.S.P.A. Power (B)		
		Deputy K.C. Lewis (S)		
		Deputy I.J. Gorst (C)		
		Deputy of St. John		
		Deputy A.E. Jeune (B)		
		Deputy A.T. Dupré (C)		
		Deputy E.J. Noel (L)		
		Deputy A.K.F. Green (H)		

3.7 Draft Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations 201-(P.114/2011) - resumption

We now return to Regulation 3 as proposed by the Minister. It is open to the vote. Does any Member wish to speak?

3.7.1 Senator F. du H. Le Gresley:

I have maintained my position throughout these 2 propositions, which is quite simply, I disapprove of tax concessions for 1(1)(k)s residents. Although I was minded to support the amendments of Deputy Pitman, I would only be supporting the continuation of a regime that I do not approve of, so I could not vote for those. Can I just point out to Members that what we are about to approve - well, I will not be approving it, but the majority will be - is that we will be welcoming into our Island people of some wealth, who can have £8.1 million income, on which they would pay £200,000 tax, and in Guernsey they would pay the same amount on £1 million. That is what we are about to approve and I think it is disgusting.

3.7.2 Deputy G.P. Southern:

May I offer the Minister for Treasury and Resources in this bit of a Third Reading, to answer my 2 previous questions and add to it a third: how does this particular arrangement tie-in with double-taxation agreements?

3.7.3 Senator T.J. Le Main:

Could I ask clarification from the Minister for Treasury and Resources, is it correct that someone can enter Guernsey, buy an open market house without any conditions, and have their tax affairs arranged outside the Island and pay no tax in Guernsey?

3.7.4 Deputy M. Tadier:

We have heard some talk about the message that we send out to the international community during these types of debate. Often that message from Members is that the message is a bad one, we are sending out messages that we might be closed to business, that we might be creating instability simply by talking about issues which we are quite entitled to talk about as parliamentarians. But the other message rarely gets sent out, that we do not simply ... we are not simply a finance centre which is open for trading, we are also an Island Government which deals with very many inter-parliamentary bodies, whether that is the C.P.A., the Assemblée Parlementaire de la Francophonie, the British-Irish Council, and we have to speak to dignitaries, we have to speak to fellow politicians openly, and we can either say to them, we are very proud to live in Jersey, we have a progressive stance to do with taxation and we have very many positive things going on the Island, or we can say: "I come from Jersey, where we have regressive tax regime." We have decided time and time again, and this Assembly has been no different, the current Assembly, in putting forward a message that we want to tax the poorest in society the most, and those who can pay the most, the least. That is how Jersey operates, I have said it before. There is completely no doubt about it now, we tarry continually with bringing forward legislation to do with defending social values.

[15:30]

I said it before, Discrimination Law came in in the mid-1970s in the U.K. At the moment, we do not even have any gender discrimination or any other types of legislation, in Jersey. I know we are starting to debate, and possibly the numerous and constant questioning has maybe got us some concessions. So now, when I go over to meet other parliamentarians, whether that is on official business, or whether it is to do with visiting parliaments when I am on holiday, I can say to them: "I come from Jersey, where we make it easy for rich people to avoid paying tax in your country, and we are proud of it." But I am not proud of it, so like Senator Le Gresley, I oppose this whole principle. The other thing is we have heard constantly, and it is an argument which is repeated not simply in this debate, but throughout other debates, is that we are constantly speculating about what

the public want and what they think is the right way forward. The vast majority of this Chamber is going to have to stand for election this year, and we will have to justify the way we vote and the policies we put forward, those of us who do put policies forward to the electorate. We are going to have to justify those to the public. So what I would do, I would invite the Minister for Treasury and Resources to stand down and face the electorate with these policies that he has just brought through. He is essentially the architect, maybe he can even show the public the research which we have not been privy to, because of course we know that the public will resoundingly endorse the policies that he has, policies which say: "Let us put G.S.T. up to 5 per cent", which we have seen in today's *J.E.P.*, of course, is a blip in inflation. Very real inflation for the people who are having to face the potential of another pay freeze, yet with spiralling inflation and cost of living going up, and at the same time making concessions and laws, very lengthy laws, using our law drafting time and the Greffier's time to push through laws which further discriminate and go against the very heart of what we have agreed in the Strategic Plan. That is what we are doing. We are essentially ... I do not have a copy of the Strategic Plan, but I wanted to have one, so I could just rip up those pages, because that is essentially what we are doing when we make these laws. In future, I say let us forget about the Strategic Plan, because it is meaningless. Again, I make a promise to the Minister, if I get re-elected, if he will stand down and face the electorate. If he gets re-elected, then I will vote for him as Chief Minister.

3.7.5 Deputy T.M. Pitman:

I could not resist, I have had such a stressful day. So what has this told us, this debate? The vast majority support a regime that is immoral. There is no getting away from that now, and I have to say that is really disappointing, it is really shocking. It is good for those of us who have tried to maintain a commitment, as Deputy Tadier has rightly said, to the Strategic Plan, those of us who do not think words like "fairness" and "more equal society" should just be something that trips off nicely as lip service, to get a document passed. The most interesting thing we have learnt is that not one of the people who voted against my more realistic proposals have even tried to debunk the cold, hard World Bank data facts, that proves the nonsense that just giving the rich a bigger slice of because it will all make us all much better off, well, it is nonsense. It is proven nonsense, the Minister has not challenged it, he cannot challenge it, and none of the - I have to say - head-nodders who just sit there and vote, vote again and again to kick the ordinary people, to kick middle-Jersey, while we make apologies for what has to be seen as greed. What a sad day this is for the States of Jersey. But it could be a very good day, it could be a watershed, because as I say, the message we are sending out, thanks to the Assistant Minister for Treasury and Resources and the fact that no one has challenged it: "We put forward immoral policies and we do not care because we have the majority in the house and we are going to force them through." I deprecate it, I challenge the Minister to stand down and put his policies to the electorate. He wants to be Chief Minister. I am afraid, no disrespect to him, but I find that a terrifying prospect if those are his policies. What I have put forward today, and I have been unsuccessful, is quite modest. I have given examples, I have proven ... I have done more research than he paid £60,000 of taxpayers' money for a worthless document from a company who are completely conflicted and that was their business promoting that particular field. Senator Shenton - who again, as he usually is, is missing; I suspect he is off to his day job again - was going on about being a man of standing a couple of weeks ago. Well, again, I say to all those people who have supported the Minister on this and voted against the fairness of people like Deputy Southern, myself, Deputy Higgins, Deputy Tadier, the Deputy of St. Mary, *et cetera*, I tell all those people: "Let us see you stand on the platform and put this forward. Let us see it and let us see some honesty" because what the message for those people is from this Minister, we support immorality, we support the wealthy but we do not care about middle-Jersey or the poor. That is the message. It is now out in the open and I do say in finishing I do hope the media do an in-depth report of the details instead of some of the really glib sensationalist headlines we get. Because this morality cannot be avoided in such a debate and it is really quite shocking that the Minister has avoided that issue. Let us see him take this to the public. He will not; I

challenge him to, but he will not. I would ask him - the final point- will he now support my referendum on the issue to see if the public support this? I know they do not. He says they do. Let us see.

3.7.6 Deputy S. Pitman:

Just very quickly, I do agree with Deputy Pitman. I think this is a really bad day for the States of Jersey and it sends out a really wrong message. We are passing major tax policies based on evidence from a taxi driver and 2 1(1)(k)s [**Laughter**], and the Minister for Treasury and Resources has the cheek to say on his website personal attacks on me saying that my proposition is the worst researched proposition that he has ever seen. With regards to the morality, the Council of Ministers and Members are forever asking that we get evidence to support propositions and policies. This is a major, major policy, not just with regards to tax revenue but also about morality. It is only taken... it is based on one argument of competition and that is not a balanced argument. Members have voted on it, yet they have not had that argument of morality. Like Deputy Tadier said, it goes totally against our strategic aims. Also, when Members hear about those of us who are passionate about the subject, about the more wealthier paying their fair share of tax, we have to I think take it on the ground level, and why are we asking for this tax? We are asking for this tax to support our services, to support vulnerable people accessing health, accessing benefits, if they are sick, and also about equality. It is also about equality, and equality of opportunity to accessing these services, but also allowing people the same opportunities or as much as possible on the bottom end as well as the upper end. One of these that we purport is so important to this Government is family, opportunities to families, and that is where these taxes go, so please do not rubbish Members in this House when they are so passionate because it is serious issues and the money is going to the people. I do not know where Members are coming from when they say people agree with wealthier people paying less taxes. Absolute rubbish. If they are in touch, as I am and many Members on this side of the Chamber are, with ordinary working people they will find that out. It is just a shame that those people do not get out and vote.

3.7.7 The Deputy of St. Mary:

Just briefly, the way the world is, what this is really about is I think pragmatism versus morality. We are being sold this. I do not think there is any argument that what we are doing ... I do not know whether immoral is the right word, but certainly unfair. The argument in favour is we will take the £13.5 million and run because that is the way the world is. That is the decision we are faced with and I just want to make a few points around that. Is this sustainable in terms of the population, in terms of land-take and so on? Is this really good for Jersey? I have challenged in the first speech on this whole issue for evidence, and there is none on the effect of displacement, on the capacity for building housing or for repairs and improvements to housing. We have no evidence on the effect of 150 new 1(1)(k)s. We have no evidence on the economic impact of encouraging more 1(1)(k)s or, indeed, of the 1(1)(k)s who already are here. Now, I am not saying that these things may not turn out to be a positive impact, but we just do not know. I think the issue of demand in a restricted, closed economy, or semi-closed economy, is a real issue and the squeezing-out effect on investment that there might be if there was this spare capital, if there is more spare capital in the Island. So those are the issues and none of them have been seriously addressed. I suppose, echoing the little piece that happens to be in the paper today with a nice picture of me, I might add, are we more happy now than we were when I was at primary school with our population two-thirds of what it is now at 60,000, before the advent of the finance industry, which is connected to what we are talking about, obviously? Are we more happy now than we were? Is there a way out that will allow the Island and Islanders to hold their heads up high so we can all feel good about ourselves and the way we earn a living? It bothers me that it is almost ... is sleaze too strong a word? The way we conduct ourselves, the way that the whole Island is structured, is there a way of having a finance industry based not on ... the Minister for Treasury and Resources talked about we could become a world centre for philanthropy and how to manage money in a philanthropic sort of way.

How about being a world leader in transparency? How about offering services to companies who are very complex, who have operations all over the world, tracking their operations and enabling them to comply with country-by-country reporting, which will be sooner or later insisted on by the U.S., among others. They are already on the trail with the Levin Bill in the U.S. What he is really after is not a list of tax havens anymore, he is really after country by country reporting, which would avoid the dangers of multinationals avoiding huge swathes of their tax liabilities across the world with particular effect on poor countries. We try to help poor countries, but obviously this is part of it. I know I am ranging wide, but I want to come back to ...

The Deputy Bailiff:

Too wide.

The Deputy of St. Mary:

... whether the Island could earn its living through a finance industry based on that kind of good work rather than some of the work we seem to be associated with now. This is part of this issue and I am very unhappy about a trade-off between pragmatism and morality. We always come down to the £13.5 million and the morality, the issues around who we are and how we feel about ourselves and what an honest living might look like. I can only think of agriculture and tourism where you have real assets, real Jersey Royals, real beautiful cliffs, real walks, real castles and a real way of earning a fair and honest living.

The Deputy Bailiff:

Does any other Member wish to speak? If not, I call on the Minister for Treasury and Resources to reply.

[15:45]

3.7.8 Senator P.F.C. Ozouf:

Sir, I think you have been very patient in relation to allowing the debate to stray outside. We are just proposing the issue of the regulation of the 1 per cent above the £625,000. I do not really want to go back through the whole arguments that have already been said. I think Members are coming back to the refrain that they just do not like the overall issue in the principle of the 1(1)(k). I will respond to the Guernsey issue of the £100,000 and the £200,000. I would just say that, as I tried to make clear in an earlier part of the debate, these caps - these maximum amounts - are in place for both new residents and existing residents. If we had that residence, if that is the definition of Senator Le Gresley, then if we want to consider maximum tax rates for everybody or tax contributions for everybody, that is going to cost the Exchequer money. I am happy to circulate some of the workings that we have done on just how much that would cost us. We are not proposing that and that has nothing to do with it. Our indication is that our regime is going to mean that we will attract the businesses, the underlying businesses, to the Island in a way that currently does not happen, and that is what we want to see. Other jurisdictions may well also be following us in relation to ensuring that they get the full benefit of not only the individuals and the direct contribution, and the 1 per cent at the heart of it is designed to get that business. We are going to do everything we can in order to achieve that. In fact, a number of fairly unkind comments have been made about this policy being made after speaking to a taxi driver and one 1(1)(k). Just so that Members are reassured, a substantial amount of work has been done on that by experts, by our own Tax Policy Unit, and I was only at a conference on Tuesday evening talking to people in our industry about just how we should be marketing the Island, what the attractiveness of the Island should be, how we should be marketing in different places, and I am very confident that they were confident that this new policy, and particularly the substance of this article, is going to be very successful in bringing people to the Island and their businesses. I will not respond to the issues of elections. Senator Le Marquand and I are in a similar position. We cannot stand down without having a second Senatorial, but we will not go there. I could make the point that I have also stood

in elections with some of the Members that have spoken and the results stand for themselves in terms of that Senatorial election and my policies were clear. I move Article 3.

Deputy G.P. Southern:

May I ask the Minister for Treasury and Resources to send me a written answer to the 3 questions that I asked about how it fits-in with various other agreements at some stage?

Senator P.F.C. Ozouf:

If this is relevant to the article, if he wants to restate the question I will answer the question, but I did not think it was relevant. If he wants written questions, I will do written questions, but this is something outside. He is clearly against these principles. If he is against the thing, he needs to vote against it rather than tormenting me like this.

Deputy G.P. Southern:

Oh, I am terribly sorry, I am tormenting. Are you saying no you will not send me an answer to the 3 questions I asked unless I ...

The Deputy Bailiff:

It is a matter for the Minister to decide whether he wishes to answer your question.

Senator P.F.C. Ozouf:

If he wants to ask the question in relation to this article, if he restates it, I will do my best to answer in this Assembly in the right place, if he wants to restate the question.

The Deputy Bailiff:

If you wish to restate your question as a matter of clarification to the Minister, please do that.

Deputy G.P. Southern:

It is Friday afternoon ...

The Deputy Bailiff:

Very well, thank you. Then Regulation 3 is proposed. Do you call for the appel?

Senator P.F.C. Ozouf:

Yes, please.

The Deputy Bailiff:

I invite Members to return to their seats. The appel is called for on Regulation 3 and I ask the Greffier to open the voting.

POUR: 31		CONTRE: 7		ABSTAIN: 0
Senator P.F.C. Ozouf		Senator F.du H. Le Gresley		
Senator T.J. Le Main		Deputy S. Pitman (H)		
Senator S.C. Ferguson		Deputy M. Tadier (B)		
Senator A.J.H. Maclean		Deputy of St. Mary		
Senator B.I. Le Marquand		Deputy T.M. Pitman (H)		
Connétable of St. Ouen		Deputy M.R. Higgins (H)		
Connétable of St. Helier		Deputy D.J. De Sousa (H)		
Connétable of Trinity				
Connétable of St. Brelade				
Connétable of St. Saviour				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				

Deputy R.C. Duhamel (S)				
Deputy of St. Martin				
Deputy R.G. Le Hérisier (S)				
Deputy J.B. Fox (H)				
Deputy of St. Ouen				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy P.V.F. Le Claire (H)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy I.J. Gorst (C)				
Deputy of St. John				
Deputy A.E. Jeune (B)				
Deputy A.T. Dupré (C)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				

The Deputy Bailiff:

Do you move Regulation 4, Minister?

3.8 Senator P.F.C. Ozouf:

I move Regulation 4, the citation and the commencement article.

The Deputy Bailiff:

Is that seconded? **[Seconded]** Does any Member wish to speak on Regulation 4? Those Members in favour of adopting Regulation 4 kindly show? Those against? The regulation is adopted. Do you move the regulations in Third Reading, Minister?

Senator P.F.C. Ozouf:

I do.

The Deputy Bailiff:

Is that seconded? **[Seconded]** Does any Member wish to speak on the Regulations in Third Reading? Those Members in favour ...

Senator P.F.C. Ozouf:

I just wanted to make a final remark if I may.

The Deputy Bailiff:

Very well.

Senator P.F.C. Ozouf:

Thank you. I realise that this has been a difficult debate. I am grateful for Members' support in relation to this. This does not end our work and our endeavours in terms of bringing and making awareness in relation to this issue. I think the Assembly has made a sensible decision and I will commit myself to working with the Minister for Housing and the Minister for Economic Development in making awareness of this issue in order to bring as much business, direct tax contribution and indirect tax contribution to the Island. I am grateful for Members' support. I also thank my officials for working very hard on this issue in recent weeks.

The Deputy Bailiff:

The appel is called for. The vote is on whether to adopt the Income Tax (Prescribed Limit and Rate) (Amendment) (Jersey) Regulations in Third Reading. I invite Members to return to their seats and I ask the Greffier to open the voting.

POUR: 32		CONTRE: 8		ABSTAIN: 0
Senator P.F.C. Ozouf		Senator F.du H. Le Gresley		
Senator T.J. Le Main		Deputy G.P. Southern (H)		
Senator F.E. Cohen		Deputy S. Pitman (H)		
Senator S.C. Ferguson		Deputy M. Tadier (B)		
Senator A.J.H. Maclean		Deputy of St. Mary		
Senator B.I. Le Marquand		Deputy T.M. Pitman (H)		
Connétable of St. Ouen		Deputy M.R. Higgins (H)		
Connétable of St. Helier		Deputy D.J. De Sousa (H)		
Connétable of Trinity				
Connétable of St. Brelade				
Connétable of St. Saviour				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Deputy R.C. Duhamel (S)				
Deputy of St. Martin				
Deputy R.G. Le Hérisssier (S)				
Deputy J.B. Fox (H)				
Deputy of St. Ouen				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy P.V.F. Le Claire (H)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy I.J. Gorst (C)				
Deputy of St. John				
Deputy A.E. Jeune (B)				
Deputy A.T. Dupré (C)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				

4. Discrimination Law and Delay on Pension Reform (P.118/2011)

The Deputy Bailiff:

We now come to P.118/2011, Discrimination Law and Delay on Pension Reform, lodged by Deputy Southern. I ask the Greffier to read the proposition.

The Deputy Greffier of the States:

The States are asked to decide whether they are of opinion (a) to request the Minister for Home Affairs, in conjunction with other Ministers as necessary, to take the necessary steps (i) to lodge “au Greffe” by the end of March 2012 a draft Discrimination Law; and (ii) provided that the draft law is approved by the States, sanctioned by Her Majesty in Council and registered in the Royal Court, then to lodge “au Greffe” within 2 months of that registration draft regulations to cover grounds for discrimination on issues including race, sex and age; (b) to request the Minister for Treasury and Resources to allocate £250,000 for the implementation of discrimination legislation for 2013 and beyond in the Annual Business Plan 2013 (or in any equivalent future expenditure plan that replaces the Annual Business Plan process); (c) to rescind that part of their decision dated 8th June 2011 in which they requested the Minister for Social Security to bring forward as soon as

possible legislation to give effect to the proposals to raise the state pension age, and to request the Minister not to bring forward that legislation until the legislation to outlaw age discrimination is in place.

4.1 Deputy G.P. Southern:

What time are we due to close? 6.00 p.m., is it? I shall try and make sure that we close a lot earlier than that. Despite the fact that this issue of a Discrimination Law has been on the back-burner or the front-burner for something like a decade and deserves a massively long peroration and debate, I hope we can deal with it quickly. I will tell Members briefly why. When I lodged this to bring in the Discrimination Law next year, I did so because I found that part of the Employment Law was not being applied, to do with age. It was not being applied because we did not have a Discrimination Law in place and it is thought it would be ineffective, that employers would try and get round employing elderly workers. So I said here we have a case where we absolutely need a Discrimination Law. It must be self-evident. So I lodged it and in the meantime it was shown that a survey was done of local-based Jersey employers that revealed that employers wanted a Discrimination Law as well. The result circulated recently by the Jersey Community Relations Trust was that 82 per cent of the respondents replied “yes” to: “Do you think there is a need for discrimination legislation in Jersey based on your knowledge and experience of workplace issues?” Then a subsequent second question: “Does your organisation support the introduction of a Discrimination Law in Jersey?” 70 per cent “yes”. So clearly employers think it is time for a Discrimination Law. I think it is time for a Discrimination Law. Lots of Members of this House think it is time for a Discrimination Law. It is just a question of doing it. Now I have heard that the Council of Ministers think it is time to have a Discrimination Law and they have lodged an amendment, which changes the thrust somewhat but not seriously, I do not believe. So do not make it the responsibility of the Minister for Home Affairs, for which he breathes a sigh of relief, make it a responsibility of the Minister for Social Security, for which he smiles, which is good. “I will do that”, he said. Do not try and do this by March next year but do it next year, perfectly satisfactory. If that is realistic let us get on with it. Then, finally, I put in my projet make discrimination apply to race, sex and age, and they have substituted disability, age, sex and race, and I accept that perfectly. Then for paragraph (b) they said instead of the £250,000, make that available to get on with it, it was a finger done very much like that in the air. They have substituted the wording “adequate funding”, supply adequate funding to make sure it gets done. Perfectly acceptable to me and I hope to the House. The only piece of objection came from the Minister for Social Security, I think, who said that ... I was also asking to rescind the action as soon as possible on the Pension Age Law, and I am happy to withdraw that for the sake of getting on with the Discrimination Law. If the Council of Ministers have accepted, if our businessmen and industries have accepted the need for a Discrimination Law, I move this particular proposition and give notice that I will accept the amendments and I will withdraw part (c), which is the only bit that we might have an argument around. I hope Members can be as brief, if they wish to speak, as the 5 minutes I have just taken.

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

Does any Member wish to second parts (a) and (b) of that proposition? [**Seconded**]

4.2 Discrimination Law and Delay on Pension Reform (P.118/2011): amendment (P.118/2011 Amd.)

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

Now there is an amendment in the name of the Council of Ministers. I ask the Greffier to read that amendment.

The Acting Greffier of the States:

Page 2, paragraph (a), (1) for the words “Minister for Home Affairs” substitute the words “Minister for Social Security”; (2) in subparagraph (i) delete the word “March”; (3) in subparagraph (ii) for the words “race, sex and age” substitute the words “disability, age, sex and race”. Page 2, paragraph (b), for the sum £250,000 substitute the words “adequate funding”.

4.2.1 Senator P.F.C. Ozouf:

I hope we are going to end up on a positive note. The Council of Ministers discussed this issue of discrimination and decided that now that a number of priorities ... and there is no criticism on any Minister’s part in relation to progressing this. The Chief Minister’s Department has been dealing with massive issues. We believe that this is a priority which needs to be delivered and we have amended this in the spirit of co-operation, as Deputy Southern has said. I am grateful for his kind words in relation to the fact that he accepts that and we do not need to have a big debate about it. The fact is that we do think that we can deliver this. The right place to have this is in the Minister for Social Security. That is not because the Minister for Home Affairs does not want to do it. In fact, we are all absolutely united in terms of wanting to support this and deliver on the discrimination issue and, indeed, if I may wear my hat as Minister for Treasury and Resources as well, we have also agreed that we will provide the funding for the drafting of the legislation that that may be able to be delivered by the end of 2012. There is obviously a further discussion to be had about the funding of the law being brought into force, which will be the subject of the Business Plan. Inevitably, the law will be brought into force in 2013. Now with these Public Finances Law changes it will be envisaged that this will be presented in terms of its funding for operations. There is an issue about the overall cost of funding the eventual legislation. On the advice of the Minister for Home Affairs, we think that that has been probably overestimated. There is a debate to be had about that, so let us get the agreement for funding in place for drafting the legislation, let us get the legislation before the Assembly, and then the ongoing funding for the operation of it. So on behalf of the Council of Ministers, I move the amendment.

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

Is the amendment seconded? [**Seconded**] Does any Member wish to speak on the amendment? If nobody wishes to speak, I ask the Minister to reply.

[16:00]

Senator P.F.C. Ozouf:

Delighted. With the consensus that appears to be emerging in the Assembly, I propose the amendment.

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

The appel is called for. I ask Members first of all to return to their seats if they wish to vote on the amendment to the Discrimination Law and Delay on Pension Reform. I ask the Greffier to open the voting.

POUR: 38		CONTRE: 0		ABSTAIN: 0
Senator P.F.C. Ozouf				
Senator T.J. Le Main				
Senator F.E. Cohen				
Senator S.C. Ferguson				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				
Connétable of St. Helier				
Connétable of Trinity				
Connétable of St. Brelade				
Connétable of St. Saviour				

Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Deputy R.C. Duhamel (S)				
Deputy of St. Martin				
Deputy R.G. Le Hérisssier (S)				
Deputy J.B. Fox (H)				
Deputy G.P. Southern (H)				
Deputy of St. Ouen				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy P.V.F. Le Claire (H)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy S. Pitman (H)				
Deputy K.C. Lewis (S)				
Deputy I.J. Gorst (C)				
Deputy of St. John				
Deputy M. Tadier (B)				
Deputy A.E. Jeune (B)				
Deputy of St. Mary				
Deputy T.M. Pitman (H)				
Deputy A.T. Dupré (C)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy M.R. Higgins (H)				
Deputy A.K.F. Green (H)				
Deputy D.J. De Sousa (H)				

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

Does any Member wish to speak on the proposition as amended? Deputy of St. Martin.

4.3 Discrimination Law and Delay on Pension Reform (P.118/2011) - as amended

4.3.1 The Deputy of St. Martin:

I think we want to compliment or congratulate Deputy Southern. **[Approbation]** In effect, what today has happened, the Council of Ministers have been shamed to have been brought here today. This Discrimination Law has been long awaited. It will not come tomorrow but at least we have made a start today. I really feel that I am delighted for Deputy Southern because he does bring a lot of amendments and he is not always successful with them. But in actual fact, this should have been brought by the Council of Ministers years ago, so while we commend the Council of Ministers for seeing the wisdom of their ways, but would it not have been better if this had been done years ago.

4.3.2 Deputy T.M. Pitman:

Again, I will congratulate Deputy Southern. I have learnt to take a good kicking from him ... not from him personally but ... so he deserves a little bit of praise, indeed. It is great to know that we have made a commitment, so the only people we are going to discriminate now is ordinary Jersey people with taxation, so well done, Council of Ministers. Shamed in election year, brilliant. Well done, Deputy Southern.

4.3.3 Deputy M.R. Higgins:

Very briefly again because we are all eager to leave the House, can I just say that I was sorry this was not brought before the raising the pension age because I think it is a vital element of that. All I can say is it is about time and it is better now than never.

4.3.4 Senator S.C. Ferguson:

I just hope that the law will have some sort of provision against vexatious litigation, which is a problem with these sorts of laws. I am reminded of the case of the doctor in Brighton who advertised for a Scottish housekeeper and was taken to court over the racial discrimination, and all he wanted was somebody who could make porridge for his breakfast. **[Interruption]** Or possibly play the bagpipes as well **[Laughter]** except that the hills in Brighton are not high enough in order to put the bagpiper on an adjoining hill 10 miles away, which is how they should be listened to, speaking with Scottish descent, obviously. The other thing that occurs to me is that in line with Senator Le Gresley's comments about a taxation system that is the same for everybody in the Island, perhaps 1(1)(k)s may bring a discrimination case.

4.3.5 Senator P.F.C. Ozouf:

I do not wish to speak at length, but I just want to I think correct the assertion of the Deputy of St. Martin when he says the Council of Ministers has been shamed. The Council of Ministers, on which there are a number of diverse views, is collectively committed to dealing with discrimination. We are sorry that because of other priorities important matters have not been able to be dealt with, but we are not shamed. We are proud that we are dealing with this. This was always an aspiration of many Ministers, and I can look across to a number of Ministerial colleagues about this issue who feel very strongly about issues of discrimination, who care equally passionately about issues of discrimination as the Deputy of St. Martin and others. We are not shamed, we are proud to be doing this. The time has come where we have the resources and the time to do it, and I certainly, if I am part of it, am going to look forward to seeing this legislation before the Assembly. I had in my own case thought, but I did not want to provoke anybody, of extending the discrimination to deal with issues of people with sexual orientation. I know that is a sensitive issue for Members, but that is an issue that is going to have to be dealt with. I care passionately about discrimination for all sorts of reasons and I would ask the Deputy of St. Martin to perhaps refrain from point-scoring in relation to issues such as shame. Some of us are proud.

The Deputy of St. Martin:

Not point-scoring, just a fact.

4.3.6 Deputy A.K.F. Green:

I am pleased to follow the Minister for Treasury and Resources. First of all, I will congratulate Deputy Southern on bringing this forward, but for the amendments this is a better proposition because not only does it include legislation to come forward to prevent discrimination on the form of disability, which was not included in the original list so this is much better, but also because of the timing and the budget and where it is going to sit, it is achievable and that is the most important thing. I congratulate the Deputy.

4.3.7 Deputy M. Tadier:

There is a school of thought which says that it does not really matter what the motivation or the reason for doing something is as long as what you do is good and something positive is achieved. I do not think that argument is categorically soundproof or watertight. Sorry, soundproof is not the correct word; sound is correct, but watertight. So, first of all, I am not sure if it is correct to say that the Council of Ministers have been shamed into this. Although it is probably true I do not think it is correct to say it. I think it is more the case that they have been forced into this because they have been bringing forward legislation which depends on a Discrimination Law. So the irony is under the last piece of legislation, which was to do with increasing the retirement age to 67 for poor people who have to work, means that we need a Discrimination Law in order to introduce

regressive legislation. So that is essentially what has triggered it in this particular case. There are also many other laws that we are bringing which depend on a Discrimination Law, so I think they are being forced to do something which is also practically necessary, but it is not necessarily one of their priorities, which the Minister for Treasury and Resources acknowledged. It has not been a priority of the Council of Ministers to bring this forward. Thankfully we have had other Members who have tirelessly, whether it has been on the Home Affairs Scrutiny Panel, been asking questions it seems week in, week out, and people like the good Deputy who is bringing this proposition to force the issue. So it does go to show that even though sometimes Back-Benchers feel that things are futile, if one keeps persisting long enough you can make the first step. Of course, the headlines will be the Council of Ministers bringing forward a Discrimination Law and everybody will be patting them on the back. That is fine as long as the right thing gets achieved. But, of course, we have to make sure, as Members in the Assembly, that this gets progressed swiftly and I am sure that whoever is scrutinising the future Minister for Social Security will also have the joy of asking lots of questions, hopefully not too many, about: “Where are you at with the Discrimination Law, Minister?” I look forward to those questions.

4.3.8 Deputy R.C. Duhamel:

Just briefly, this is a vote for common sense and it does show somewhat heart-warmingly that both sides of the House can work together on something useful when we want to.

4.3.9 The Deputy of St. John:

After this morning’s debate on 1(1)(k)s it would have been nice to have had this before. I know it would have not made a great deal of difference, but when I see the names who signed this, the way they were speaking about 1(1)(k)s, it might have made them think a little. Because I was absolutely appalled over the last few hours on some of the things that have been said. I congratulate the bringer of this proposition.

4.3.10 Senator B.I. Le Marquand:

I am very pleased to see that we have now found a way by which this can progress speedily. I will not rehearse the difficulties that I found in prioritisation of things within Home Affairs. Having effectively to choose between this and reduction in numbers of policemen as part of the C.S.R. (Comprehensive Spending Review) process, it does properly lie, as I have been saying for quite some time, with Social Security. I am pleased that my colleagues have now come to the same conclusion as me. Social Security has the necessary manpower in terms of staffing to be able to progress this much faster than Home Affairs, which is a very, very small department at its core. I am pleased that we are all now agreed that this is the right way forward.

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

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

4.3.11 Deputy G.P. Southern:

I shall reply as briefly as I can. My wife - the second time I have mentioned her today - is always: “Why do you always want the last word?” After the last it feels like year but it is only about 5 weeks where we have been meeting 5 days a week to have almost the last word is quite satisfying. I started writing down congratulations, praise, praise, well done and then I stopped doing that, though it felt very good. I looked at “about time” that somebody said, which was worthwhile. I will be sustained throughout the entire break until September by the image of a relatively small Scottish woman with grey hair playing the bagpipes while making porridge [Laughter] and muttering: “Oh, Dr. Findlay.” I welcome especially the ... come on, we are all going half crazy in here, are we not, [Laughter] after that length of time: “Please let me out.” I was going to offer somebody £1,000 earlier to allow me to leave the building and never come back again, but if I did that [Laughter] ... I will take £900. [Interruption] It is the only thing they ever voted for, and I proposed it. We will see, will we not? I love the phrase of the Council of Ministers: “We are

collectively committed.” Whenever I hear the word “committed”, “and so you should be” is what I say. You can interpret that how you like. It was also refreshing to hear the Minister for Treasury and Resources suggest that estimated costs might have been a bit inflated for the past 3 years. Ahem, never again will that happen, I hope. I have been called ... this is a victory for common sense, and I have also been called, and not by Senator Le Main, “the good Deputy”. I am seriously tempted to put that on my election leaflet: “The good Deputy who proposes common sense”, how about that? That will be a novel approach for No. 2, will it not? Then, yes, of course, we must if we can avoid this aspect of vexatious litigants, but for the Deputy of St. John to suggest that charging 1(1)(k)s at 1 per cent on their Jersey earnings, apart from that derived from property, is discrimination I think is a bit vexatious. With that, and with that piece I think of good news ...

The Deputy of St. John:

That is not what I said.

Deputy G.P. Southern:

I hear the Deputy of St. John saying: “That is not what I said” so I completely withdraw it because I do not want anybody going on holiday feeling upset, especially the Deputy of St. John because he is a jolly good fellow even if his voting patterns are somewhat random. **[Laughter]**

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

Perhaps you do not want to spoil it, Deputy, and quit while you are ahead.

Deputy G.P. Southern:

Let us not spoil it by going further. I am feeling absolutely crazy. This is the last leg of this particular session. I am on my last legs. I am sure Members are on their last legs, too. Let us get on with this. I call for the appel and let us see what support we can get for a Discrimination Law at long last.

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

The vote is for or against the Discrimination Law and Delay on Pension Reform as amended. I ask Members to return to their seats and I ask the Greffier ...

Deputy I.J. Gorst of St. Clement:

Sorry, could you just repeat, it is just (a) and (b), is it not?

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

Deputy Gorst, I beg your pardon, it is just (a) and (b), yes. Part (c) has been withdrawn, so it is parts (a) and (b) of P.118/2011. The appel has been called for and is all teed-up, so I ask the Greffier to open the vote.

POUR: 42		CONTRE: 0		ABSTAIN: 0
Senator P.F.C. Ozouf				
Senator T.J. Le Main				
Senator F.E. Cohen				
Senator S.C. Ferguson				
Senator A.J.H. Maclean				
Senator B.I. Le Marquand				
Senator F.du H. Le Gresley				
Connétable of St. Ouen				
Connétable of St. Helier				
Connétable of Trinity				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. John				

Connétable of St. Saviour				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Deputy R.C. Duhamel (S)				
Deputy of St. Martin				
Deputy R.G. Le Hérisier (S)				
Deputy J.B. Fox (H)				
Deputy G.P. Southern (H)				
Deputy of St. Ouen				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy P.V.F. Le Claire (H)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy S. Pitman (H)				
Deputy K.C. Lewis (S)				
Deputy I.J. Gorst (C)				
Deputy of St. John				
Deputy M. Tadier (B)				
Deputy A.E. Jeune (B)				
Deputy of St. Mary				
Deputy T.M. Pitman (H)				
Deputy A.T. Dupré (C)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy M.R. Higgins (H)				
Deputy A.K.F. Green (H)				
Deputy D.J. De Sousa (H)				

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

That is the final item of Public Business for something like 7 weeks.

[16:15]

ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS

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

I would like to call on the Chairman of P.P.C. (Privileges and Procedures Committee) to talk about the arrangements for business for September.

5. Connétable J. Gallichan of St. Mary (Chairman, Privileges and Procedures Committee):

The arrangement of public business will be as per the Order Paper that was circulated during the sitting with the addition on 20th September of P.124/2011 – Draft Gambling (Jersey) Law 201-: 25 per cent of fines to go to Jersey charities - lodged in the name of Deputy Le Claire. If I could, I would like to state that the sitting on 13th September, which will be quite a long sitting, will have the Business Plan as the first order of business. I would like to recommend to the Assembly that, in accordance with what is becoming standard practice almost, we start that sitting at 2.30 p.m. on Monday, 12th September, for questions only.

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

Do Members agree to commence the sitting on Monday, 12th September at 2.30 p.m. for questions and statements? I see agreement, so yes, that will be how we will proceed. The other items of public business as listed, do Members agree that that is how they should be taken?

Deputy M. Tadier:

I just wanted to ask ... what it is, it is just to ask P.P.C. to consider, if they would, in future whenever we start on a Monday if we could perhaps start slightly earlier so that the public could have an opportunity to visit question time, which I think is probably the most interesting, if such a thing exists, of what we do in the States Assembly. That is just an idea. I am not proposing it for this session, by the way, I am just saying for future consideration by P.P.C. If we could start, say, at 12.00 Noon or 1.00 p.m. then people can come and watch question time on their lunch break.

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

It is a matter perhaps P.P.C. would like to consider at its next meeting, but for the moment the business is approved. The States stand adjourned until ...

The Deputy of St. Martin:

Maybe I missed it, but I was going to ask are we going to sit on the 20th or can P.81 be brought forward, then we do sit on the 20th if it is not finished? It seems that to come in just for one proposition on the 20th, when it might be possible to get it on the sitting ... I am getting shakings of head. If people want to come in for an extra week, well, so be it.

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

But do you wish to make that as a proposition? Sorry, Chairman.

The Connétable of St. Mary:

It was just to say that the Deputy must have misheard me. There will be at least one other piece of business that week. I have put P.124 that week. I would say that P.81 is likely to be quite a long debate, it usually is, and the Business Plan will normally take the whole week. I would anticipate that we need to consider that perhaps we will pass some stuff over back to the 20th if necessary.

Senator P.F.C. Ozouf:

Could I just be clear that we are sitting notwithstanding we do not know how many Business Plan amendments there are going to be, but we will continue to sit on 13th, 14th, 15th, 16th, and just because the business is listed for the 20th does not mean if some miracle was to occur and we were to be able to despatch it in that week that that would be the way we would be doing it. We are not definitely sitting on the Tuesday; I think that is the point that the Deputy of St. Martin is making, is that it is a continuation session but we will not definitely ... we do not need to sit on the 20th if we finish everything in the week of the 13th.

The Connétable of St. Mary:

The 20th is a sitting in its own right as far as I am aware. It was on the schedule that was circulated last year.

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

It currently sits as a sitting with questions, statements, the usual business. If Members wish to consider bringing P.81 forward to 13th September, I think Members need to sort this out now rather than leave ...

Deputy P.V.F. Le Claire:

Can I propose that we leave the business as it is? I have been working on a proposition for a number of days now that I may have to lodge in the next few days that may indeed end up on the 20th, so I would like to leave business as it is. I think there may be, as the Constable of St. Mary

has said, such a drag-over that we push items back on to the 20th anyway, so I make a formal proposal we leave business as it has been set out.

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

I do not think the proposal can be on the basis of ifs and buts. It has to be on the basis of what we have in front of us now.

Senator P.F.C. Ozouf:

I just make the observation, and I know that this is not going to be something that is going to be welcomed, but it is after nomination day where Members of this Assembly are going to be in this Assembly pushing propositions through, and I do not think that that is fair. I understand the purdah rules but I just do not think ... the rule should be minimum propositions that are absolutely necessary. I do not wish any disrespect, but it is just not fair upon other Members who are fighting elections who are not in this place, and that is the observation that I would make. I just think it is unfair and P.P.C. need to consider that.

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

Deputy Shona Pitman, it is your proposition, P.81.

Deputy S. Pitman:

Yes. May I just respond to that? I told the Minister yesterday why I had to put it back. He well knows that I have had a serious family issue; in fact, a member of my family now has a life-threatening situation. I did tell the Minister that and yet he still pushes it because his presumption is that this is about the election and me getting votes for this proposition.

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

I sense that the Assembly wants to leave things as it is for the moment. Deputy T. Pitman, did you have anything to add?

Deputy T.M. Pitman:

Yes, there are liable to be other propositions and that is Members' rights. I have to say this electioneering from the Senator, if he does not want to be a politician, resign. It is democracy. People can bring them and that is ...

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

Deputy, please sit down. This is not about electioneering at this moment. We are talking about when the business is going to happen. Very well, I believe everybody is quite happy with the list as presented for the moment. So the States, finally, stand adjourned until 2.30 p.m. on Monday, 12th September 2011.

ADJOURNMENT

[16:21]